K2 F&B Holdings Limited

Incorporated in the Cayman Islands with limited liability
Stock Code: 2108

SHARE OFFER

Sole Sponsor

HEUNGKONG FINANCIAL 香江金融

Joint Bookrunners

HEUNGKONG FINANCIAL 香江金融

SORRENTO SECURITIES LIMITED 擎天證券有限公司

Joint Lead Managers

HEUNGKONG FINANCIAL 香江金融

SORRENTO SECURITIES LIMITED 擎天證券有限公司

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL

Pacific Foundation

中國天元證券有限公司 China Tian Yuan Securities Limited

IMPORTANT

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

K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	**:**	**200,000,000 Shares**
Number of Public Offer Shares	**:**	**20,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**180,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.75 per Offer Share and expected to be not less than HK$0.65 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**2108**

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

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, which is scheduled on 1 March 2019, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Public Offer will not become unconditional and will immediately lapse. The Offer Price is expected to be not more than HK$0.75 per Offer Share and not less than HK$0.65 per Offer Share. The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the Price Determination Date. If this occurs, a notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.fuchangroup.com**.

Pursuant to the provisions contained in the Public Offer Underwriting Agreement in respect of the Public Offer, the Joint Lead Managers (for themselves and on behalf of the Underwriters) have the right, in certain circumstances, subject to their sole and absolute opinion, to terminate their obligations under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on 6 March 2019). Such circumstances are set out in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus.

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

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

21 February 2019

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

	Date[1]
Public Offer commences **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Thursday, 21 February 2019
Application lists of the Public Offer open[2]	11:45 a.m. on Tuesday, 26 February 2019
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[3]	12:00 noon on Tuesday, 26 February 2019
Application lists of the Public Offer close	12:00 noon on Tuesday, 26 February 2019
Expected Price Determination Date[4]	Friday, 1 March 2019
Announcement of the final Offer Price, the levels of indication of interest in the Placing, the level of applications of the Public Offer and the basis of allocation of the Public Offer Shares to be published on our Company's website at **www.fuchangroup.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Tuesday, 5 March 2019
Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) will be available through a variety of channels in the section headed "How to Apply for the Public Offer Shares — 10. Publication of Results" in this prospectus) on	Tuesday, 5 March 2019
Results of allocations in the Public Offer will be available at **www.ewhiteform.com.hk/results** with a "search by ID" function	Tuesday, 5 March 2019

	Date[1]
Despatch/Collection of refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications[5 and 6]	Tuesday, 5 March 2019
Despatch/Collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications on or before [7, 8 and 9]	Tuesday, 5 March 2019
Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Wednesday, 6 March 2019

Notes:

1. All times and dates refer to Hong Kong local time and dates unless otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 26 February 2019, the application lists will not open and close on that day. Further information is set out in the paragraph headed "9. Effect of bad weather on the opening of the application lists" under the section headed "How to Apply for the Public Offer Shares" in this prospectus.

3. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "5. Applying by giving **electronic application instructions** to HKSCC via CCASS" under the section headed "How to Apply for the Public Offer Shares" in this prospectus.

4. Please note that the Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 1 March 2019 or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum indicative Offer Price of HK$0.75 per Offer Share, applicants who apply for the Offer Shares must pay on application the maximum indicative Offer Price of HK$0.75 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the paragraph headed "12. Refund of application monies" under the section headed "How to Apply for the Public Offer Shares" in this prospectus.

5. Neither the website of our Company nor any of the information contained therein forms part of this prospectus.

6. Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

7. Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all information required by their Application Forms may collect their refund cheques (where applicable) and/or share certificates (where applicable) in person from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 March 2019. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporations stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and authorisation documents (where applicable) acceptable to the Hong Kong Branch Share Registrar.

8. Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more Public Offer Shares under the Public Offer and have provided all information required by Application Forms may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for **WHITE** Application Form applicants.

9. Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the paragraph headed "13. Despatch/Collection of share certificates and refund monies" under the section headed "How to Apply for the Public Offer Shares" in this prospectus.

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

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the paragraph headed "Underwriting arrangements and expenses" under the section headed "Underwriting" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

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

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

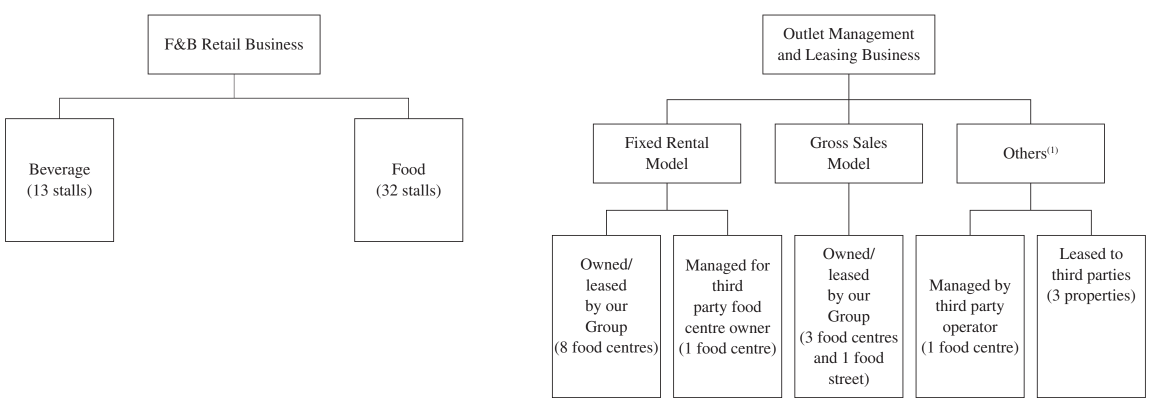
OVERVIEW

We are a food and beverage group based in Singapore with more than 15 years of experience in the ownership and operation of food centres and food street in Singapore. Currently, our business can be categorised into the (1) F&B Retail Business and (2) Outlet Management and Leasing Business.

As at the Latest Practicable Date, we operated and managed a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. Our food street is leased by our Group from an Independent Third Party, and comprises four food and beverage kiosks, of which three are operated by us under our F&B Retail Business.

A food centre is a non-air-conditioned or air-conditioned food establishment comprising individual indoor food and/or beverage stall(s) offering affordable food choices with indoor and/or outdoor dining areas. Unlike a hawker centre, a food centre, more commonly referred to as a coffee shop or eating house in Singapore, is usually privately managed. A food centre is an iconic representation of Singapore's dining culture and is commonly found in residential and industrial estates. A food street is an outdoor food establishment comprising individual food and beverage stalls or kiosks with only an outdoor eating area and is not a hawker centre.

The diagram below sets out an overview of our businesses as at the Latest Practicable Date:



Note:

(1) Food centre or properties managed by Independent Third Parties under fixed rate.

Our Group operates in a relatively low profit margin industry. The net profit margins for the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2017 and 2018 were only approximately 10.1%, 17.0%, 12.5%, 12.4% and 9.6%, respectively. We estimate that our net profits will decrease to no less than approximately S$3.8 million for the year ended 31 December 2018. Please refer to the section headed "Summary — Profit estimate for the year ended 31 December 2018" of this prospectus for more information.

The following table shows the profits of each of our business segment during the Track Record Period:

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
F&B Retail Business	4,704	4,848	4,912	4,027	2,127
Outlet Management and Leasing Business	1,571	4,027	4,116	3,724	5,474
Unallocated	(2,177)	(2,494)	(2,927)	(2,828)	(3,619)
	4,098	6,381	6,101	4,923	3,982

Although our revenue was mainly generated from our F&B Retail Business, our profits was mainly derived from our Outlet Management and Leasing Business during the ten months ended 31 October 2018. For the details of the segment information, please refer to Note 6 of the Accountants' Report included as Appendix I to this prospectus.

During the Track Record Period, our "富城", and "" brands are mainly used for the food and beverage stalls which we operate under our F&B Retail Business, and we do not have any branding or advertising strategies involving our "富城", and "" brands for the food centres and food street under our Outlet Management and Leasing Business.

Our Group owns a significant number of investment properties. As at the Latest Practicable Date, our Group owned nine properties. The investment properties of our Group consist of seven, seven, eight and eight food centres and building used for rental income generation purpose as at 31 December 2015, 2016 and 2017 and 31 October 2018, respectively. The fair value gains on our investment properties for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 were approximately S$1.3 million, S$2.3 million, S$0.6 million, Nil and S$2.1 million, respectively. We are required to reassess the fair value of the investment properties that we hold. Accordingly, gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the period in which they arise and the financial impact may be significant. There can be no assurance that we can recognise comparable fair value gains in investment properties in the future and we may also recognise fair value losses, which would impact our results of operations for future periods. Please refer to the section headed "Risk Factors — Our financial conditions and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties" of this prospectus for more information.

F&B Retail Business

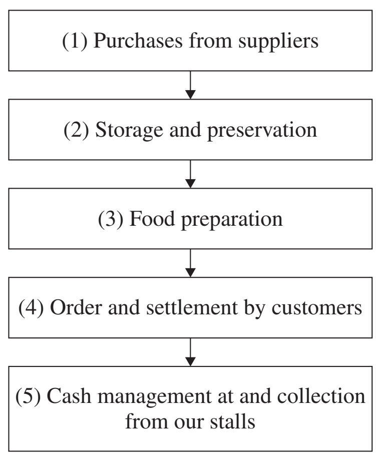
Under our F&B Retail Business, we operate beverage stalls and food stalls selling food such as Mixed Vegetable Rice, Zi Char, roasted meat and chicken rice at the food centres and food street that we operate and manage, as well as food centres operated and managed by third parties.

As at the Latest Practicable Date, we operated a total of 45 food and beverage stalls under our F&B Retail Business, some of which are open 24 hours a day. 29 of these food and beverage stalls are located in food centres owned/leased and food street leased, operated and managed by us under either "富城", or "" brands. Of these 29 food and beverage stalls, nine are operated on owned properties and 20 are on leased properties. The remaining 16 food stalls are leased from and located in food centres managed by Independent Third Parties.

As at the Latest Practicable Date, we operated 45 food and beverage stalls in 28 food centres and one food street and the breakdown of the food and beverage stalls under our F&B Retail Business by types of properties, is set out below.

	No. of food and beverage stalls operated by our Group
On owned properties	9
On leased properties	20
In food centres managed by Independent Third Parties	16
TOTAL	45

The following diagram illustrates the typical process of our F&B Retail Business during the Track Record Period.



Please refer to the section headed "Business — Business Operations of our F&B Retail Business" of this prospectus for further details.

Outlet Management and Leasing Business

As at the Latest Practicable Date, our Group owned nine properties and leased eight properties. Of the 13 food establishments (12 food centres and one food street) managed by us under our Outlet Management and Leasing Business, seven are leased by our Group, five are owned by our Group and one is managed on behalf of a third party food centre owner. In addition, we have engaged a third party operator to manage one of the food centres leased by us on our behalf, and we also leased three properties to Independent Third Parties. Our food centres and food street are operated and managed on either the fixed rental model or the gross sales model. Of the 13 food establishments (12 food centres and one food street), nine are operated and managed on the fixed rental model and four are on the gross sales model, respectively.

Each of our food centres comprises five to 12 stalls, while our food street comprises four food and beverage kiosks, of which three are operated by us under our F&B Retail Business. As at the Latest Practicable Date, there were a total of 105 stalls in the 13 food establishments (12 food centres and one food street) operated and managed by us, of which 29 are operated by us under our F&B Retail Business under our own brands.

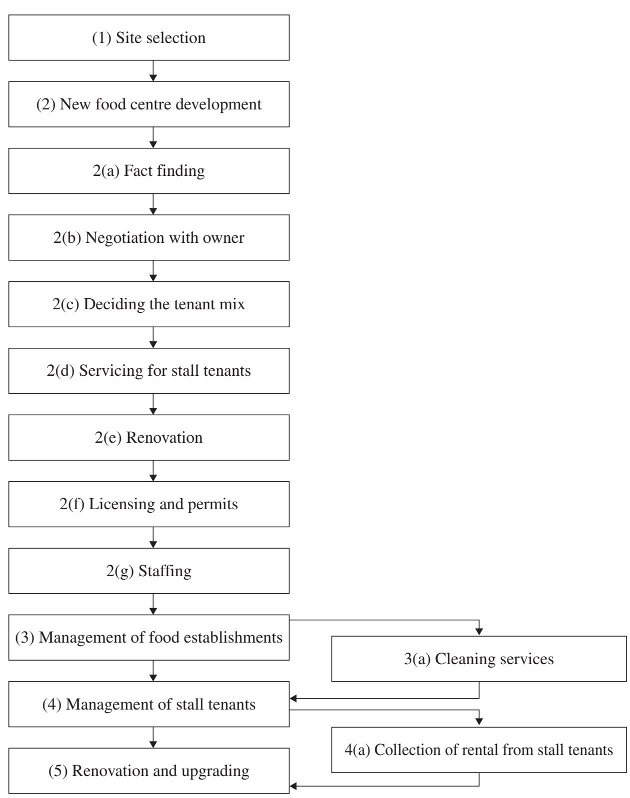
The breakdown of the food establishments under our Outlet Management and Leasing Business as at the Latest Practicable Date by types of properties, is set out below.

	No. of food establishments operated and managed by our Group
On owned properties	5
On leased properties	7
In food centres managed on behalf of Independent Third Parties	1
TOTAL	13

In addition, we have engaged a third party operator to manage one of the food centres leased by us on our behalf, and we also leased three properties to Independent Third Parties.

As at the Latest Practicable Date, there were a total of 105 food and beverage stalls in the 13 food establishments operated and managed by us under our Outlet Management and Leasing Business, of which 29 stalls were operated by us under our F&B Retail Business and 76 stalls were available for lease to Independent Third Parties. Of the food and beverage stalls that were available for lease to Independent Third Parties, 68 stalls were leased to Independent Third Parties and eight stalls were empty as at the Latest Practicable Date.

The following diagram illustrates the typical process of our Outlet Management and Leasing Business during the Track Record Period:



Please refer to the section headed "Business — Business Operations of our Outlet Management and Leasing Business" of this prospectus for further details.

The breakdown of our revenue by our businesses for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 is set out in the table below:

	Year ended 31 December						Ten months ended 31 October			
	2015		2016		2017		2017		2018	
Revenue	*S$'000*	%	*S$'000*	%	*S$'000*	%	*S$'000* (unaudited)	%	*S$'000*	%
F&B Retail Business										
Sale of cooked food, beverages and tobacco products	31,021	79.1%	28,630	78.2%	35,200	80.0%	28,373	78.9%	30,839	82.3%
Outlet Management and Leasing Business										
Rental income from lease of premises to tenants	4,428	11.3%	4,588	12.5%	5,291	12.0%	4,618	12.9%	4,592	12.3%
Provision of management, cleaning and utilities services	3,775	9.6%	3,378	9.3%	3,484	8.0%	2,956	8.2%	2,045	5.4%
	8,203	20.9%	7,966	21.8%	8,775	20.0%	7,574	21.1%	6,637	17.7%
Total	39,224	100.0%	36,596	100.0%	43,975	100.0%	35,947	100.0%	37,476	100.0%

Year ended 31 December 2016 compared to year ended 31 December 2015

Our Group recorded a decline in revenue from the year ended 31 December 2015 to the year ended 31 December 2016. Such decline was mainly driven by a decrease in the revenue from sale of cooked food, beverages and tobacco products. Although the number of food and beverage stalls increased from 38 at the end of 2015 to 39 at the end of 2016, nine of these were newly opened during 2016, while a total of eight food and beverage stalls closed during the year. In particular, three of our stalls which contributed significantly to our revenue closed in November 2015, February 2016 and February 2016 respectively, while some of the stalls opened only in the last quarter of 2016. Out of these three stalls, our Group ceased the operations of one beverage stall in November 2015 as we rented out the food centre to a third party operator to manage. Our Group ceased the operations of the remaining two stalls in February 2016 as we decided not to renew the lease for the food centre due to the erosion of operating margin as a result of low occupancy rate and high operating costs. Our Group recorded an increase in profits from the year ended 31 December 2015 to the year ended 31 December 2016 as we decided not to renew the leases for some of the food centres.

Year ended 31 December 2017 compared to year ended 31 December 2016

Our Group recorded an increase in revenue from the year ended 31 December 2016 to the year ended 31 December 2017. Such increase was mainly driven by (i) an increase in the revenue from sale of cooked food, beverages and tobacco products with full-year contribution to revenue during 2017 for some of the stalls that opened only in the last quarter of 2016; and (ii) an increase in rental income from lease of premises to our tenants due to positive fixed rental revisions for leases renewed during the year and the purchase of a new investment property at 51 Ubi Avenue with full occupancy achieved in May 2017.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our Group recorded an increase in revenue from the ten months ended 31 October 2017 to the ten months ended 31 October 2018. Such increase was mainly driven by (i) an increase in the revenue from sale of cooked food, beverages and tobacco products with the opening of 12 food stalls in June 2017; and (ii) an increase in rental income from lease of premises to our tenants due to positive fixed rental revisions for leases renewed during the year and the purchase of a new investment property at 51 Ubi Avenue with full occupancy achieved in May 2017.

For detailed analysis of the revenue of our businesses, please refer to the section headed "Financial Information — Summary of results of operations — Revenue" of this prospectus. For further details on the operational performance of our food and beverage stalls during the Track Record Period, please refer to the section headed "Business — Business operations of our F&B Retail Business — Overview of our F&B Retail Business — Operational performance" of this prospectus.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

Estimated consolidated profit attributable to owner of the Company *(Note 1)*	not less than S$3.8 million
Unaudited pro forma estimated earnings per Share for the year ended 31 December 2018 *(Note 2)*	not less than S$0.475 cent

Notes:

(1) The bases on which the above profit estimate have been prepared are summarised in Appendix III to this prospectus. The estimate of the consolidated profit attributable to owners of our Company for the year ended 31 December 2018 (the "Profit Estimate") prepared by our Directors is based on (i) the audited consolidated results of our Group for the ten months ended 31 October 2018; (ii) the estimate consolidated results of our Group based on the unaudited management accounts for the one month ended 30 November 2018; and (iii) an estimate of the consolidated results of our Group for the remaining one month ended 31 December 2018.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated results for the year ended 31 December 2018 attributable to owners of our Company, assuming that a total of 800,000,000 Shares had been in issued during the entire year.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated statements of profit or loss and other comprehensive income for the Track Record Period, which has been extracted from and should be read in conjunction with the Accountants' Report set out in Appendix I to this prospectus.

	For the year ended 31 December			For the ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Revenue	39,224	36,596	43,975	35,947	37,476
Fair value gain of investment properties	1,311	2,302	589	—	2,050
Other gains and losses, net	209	249	211	188	202
Cost of inventories consumed	(15,137)	(13,307)	(16,459)	(13,432)	(14,308)
Staff costs	(10,378)	(9,521)	(10,702)	(8,825)	(9,155)
Property rentals and related expenses	(6,810)	(5,744)	(5,737)	(4,549)	(5,172)
Management, cleaning and utilities expenses	(1,971)	(1,476)	(2,324)	(1,773)	(1,478)
Depreciation	(159)	(220)	(404)	(323)	(312)
Listing expenses	—	—	—	—	(2,265)
Other operating expenses	(1,543)	(1,723)	(1,866)	(1,371)	(2,045)
Finance costs	(648)	(775)	(1,182)	(939)	(1,011)
Profit before taxation	4,098	6,381	6,101	4,923	3,982
Taxation	(124)	(166)	(590)	(451)	(369)
Profit for the year/period	3,974	6,215	5,511	4,472	3,613

Year ended 31 December 2016 compared to year ended 31 December 2015

Profit for the year increased by approximately S$2.2 million or 56.4%, from approximately S$4.0 million for the year ended 31 December 2015 to approximately S$6.2 million for the year ended 31 December 2016 primarily due to the increase in fair value gain from investment properties, decrease in staff costs, property rentals and related expenses, and management, cleaning and utilities expenses. Accordingly, net profit margin increased from approximately 10.1% for the year ended 31 December 2015 to approximately 17.0% for the year ended 31 December 2016 due to lower revenue and higher profits.

Year ended 31 December 2017 compared to year ended 31 December 2016

Profit for the year decreased by approximately S$0.7 million or 11.3%, from approximately S$6.2 million for the year ended 31 December 2016 to approximately S$5.5 million for the year ended 31 December 2017 primarily due to the decrease in fair value gain from investment properties and increase in staff costs, management, cleaning and utilities expenses and tax expenses, and partially offset by the increase in revenue. Accordingly, net profit margin decreased from approximately 17.0% for the year ended 31 December 2016 to approximately 12.5% for the year ended 31 December 2017 due to higher revenue and lower profits.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Profit for the ten months decreased by approximately S$0.9 million or 19.2%, from approximately S$4.5 million for the ten months ended 31 October 2017 to approximately S$3.6 million for the ten months ended 31 October 2018 primarily due to the increase in staff costs, property rentals and related expenses, listing expenses, other operating expenses and finance costs, and partially offset by the increase in fair value gain of investment properties. Accordingly, net profit margin decreased from approximately 12.4% for the ten months ended 31 October 2017 to approximately 9.6% for the ten months ended 31 October 2018 due to the higher revenue and lower profits.

Current assets/liabilities

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at	
				31 October	31 December
	2015	**2016**	**2017**	**2018**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(Unaudited)
Current assets					
Inventories	232	191	176	162	161
Trade and other receivables	480	1,095	371	320	532
Prepayments and deposits paid	976	538	550	2,021	3,243
Other financial assets	—	—	628	660	664
Amount due from a shareholder	1,336	2,165	4,274	—	—
Pledged bank deposit	15	15	15	15	15
Cash and cash equivalents	5,220	4,935	6,415	5,287	4,911
Total current assets	8,259	8,939	12,429	8,465	9,526
Current liabilities					
Trade payables	2,453	2,128	2,845	2,715	2,766
Accruals and other payables	2,574	2,538	2,815	2,613	2,747
Deposits received and receipts in advance	1,876	1,284	1,051	924	786
Amount due to a shareholder	—	—	—	135	—
Borrowings	1,820	3,870	6,746	6,467	6,458
Tax payables	221	259	636	685	674
Total current liabilities	8,944	10,079	14,093	13,539	13,431
Net current liabilities	(685)	(1,140)	(1,664)	(5,074)	(3,905)

As at 31 December 2015, 2016 and 2017 and 31 October 2018 we recorded net current liabilities of approximately S$0.7 million, S$1.1 million, S$1.7 million and S$5.1 million, respectively.

We recorded an increase of net current liabilities from approximately S$0.7 million as at 31 December 2015 to approximately S$1.1 million as at 31 December 2016. The increase was primarily attributable to (i) the increase in current portion of bank borrowings of approximately S$2.1 million; and (ii) the decrease in prepayments and deposits paid of approximately S$0.4 million, partially offset by (i) the increase in amount due from a shareholder of approximately S$0.8 million; (ii) the increase in trade and other receivables by approximately S$0.6 million; and (iii) the decrease in deposits received and receipts in advance of approximately S$0.6 million.

We recorded an increase of net current liabilities from approximately S$1.1 million as at 31 December 2016 to approximately S$1.7 million as at 31 December 2017. The increase was primarily attributable to (i) the increase in current portion of bank borrowings of approximately S$2.9 million; (ii) the increase in trade payables of approximately S$0.7 million; (iii) the decrease in trade and other receivables of approximately S$0.7 million; (iv) the increase in tax payables of approximately S$0.4 million; and (v) the increase in accruals and other payables of approximately S$0.3 million, partially offset by (i) the increase in other financial assets of approximately S$0.6 million; (ii) the increase in amount due from a shareholder of approximately S$2.1 million; and (iii) the increase in cash and cash equivalents of approximately S$1.5 million.

We recorded an increase of net current liabilities from approximately S$1.7 million as at 31 December 2017 to approximately S$5.1 million as at 31 October 2018. The increase was primarily attributable to (i) the decrease in amount due from a shareholder of approximately S$4.3 million; and (ii) the decrease in cash and cash equivalents of approximately S$1.1 million; partially offset by (i) the increase in prepayments and deposits paid of approximately S$1.5 million; (ii) the decrease in accruals and other payables of approximately S$0.2 million; and (iii) the decrease in current portion of bank borrowings of approximately S$0.3 million.

The overall increase in net current liabilities from 31 December 2015 to 31 December 2017 was also due to our purchases of investment properties, which increased our non-current assets funded by a combination of cash, which reduced our current assets as well as long and short term borrowings, the latter of which increased our current liabilities. The increase in net current liabilities from 31 December 2017 to 31 October 2018 was also due to the increase in dividends declared payable by our Group during the respective financial period.

Up to the Indebtedness Statement Date, we recorded a decrease of net current liabilities from approximately S$5.1 million as at 31 October 2018 to approximately S$3.9 million as at 31 December 2018. The decrease was primarily attributable to (i) the increase in prepayments and deposits paid of approximately S$1.2 million. For the indebtedness of our Group, please refer to the section headed "Financial Information — Indebtedness" in this prospectus.

Despite the net current liabilities positions during the Track Record Period and up to the Indebtedness Statement Date, our Group had sufficient financial resources to run our business operation and fulfil our obligations as supported by our strong operating cash inflows of approximately S$6.6 million, S$3.7 million, S$8.4 million, S$6.9 million and S$1.3 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 respectively, and our Directors have been closely monitoring our liquidity position. Our Directors believe that our Group will continue to have sufficient financial resources for our business operations going forward.

Cash flows

The following table sets forth a summary of our consolidated statements of cash flows during the Track Record Period:

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Net cash generated from operating activities	6,605	3,723	8,382	6,949	1,329
Net cash used in investing activities	(10,511)	(14,314)	(4,632)	(4,587)	(465)
Net cash generated from/(used in) financing activities	6,909	10,306	(2,270)	(1,586)	(1,992)
Net increase/(decrease) in cash and cash equivalents	3,003	(285)	1,480	776	(1,128)
Cash and cash equivalents at beginning of year/period	2,217	5,220	4,935	4,935	6,415
Cash and cash equivalents at end of year/period, represented by cash and bank balances less pledged bank deposit	5,220	4,935	6,415	5,711	5,287

For more information on the movements in our cash flows, please refer to the section headed "Financial Information — Liquidity and capital resources" of this prospectus for further details.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios during the Track Record Period and should be read in conjunction with the Accountants' Report included as Appendix I to this prospectus.

	Year ended or as at 31 December			Ten months ended or as at 31 October
	2015	2016	2017	2018
Current ratio	0.9 times	0.9 times	0.9 times	0.6 times
Quick ratio	0.9 times	0.9 times	0.9 times	0.6 times
Gearing ratio *(Note 1)*	121.8%	147.3%	145.3%	139.1%
Debt to equity ratio	103.9%	132.6%	127.7%	124.6%
Interest coverage	7.3 times	9.2 times	6.2 times	4.9 times
Return on assets	5.5%	7.0%	5.7%	4.6%
Return on equity	13.6%	18.6%	15.2%	11.9%
Turnover growth	N/A	(6.7%)	20.2%	4.3%
Net profit growth	N/A	56.4%	(11.3%)	(19.2%)

Note:

(1) Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end and multiplied by 100%.

For more information on the key financial ratios, please refer to the section headed "Financial Information — Summary of key financial ratios" of this prospectus for further details.

CUSTOMERS

During the Track Record Period, our Group's customers for the F&B Retail Business were mainly individual customers who patronise our food and beverage stalls, and customers for our Outlet Management and Leasing Business were mainly stall tenants who rent food stalls in our food centres and food street. There was no single customer that accounted for more than 5% of our total revenue for each of the periods during the Track Record Period. Our Directors further believe that our five largest customers accounted for less than 30% of our total revenue for each of the periods during the Track Record Period.

Under our Outlet Management and Leasing Business, we typically enter into tenancy agreements with stall tenants for the rental of food stalls for terms ranging from one to two years. Generally, such tenancy agreements with stall tenants contain key terms such as the licence or lease period and commencement date, the monthly licence fees or rental and the minimum daily operating hours by the tenant.

As at the Latest Practicable Date, we had maintained business relationships with our top five customers under our Outlet Management and Leasing Business for more than two years. The revenue generated by our Group's five largest customers, during the Track Record Period, were approximately S$3,130,000, S$3,007,000, S$3,093,000 and S$1,582,000, which accounted for approximately 38.1%, 37.7%, 35.2% and 23.9% of our Group's revenue generated from our Outlet Management and Leasing Business respectively. The revenue generated by our Group's largest customer, during the Track Record Period, were approximately S$1,765,000, S$1,196,000, S$1,349,000 and S$369,000, which accounted for approximately 21.5%, 15.0%, 15.4% and 5.6% of our Group's revenue generated from our Outlet Management and Leasing Business respectively.

Please also refer to the section headed "Business — Customers" of this prospectus for more details.

SUPPLIERS AND RAW MATERIALS

Food ingredients such as meat, vegetables, eggs, seafood and seasonings and beverages, both alcoholic and non-alcoholic, are major raw materials purchased by our F&B Retail Business. We place strong emphasis on purchasing food ingredients of high quality from our suppliers for use in our F&B Retail Business.

In order to maintain the quality of food at our food stalls under our F&B Retail Business, we only purchase ingredients to be used for our food stalls from a list of approved suppliers. We source our food ingredients from local suppliers, who are carefully selected based on a set of selection criteria, which includes, among other things, the type and quality of the ingredients, reliability of supply, cost, reputation, service and past performance. In order to secure continuous supply of food ingredients with consistent quality and to prevent over-reliance on any single supplier, we will try to find more than one supplier for our food ingredients.

As at the Latest Practicable Date, we had over 70 approved suppliers under our F&B Retail Business for the supply of food ingredients, beverages, alcohol, and tobacco products. As at the Latest Practicable Date, we had maintained business relationships with our top five suppliers for approximately eight years. For the three years ended 31 December 2017 and ten months ended 31 October 2018, our Group's five largest suppliers accounted for approximately 43.5%, 43.9%, 36.8% and 37.3% of our Group's total purchases, respectively, and our largest supplier accounted for approximately 13.2%, 12.7%, 10.0% and 10.3% of our Group's total purchases, respectively. Please also refer to the section headed "Business — Suppliers and raw materials" of this prospectus for more details.

OUR COMPETITIVE STRENGTHS

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

- our food centres and food street are strategically located throughout Singapore;
- we operate a diversified mix of food stalls under our F&B Retail Business and we have a pool of quality food tenants and anchor tenants;

- we have an experienced management team;
- we have a resilient business model with multiple revenue streams;
- we enjoy economies of scale; and
- we are committed to providing high quality customer service.

For further details of our competitive strengths, please refer to the section headed ‘‘Business — Our competitive strengths’’ of this prospectus.

BUSINESS STRATEGY

Our aim is to leverage on our competitive advantages to expand the scale of our operations and increase our market share in the food and beverage industry in Singapore, and expand to other regions where there are related opportunities. We intend to achieve this by implementing the following corporate strategies:

- to increase the number of food establishments, particularly air-conditioned food centres, under our Outlet Management and Leasing Business;
- to enhance and upgrade our existing food centres and food street;
- to improve our information technology infrastructure and systems; and
- to develop cashless electronic payment systems.

PROPERTIES AND OTHER FIXED ASSETS

As at the Latest Practicable Date, our Group owned nine properties, of which one is used as our corporate headquarters, five are used as our food centres, and three are leased to Independent Third Parties. The three properties leased to Independent Third Parties are also used as food establishments. As at the Latest Practicable Date, our Group leased eight properties from Independent Third Parties, among which seven are used as our food centres and food street, and one is managed by a third party operator on behalf of our Group. Please refer to the section headed ‘‘Business — Properties and other fixed assets’’ of this prospectus for further details.

RISK FACTORS

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

- we experienced net current liabilities during the Track Record Period;
- we rely on skilled and experienced personnel and we are subject to labour and immigration laws and policies that govern the employment of foreign workers;
- we may be affected by any outbreak of food-related diseases or any spread of contagious or virulent diseases and the shortage of key supplies;
- we lease some of our premises for our food establishments from HDB and other private landlords and there is no certainty that we will be able to lease new premises or renew existing lease on terms acceptable to us or at all;
- our continued success and sustainability of growth will depend on our ability to expand and manage our network of food establishments;
- we may be unable to maintain an attractive tenant mix or the current occupancy rates for our food establishments;
- we face food contamination and tampering risks, and may be exposed to negative publicity, customer complaints and potential litigation; and
- the food and beverage industry may be subject to increasingly stringent licensing requirements, regulations and hygiene standards which can increase our operating costs.

INDUSTRY OVERVIEW

Singapore’s food and beverage service market has been developing at a moderate growth rate between 2013 and 2017. The total number of establishments increased from 6,705 units in 2013 to 7,892 units in 2017, representing a CAGR of 4.2%. The total operating receipts of the food and beverage service market increased from S$8.6 billion in 2013 to S$9.3 billion in 2017, representing a CAGR of 2.3%.

Food centre is one of the major establishments of food and beverage service market. The total number of food centres in Singapore increased moderately from 670 centres in 2013 to 787 centres in 2017, representing a CAGR of 4.1%. The total revenue generated by food centres in Singapore increased from S$999.0 million in 2013 to S$1,095.7 million in 2017, representing a CAGR of 2.3%. The development trend in the food centre market is in line with Singapore's economic development and the future growth of the market is mainly driven by the increasing household expenditure on dining-out services, the increasing supply of residential properties, and the increasing number of foreign workers in Singapore.

The food centre management market in Singapore is relatively concentrated, with the leading ten food centre operators accounting for approximately 57.4% of the market in terms of revenue in 2017. Our Group, with 13 food establishments (12 food centres and one food street) in operation by the end of 2017, ranked seventh in the market in terms of revenue generated in 2017 in Singapore's food centre management market. For further details, please refer to the section headed "Industry Overview" of this prospectus.

SHAREHOLDERS INFORMATION

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), Mr. Chu will through Strong Oriental control 75.0% of the Shares in issue. To avoid potential competition between our Company and our Controlling Shareholders, our Controlling Shareholders have entered into the Deed of Non-competition wherein our Controlling Shareholders have, subject to exceptions, undertaken not to carry on business which competes or is likely to compete directly or indirectly with the business engaged by our Group from time to time. Please refer to the section headed "Relationship with our Controlling Shareholders" of this prospectus for details.

REASONS FOR LISTING

Our Group has been contemplating the diversification, growth and expansion of our business and accordingly, a listing has been considered in order to achieve this plan. Having evaluated various avenues for Listing, including Singapore, and having considered the benefits that come along with a Hong Kong Listing, we considered that Hong Kong is the most suitable venue for our Group. Considering the level of internationalism of the Stock Exchange, the level of trading activity on the Stock Exchange, Hong Kong's unique position as the key gateway between the PRC and international markets and the increasing spending power of China visitors, as well as the dynamism of the Stock Exchange, our Directors believe that Stock Exchange would be the most suitable platform to raise our brand awareness and reputation and for fund raising. Having considered the level of internationalism of the Stock Exchange, its maturity in the global financial world and the sufficiency of institutional capital and funds following listed companies in Hong Kong, our Directors are of the view that the Stock Exchange is a suitable platform for listing as compared to other securities exchanges in Asia.

Our Directors believe that the Listing will raise the profile and visibility of our Group and strengthen our competitiveness among our competitors, in the hope of leading to an increase in market share. Please refer to the section headed "Business — Business strategy" of this prospectus.

In addition, our Directors also believe that customers and suppliers may prefer to work with listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies.

Given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies, we believe that the Listing would provide us with a long term fund raising platform to raise funds for our Group's continuing expansion plans through secondary fund raising exercises after the Listing. Therefore, our Directors believe that the Listing will be beneficial to our Group. Please also refer to the section headed "Future Plans and Use of Proceeds — Reasons for listing" of this prospectus.

SHARE OFFER STATISTICS

The Share Offer comprises the Public Offer of 20,000,000 Shares initially offered in Hong Kong, and the Placing of 180,000,000 Shares (subject, in each case, to reallocation on the basis as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus).

	Based on the Offer Price of HK$0.65 per Offer Share	Based on the Offer Price of HK$0.75 per Offer Share
Market capitalisation *(Note 1)*	HK$520 million	HK$600 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)*	HK$0.3922	HK$0.4157

Notes:

1. The calculation of the market capitalisation of the Shares is based on 800,000,000 Shares in issue and to be issued immediately after completion of the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate and the repurchase mandate.
2. The unaudited pro forma net tangible asset value per Share has been arrived at after adjustments referred to in the paragraph headed "Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II to this prospectus.

LISTING EXPENSES

Our Group's financial performance for the year ending 31 December 2018 will be affected by the non-recurring expenses incurred in relation to the Listing. The listing expenses are estimated to be approximately S$7.1 million, (equivalent to approximately HK$40.0 million, assuming an Offer Price of HK$0.70, being the midpoint of the indicative Offer Price range of HK$0.65 to HK$0.75 per Offer Share). Out of the listing expenses of approximately S$7.1 million, (i) approximately S$2.7 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S$2.3 million will be charged to profit or loss of our Group for the year ended 31 December 2018; and (iii) approximately S$2.1 million will be charged to profit or loss of our Group for the year ending 31 December 2019. Such expenses are current estimates and for reference only. The final amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions.

In addition, there will be an expected increase in other operating expenses which is primarily attributable to the increase in Directors' remuneration and other professional fees for the year ended 31 December 2018 and the year ending 31 December 2019 arising from the increase in remuneration of our Directors and the appointment of the new independent non-executive Directors and professional parties prior to and after the Listing.

Our Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in our Group's business despite the expected increase in our Directors' remuneration and professional fees and the non-recurring listing expenses.

USE OF PROCEEDS

The net proceeds from the Share Offer are estimated to be approximately HK$100.0 million assuming the Offer Price of HK$0.70 per Offer Share (being the mid-point of the Offer Price range) and 200,000,000 Offer Shares being offered under the Share Offer and after deducting the underwriting commission and expenses relating to the Share Offer.

We intend to use the net proceeds from the Share Offer for the following purposes:

(a) approximately a total of HK$69.0 million (equivalent to approximately S$12.2 million), representing approximately 69.0% of our net proceeds from the Share Offer, will be used as follows:

   (i) approximately HK$5.1 million (equivalent to approximately S$0.9 million), representing 5.1% of our net proceeds from the Share Offer for the purchase of 150 South Bridge Road;

(ii) approximately HK$31.6 million (equivalent to approximately S$5.6 million), representing 31.6% of our net proceeds from the Share Offer for the purchase of 101 Yishun; and

(iii) approximately HK$32.3 million (equivalent to approximately S$5.7 million), representing 32.3% of our net proceeds from the Share Offer to be used as provision for future acquisitions of food centres,

(b) approximately HK$5.1 million (equivalent to approximately S$0.9 million), representing approximately 5.1% of our net proceeds from the Share Offer, will be used to fund the renovation costs for our existing food centres.

(c) approximately HK$5.7 million (equivalent to approximately S$1.0 million), representing approximately 5.7% of our net proceeds from the Share Offer, will be used to fund the upgrading of our information technology infrastructure and systems.

(d) approximately HK$10.1 million (equivalent to approximately S$1.8 million), representing approximately 10.1% of our net proceeds from the Share Offer, will be used for partial repayment of outstanding bank borrowings.

(e) approximately HK$10.1 million (equivalent to approximately S$1.8 million), representing 10.1% of our total net proceeds from the Share Offer, will be used for our general working capital.

Please refer to the sections headed "Business — Business strategy" and "Future Plans and Use of Proceeds — Future plans" for further details.

DIVIDENDS

During the Track Record Period, our Group declared and paid dividends of approximately Nil, S$2.0 million, S$2.6 million and S$3.4 million respectively and all these dividends have been paid as at the Latest Practicable Date. As at the Latest Practicable Date, no other dividends have been declared and paid by the companies now comprising our Group to their then shareholder. We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in the future will be at the discretion of our Directors and will depend on our future results of operations and earnings, capital requirements and surplus, general financial condition, working capital, contractual restrictions (if any) and other factors which our Directors deem relevant. For further details, please refer to the paragraph headed "Financial Information — Dividends" of this prospectus.

RECENT DEVELOPMENTS

We have, on 18 September 2018, exercised the option to purchase in respect of the property located at 150 South Bridge Road #01–17 Singapore 058727 with a GFA of approximately 60.0 sq.m ("**150 South Bridge Road**") from Independent Third Parties at the price of S$2.5 million. The purchase shall be completed on or around 15 March 2019. 150 South Bridge Road will be acquired by our Group subject to an existing tenancy, which is due to expire on 30 April 2019. We intend to operate a food establishment at 150 South Bridge Road upon the expiry of such tenancy.

In addition, we have, on 30 November 2018, exercised the option to purchase in respect of the food centre located at Block 101 Yishun Avenue 5 #01–93 Singapore 760101 with a GFA of approximately 196.0 sq.m ("**101 Yishun**") from an Independent Third Party for the price of S$15.0 million. The sale and purchase of 101 Yishun is conditional upon, amongst others, HDB's consent for such sale and purchase, and is expected to complete on or around 31 March 2019 or two weeks from the date of receipt of (i) HDB's approval or, (ii) in the event that HDB gives a conditional approval, HDB's letter of confirmation that all its conditions have been fulfiled, whichever is later. We have been operating the food centre at 101 Yishun as tenant since 2009 and we intend to continue doing so after the acquisition. For the three years ended 31 December 2017 and ten months ended 31 October 2018, our food centre at 101 Yishun contributed approximately S$4,270,000, S$4,745,000, S$4,976,000, and S$3,848,000, respectively to the revenue of our Group, and approximately S$619,000, S$762,000, S$996,000, and S$871,000, respectively to the operating profits of our Group.

Please refer to the sections headed "Business — Business strategy — To increase the number of food establishments, particularly air-conditioned food centres, under our Outlet Management and Leasing Business" and "Future Plans and Use of Proceeds — Future plans" for more information relating to the acquisition of 150 South Bridge Road and 101 Yishun.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have opened one new stall located at Block 632 Ang Mo Kio Avenue 4 #01–948 Singapore 560632, which is a food centre owned and operated by our Group, and two new stalls located at 12 Verdun Road Singapore 207278 and Block 681 Hougang Avenue 8 #01-809 Singapore 530681 respectively, which are food centres managed by Independent Third Parties.

Our Group's financial results for the year ended 31 December 2018 will be negatively impacted by (i) the non-recurring Listing expenses recognised; (ii) depreciation of additional food establishment and office equipment acquired in 2017; and (iii) the property rentals and related expenses as result of expansion plan of our Group. However, our Group still maintains positive net profits and net operation cash inflow for the year ended 31 December 2018. For further details regarding our Listing expenses, please refer to the section headed "Financial Information — Listing expenses" in this prospectus.

MATERIAL ADVERSE CHANGE

Our Directors confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Group since 1 November 2018 (being the following day after the date the latest audited consolidated financial statements of our Group as set out in the Accountants' Report in Appendix I to this prospectus); and there had been no event since 1 November 2018 and up to the Latest Practicable Date which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

In this prospectus, the following expressions and terms shall have the meanings set out below unless the context otherwise requires.

"Accountants' Report"	the accountants' report of our Group prepared by the reporting accountants as set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s), or, where the context so requires, any of them to be used in connection with the Public Offer
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 1 February 2019, and to take effect on the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)" or "close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	our board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licenced banks in Hong Kong are generally open for normal business to the public
"BVI"	British Virgin Islands
"Capitalisation Issue"	the issue of 599,999,900 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed "Further information about our Group — 4. Written resolutions of the sole Shareholder" in Appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant(s)"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant(s)"	the CCASS Clearing Participant(s), the CCASS Custodian Participant(s) or the CCASS Investor Participant(s)
"CDP"	Chu Dynasty Pte. Ltd., a company incorporated in Singapore on 11 February 2016 and wholly-owned by Mr. Chu prior to the Reorganisation, and an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Chairman"	the chairman of the Board
"China Insights Consultancy" or "CIC"	China Insights Industry Consultancy Limited, an Independent Third Party market research company
"CIC Report"	the industry report prepared by China Insights Consultancy
"CKC"	CK Chu Holdings Pte. Ltd., a company incorporated in Singapore on 5 May 2005 and wholly-owned by Mr. Chu prior to the Reorganisation, and an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Commissioner"	the Commissioner for Labour of Singapore
"Companies Act"	the Companies Act (Chapter 50) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Companies Law" or "Cayman Companies Law" or "Cayman Islands Company Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
"Companies Registry"	the Companies Registry of Hong Kong
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time

"Company" or "our Company"	K2 F&B Holdings Limited (formerly known as K2 Capital Investment Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2018 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 July 2018
"connected transaction(s)"	has the same meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the case of our Company, refers to Strong Oriental and Mr. Chu
"Conyers Trust"	Conyers Trust Company (Cayman) Limited
"Cosmopolitan"	The Cosmopolitan F&B Pte. Ltd., a company incorporated in Singapore on 1 November 2013 and wholly-owned by Mr. Chu before the Reorganisation and being an indirect wholly-owned subsidiary of our Company after the Reorganisation
"CPF"	the Central Provident Fund in Singapore, a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
"CPF Act"	the Central Provident Fund Act (Chapter 36) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Deed of Indemnity"	the deed of indemnity dated 1 February 2019 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are referred to in the paragraph headed "Other information — 15. Tax and other indemnities" in Appendix VI to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 1 February 2019 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in the section headed "Relationship with our Controlling Shareholders — Non-competition Undertaking" in this prospectus
"Director(s)"	the director(s) of our Company
"Eastern Native"	Eastern Native Limited, a company incorporated in the BVI on 30 January 2018 and a direct wholly-owned subsidiary of our Company following the Reorganisation

"EFMA"	the Employment of Foreign Manpower Act (Chapter 91A) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"EFMR"	the Employment of Foreign Manpower (Work Passes) Regulations 2012 of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Employment Act"	the Employment Act (Chapter 91) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Employment Regulations 2016"	the Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016 of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Entire Courage"	Entire Courage Limited, a company incorporated in the BVI on 15 November 2017 and a direct wholly-owned subsidiary of our Company following the Reorganisation
"EPHA"	the Environmental Public Health Act (Chapter 95) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"EPHR"	the Environmental Public Health (Food Hygiene) Regulations of Singapore, as amended, supplemented and/or otherwise modified from time to time
"FCG"	Fu Chan F&B Group Pte. Ltd., a company incorporated in Singapore on 10 December 2009 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FCP"	Fu Chan F&B Pte. Ltd., a company incorporated in Singapore on 29 January 2004 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 100"	Fu Chan (100 FC) Pte. Ltd., a company incorporated in Singapore on 8 August 2010 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 881"	FC 881 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation

"FC 882"	FC 882 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 883"	FC 883 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 884"	FC 884 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 885"	FC 885 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FC 886"	FC 886 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Food Shop Licence"	the licence to operate or use a food establishment granted by the Director-General of Public Health pursuant to the EPHA
"Food Stall Licence"	the licence to set up or use any stall for the purpose of hawking, selling or exposing food for sale granted by the Director-General of Public Health pursuant to the EPHA
"FS 100"	FS 100 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 200"	FS 200 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 300"	FS 300 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation

"FS 400"	FS 400 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 500"	FS 500 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 600"	FS 600 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 700"	FS 700 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 800"	FS 800 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"FS 900"	FS 900 Pte. Ltd., a company incorporated in Singapore on 18 March 2015 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Fu Chan 23"	Fu Chan (23) F & B Pte. Ltd., a company incorporated in Singapore on 16 May 2005 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the businesses which have since been acquired or carried on by them or, as the case may be, their predecessors
"HDB"	the Housing & Development Board of Singapore
"HDR"	the Housing and Development (Common Property and Open Spaces) Rules of Singapore, as amended, supplemented and/or otherwise modified from time to time

"HK$" or "HK dollar(s)"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited, the branch share registrar of our Company in Hong Kong
"IA"	the Immigration Act (Chapter 133) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"IFRSs"	the International Financial Reporting Standards issued by the International Accounting Standards Board
"Income Tax Act"	the Income Tax Act (Chapter 134) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the Listing Rules) with our Company or any of the directors, chief executive or Substantial Shareholders of our Company and our subsidiaries or any of their respective associates
"Joint Bookrunners"	collectively HeungKong Securities Limited and Sorrento Securities Limited
"Joint Lead Managers"	collectively HeungKong Securities Limited, Sorrento Securities Limited, China Industrial Securities International Capital Limited, Pacific Foundation Securities Limited and China Tian Yuan Securities Limited
"Latest Practicable Date"	12 February 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"LB 101"	LB 101 Pte. Ltd., a company incorporated in Singapore on 28 March 2016 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation

"LB FC"	Lady Boss Food Channel Pte. Ltd., a company incorporated in Singapore on 13 May 2016 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"LBK"	Lady Boss Kitchen Pte. Ltd., a company incorporated in Singapore on 16 May 2013 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Liquor Control Act"	the Liquor Control (Supply and Consumption) Act 2015 (No. 5 of 2015) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Liquor Licence"	the licence to supply liquor required under the Liquor Control Act
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 6 March 2019, on which our Shares are listed and dealings commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time
"Main Board"	the Main Board of the Stock Exchange
"Master Coffee"	Master Coffee Cafe Pte. Ltd., a company incorporated in Singapore on 26 May 2009 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 1 February 2019, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus
"MOM"	the Ministry of Manpower of Singapore
"Mr. Chu"	Mr. Chu Chee Keong (also known as Zhu Zhiqiang) (朱志強), an executive Director, a Controlling Shareholder, chairman and chief executive officer of our Company and the spouse of Ms. Leow
"Ms. Chu"	Ms. Chu Pek Si (also known as Zhu Peishi) (朱佩诗), a non-executive Director and the daughter of Mr. Chu and Ms. Leow

"Ms. Leow"	Ms. Leow Poh Hoon (also known as Liao Baoyun) (廖宝云), an executive Director and the spouse of Mr. Chu
"NEA"	the National Environment Agency of Singapore
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.75 per Offer Share and expected to be not less than HK$0.65 per Offer Share, such price to be agreed upon by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Share(s)"	collectively, the Placing Shares and the Public Offer Shares
"PDPA"	the Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"PDS"	the points demerit system implemented by the NEA
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company, subject to reallocation as further described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Share(s)"	180,000,000 new Shares offered for subscription by our Company at the Offer Price under the Placing (subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Placing Underwriters"	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the conditional underwriting agreement related to the Placing expected to be entered into, amongst others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on or about the Price Determination Date, details of which are set forth in the section headed "Underwriting" in this prospectus
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan

"Price Determination Agreement"	the agreement expected to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the final Offer Price
"Price Determination Date"	the date on which the Offer Price is to be determined, is expected to be on or about 1 March 2019, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, payable in full on application, and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	20,000,000 new Shares initially being offered by our Company for subscription in the Public Offer, subject to reallocation as described under the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer Shares whose names are set out in the section headed "Underwriting" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters on 20 February 2019, details of which are set forth in the section headed "Underwriting" in this prospectus
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History, Reorganisation and Group Structure" in this prospectus
"S$" or "SGD"	Singapore dollar(s), the lawful currency of Singapore
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented and/or otherwise modified from time to time
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company

"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company pursuant to a resolution in writing passed by our sole Shareholder on 1 February 2019 as described in the section headed "Further information about our Directors and Substantial Shareholders — 14. Share Option Scheme" in Appendix VI to this prospectus
"Singapore"	the Republic of Singapore
"Smoking Prohibition Act"	the Smoking (Prohibition in Certain Places) Act (Chapter 310) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Sole Sponsor" or "HeungKong Capital"	HeungKong Capital Limited, a corporation licenced to carry out type 6 (advising on corporate finance) regulated activity under the SFO
"SPF"	The Singapore Police Force
"SSG"	Skillsfuture Singapore, formerly known as the Singapore Workforce Development Agency
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strong Oriental"	Strong Oriental Limited, a company incorporated in the BVI on 18 January 2018, wholly-owned by Mr. Chu and a Controlling Shareholder following the Reorganisation
"subsidiary" or "subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
"Tobacco Act"	the Tobacco (Control of Advertisements and Sale) Act (Chapter 309) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Tobacco Licence"	the licence to sell any tobacco product required under the Tobacco Act

"Track Record Period"	the period comprising the three years ended 31 December 2017 and ten months ended 31 October 2018
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America
"UPH"	U Property Holdings Pte. Ltd., a company incorporated in Singapore on 12 December 2008 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"US$"	United States dollar(s), the lawful currency of the United States
"WICA"	the Work Injury Compensation Act (Chapter 354) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"WR"	Winston's Recipe Pte. Ltd., a company incorporated in Singapore on 16 December 2013 and wholly-owned by Mr. Chu prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company following the Reorganisation
"WSHA"	the Workplace Safety and Health Act (Chapter 354A of Singapore), as amended, supplemented and/or otherwise modified from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

All dates and times in this prospectus refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in S$ or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of S$ into HK$ in this prospectus is based on the exchange rate of S$1.00 to HK$5.66.

No representation is made that any amounts in US$ or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of US$ into HK$ in this prospectus is based on the exchange rate of US$1.00 to HK$7.78.

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

In this prospectus, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail.

This glossary contains certain definitions of technical terms used in this prospectus in connection with our Company and our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of these terms.

"breakeven point"	accounting breakeven, which refers to the number of month(s) since the commencement of business of the food or beverage stall at which the monthly revenue is at least equal to the monthly expenses, excluding the non-cash items such as depreciation
"CAGR"	compounded annual growth rate
"F&B"	acronym for food and beverages
"F&B Retail Business"	the business division of our Group responsible for the operation and management of food and beverage stalls
"food centre"	either a non-air-conditioned or air-conditioned food establishment comprising individual indoor food and/or beverage stall(s) with indoor and/or outdoor dining areas. Unlike a hawker centre, a food centre, more commonly referred to as a coffee shop or eating house in Singapore, is usually privately managed
"food establishment"	an operation of a particular location that prepares, serves, or sells food and beverages, such as a food centre or a food street
"food street"	an outdoor food establishment comprising individual outdoor food and beverage kiosks with only outdoor dining area and is not a hawker centre
"GIRO"	acronym for General Interbank Recurring Order
"hawker centre"	a non-air-conditioned food establishment which is typically owned by the government and operated by government or non-profit organisation and comprising individual food and beverage stalls with both indoor and outdoor dining areas
"investment payback point"	the point of time at which the operating cash flow accumulated from the commencement of business of a food or beverage stall covers the costs of opening and operations, including incurred capital expenditures and ongoing cash operating expenses
"kiosk"	an outdoor food establishment that caters primarily to customers seeking to order their food and beverage for take-away

"Mixed Vegetable Rice"	a food type offered at a food stall comprising multiple dishes, including meat, vegetables and eggs, for customers to choose from, which are typically served together with a portion of steamed white rice
"NETS"	a payment scheme in Singapore which includes direct debit and credit payments at point-of-sale
"Outlet Management and Leasing Business"	the business division of our Group responsible for the ownership/ lease, operation and management of food centres and food street
"stall"	an indoor food establishment that caters primarily to customers seeking to order their food and beverages for consumption at the dining area of a food centre
"sq.ft"	acronym for square foot or square feet
"sq.m"	acronym for square metre or square metres
"Zi Char"	a food type offered at a food stall comprising Chinese dishes that are cooked upon order

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

We have included in this prospectus forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business" and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would", "wish" or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

— our business prospects, operating strategies and plan of operation;

— our dividend policy;

— our capital expenditure plans;

— the amount and nature of, potential for and future development of our business;

— our operations and business prospects, including new locations of expansion;

— our overall financial condition and performance;

— our planned projects;

— the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;

— the general industry outlook, competition for our business activities and future development in our industry;

— macroeconomic measures taken by the government of Singapore to manage economic growth and general economic trends in Singapore;

— general political and economic conditions in Singapore and overseas;

— other statements in this prospectus that are not historical facts;

— realisation of the benefits or our future plans and strategies; and

— other factors beyond our Group's control.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect the current views of our Company or our management with respect to future events and are not a guarantee of future performance.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Share Offer or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

In this prospectus, statement of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from compliance with the relevant section of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The core business and operations of our Group, including management of food centres and food street and sales of food and beverage in Singapore, have been and are primarily located, managed and conducted in Singapore. Our assets are located in Singapore. Both of our executive Directors and the senior management have been and are ordinarily based in Singapore and are not Hong Kong residents. Our Company does not and will not, in the foreseeable future, have any management presence in Hong Kong. As each of our executive Directors currently residing in Singapore has a vital role in our business and operations, it is of paramount importance for them to remain to be based in Singapore and be physically close to our operation. Relocation of our executive Directors to Hong Kong will require time to process the application for residency in Hong Kong and the application will be burdensome and costly for our Company. Moreover, it may not be in the best interest of our Company and Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong for the sole purpose of satisfying the management presence requirements as such arrangement will increase our administrative expenses and reduce the effectiveness and responsiveness of the Board in making decisions.

In view of that, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from the compliance with Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is effectively maintained between the Stock Exchange and our Company, we will put in place the following measures:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorised representatives are Mr. Chu and Mr. Hwang Hau-zen Basil. Mr. Hwang Hau-zen Basil is ordinarily resident in Hong Kong. Mr. Chu is a Singaporean citizen and may travel to Hong Kong without the need to apply for any special travel permits or visa. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange;

(b) each of the authorised representatives has means to contact all members of the Board and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that

(1) each Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the authorised representatives and his or her respective alternates (if applicable); and (2) in the event that a Director expects to travel and be out of office, he/she will endeavour to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his or her telephone;

(c) all Directors will provide their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange to ensure that they will be readily contactable when necessary to deal promptly with enquiries from the Stock Exchange;

(d) all Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange upon reasonable notice;

(e) in compliance with Rule 3A.19 of the Listing Rules, we have appointed HeungKong Capital Limited as the compliance adviser to act as the alternate channel of communication with the Stock Exchange for the period commencing on the date of the initial listing of the Shares of our Company on the Main Board of the Stock Exchange and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. HeungKong Capital Limited will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. HeungKong Capital Limited, in addition to the authorised representatives and alternative authorised representative, will act as an additional channel of communication with the Stock Exchange; and

(f) we will ensure that our compliance adviser shall have access at all times to our authorised representatives, Directors and members of the senior management. We will also procure that such persons provide promptly to our compliance adviser such information and assistance as our compliance adviser may need or may reasonably request in connection with the performance of its duties as set forth in Chapter 3A of the Listing Rules.

FINANCIAL INFORMATION INCLUDED IN THIS PROSPECTUS (RULE 4.04(1) OF THE LISTING RULES, AND SECTION 342(1) OF AND PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE)

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by our auditor with respect to our profits and losses in respect of each of the three financial years immediately preceding the issue of this prospectus and assets and liabilities at the last date to which our financial statements were prepared.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Pursuant to the relevant requirements set forth above, our Company is required to produce three full years of audited accounts for the years ended 31 December 2016, 2017 and 2018. However, an application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver was granted by the Stock Exchange on the conditions that:

(i) our Company's shares will be listed on the Stock Exchange on or before 31 March 2019;

(ii) our Company will obtain a certificate of exemption from the SFC on compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements;

(iii) a profit estimate for the financial year ended 31 December 2018 will be included in this prospectus; and

(iv) there will be a directors' statement in this prospectus that there is no material adverse change to our Company's financial and trading positions or prospects with specific reference to the trading results from 1 November 2018, being following day after the end of the stub period, to 31 December 2018, being the latest financial year end of our Company.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(i) the particulars of the exemption are set out in this prospectus;

(ii) this prospectus will be issued on or before 21 February 2019; and

(iii) our Company's shares will be listed on the Stock Exchange on or before 31 March 2019.

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interest of the investing public given the followings:

(i) there would not be sufficient time for our Company and its reporting accountant, HLB Hodgson Impey Cheng Limited, to complete the audit work on the full financial information for the year ended 31 December 2018 for inclusion in this prospectus. If the financial information is required to be audited up to 31 December 2018, our Company and our reporting accountant would have to undertake a considerable amount of work to prepare, update and finalise the financial information to be included in this prospectus and to update the relevant disclosures in this prospectus to cover such additional period; and

(ii) our Company has included in this prospectus (a) the Accountants' Report covering the three years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018 as set out in Appendix I to this prospectus, (b) a profit estimate for the full financial year ended 31 December 2018 in Appendix III to this prospectus; and (c) information regarding our Group's recent developments subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company is of the view that all material information that is necessary for the Shareholders and the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group has been disclosed in this prospectus.

In particular, our Directors confirmed that all information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group has been disclosed in this prospectus, and that, as such, the granting of the certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interest of the investing public. Furthermore, our Directors and the Sole Sponsor, after conducted sufficient due diligence, confirmed that there had not been any material adverse change in the financial or trading positions or prospects of our Group since 1 November 2018 and up to the date of this prospectus, and that there is no event since 1 November 2018 and up to the date of this prospectus which will materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus, the section headed "Financial Information" in this prospectus and other parts of this prospectus.

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

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

RISKS RELATING TO OUR BUSINESS

We experienced net current liabilities during the Track Record Period

For the three years ended 31 December 2017 and ten months ended 31 October 2018, we had net current liabilities of approximately S$685,000, S$1.1 million, S$1.7 million and S$5.1 million respectively. For further details, please see the section headed "Financial Information — Net current liabilities" of this prospectus. Our net current liabilities position exposes us to liquidity risk. Our future liquidity, the payment of trade and other payables and the repayment of outstanding debts will primarily depend on our ability to generate adequate cash inflows from our operations and sufficient external financing. We cannot assure you that we will not have net current liabilities in the future. If we fail to secure adequate funds as working capital, our financial condition and results of operations will be adversely affected.

We rely on skilled and experienced personnel and we are subject to labour and immigration laws and policies that govern the employment of foreign workers

Our business is labour-intensive, and we rely on skilled and experienced personnel for our operations. Qualified individuals with requisite skills are in short supply within the food and beverage industry. In particular, experienced and skilled chefs are scarce and competition for such personnel is intense.

Our ability to serve our customers quality food and provide good customer service depends to a large extent on whether we are able to secure adequate and suitable personnel for our operations. If we are unable to employ sufficient staff, or if our personnel do not fulfil their roles or if we experience a high turnover of skilled and experienced personnel without suitable, timely or sufficient replacements, the quality of our food and/or service may decline, and our business, operations, expansion plans and financial performance may be materially and adversely affected.

Further, competition for qualified employees may result in us having to pay higher wages to attract and retain our employees, which may result in higher labour costs and materially and adversely affect our financial performance. We also employ a significant number of foreigners, and are subject to applicable laws, rules and regulations.

Any changes in applicable laws, regulations or policies of Singapore or those of the foreigners' countries of origin may result in labour shortages and/or increase our operating costs. For instance, the availability of foreign employees in Singapore is regulated by the MOM through policy instruments such as the imposition of levies and quotas, known as dependency ratio ceilings, being the percentage of foreign employees permitted in a company's total workforce. We are susceptible to any increase in such levies and any changes in the supply and/or quota of foreign employees that we are permitted to hire. As a result of these measures, our costs of hiring foreign employees may increase. We may also be entitled to hire fewer foreign employees in Singapore and could potentially face difficulties in identifying alternative sources of foreign employees with the same or lower costs. In addition, we are vulnerable to changes in the availability and costs of hiring employees from other countries. If our labour costs increase substantially or if we are unable to retain our foreign employees or hire new employees on terms acceptable to us or at all, our business, operations and financial performance may be materially and adversely affected.

We are also required to comply with the conditions stipulated in work permits issued to our foreign workers, and may be liable if we contravene such conditions. If we contravene the conditions stipulated in the work permits issued to our foreign workers, such contravention may result in a statutory penalty, a curtailment in our foreign workers' quota and/or a ban by the MOM on our applications and renewals of work permits for foreign workers. Such an event may result in the disruption of our operations and/or an increase in our labour costs, which may materially and adversely affect our business and financial performance.

We may be affected by any outbreak of food-related diseases or any spread of contagious or virulent diseases and the shortage of key supplies

Any outbreak of diseases or viruses in livestock or food scares in the region or around the world, such as the avian influenza H7N9 virus (also known as "**bird flu**") or bovine spongiform encephalopathy (also known as "**mad cow disease**"), may lead to a reduction in consumption of the affected type of meat or food by consumers, and force us to reduce or eliminate the use of that ingredient in our food centres and food street. We would not be able to predict the occurrences of such diseases, or when there will be an outbreak of new diseases affecting not only meat, but vegetables or other ingredients used in our food centres and food street. In the event of any such outbreaks resulting in loss of consumer confidence and declined patronage at our stalls, food centres and food street, our business may be materially and adversely affected.

Furthermore, sources of supply for the affected type of meat or food product may also be reduced leading to price increases for those ingredients. Any such increase in costs will adversely affect our profitability and financial performance as we purchase key ingredients such as seafood, meat and vegetables on a daily or weekly basis from our suppliers. As such, we are highly dependent on a consistent and sufficient supply of ingredients that meet our quality standards. If our suppliers are unable to supply us with sufficient key ingredients which meet our quality standards, we may be adversely affected by a shortage of ingredients and are susceptible to increases in the cost of ingredients. This may result in disruptions to our business and operations which may in turn materially adversely affect our business, operations and financial performance.

In addition, a loss in consumer confidence arising from an outbreak of disease concerning any particular ingredient may force us to reduce or totally eliminate the use of that ingredient in our menu, thereby affecting our ability to offer our customers a wide variety of food items. This may lead to declined patronage at our food stalls, food centres and food street and thus affect our business, operations and financial performance. Our food centres and food street are located in Singapore. The spread of any contagious or virulent diseases such as severe acute respiratory syndrome (SARS) in Singapore may negatively affect consumer confidence and sentiments, leading to a reduced willingness of the public to dine at our food centres and food street. Our revenue may consequently be adversely affected. Furthermore, if any of our employees in any of our food centres and food street shows symptoms of becoming infected or becomes infected with any such diseases, we may be required to temporarily shut down the relevant food centres and food street. In the event that any of these events occur, our business, operations and financial performance may be materially and adversely affected.

We are highly dependent on a consistent and sufficient supply of ingredients that meet our quality standards and shortage of key food products that may lead to price increase for those ingredients. Any such increase in costs will adversely affect our profitability and financial performance. The supply and prices of ingredients are subject to various factors beyond our control, including climate, seasonality, outbreak of diseases, exchange rates and applicable laws, rules, regulations and policies in relation to the sale and/or import of these ingredients. There can be no assurance that we will be able to anticipate decreases in supply and/or increases in ingredient costs, or secure a supply of alternative ingredient sources that comply with our standards. If we are unable to procure sufficient supplies of key ingredients or pass on increased costs to our customers, our business, operations and financial performance may be adversely affected.

We may be unable to achieve the expected breakeven and investment payback period when we open new food and beverage stalls in the future

Our operating results have been, and in the future may continue to be, significantly influenced by the timing of opening of new food and beverage stalls as well as other factors which are beyond our control, such as capital expenditures and ongoing cash operating expenses, as well as changes in our geographic distribution due to the opening of such stalls and/or food establishments.

During the Track Record Period, most of our food and beverage stalls had reached the breakeven point within three months of operations. As at the Latest Practicable Date, 42 out of our 45 food and beverage stalls operated during the Track Record Period and up to the Latest Practicable Date have achieved a breakeven point, which we consider to be the point at which the monthly revenue is at least equal to its monthly expenses, excluding non-cash items such as depreciation. The remaining three food stalls had never achieved breakeven during the Track Record Period and were all closed as at the Latest Practicable Date. During the Track Record Period, most of our food and beverage stalls had reached the investment payback point and the investment payback period ranges between two to five months. Our progress in opening new food and beverage stalls from period to period may also occur at an uneven rate. Accordingly, the number and timing of new food and beverage stalls has had, and may continue to have, a meaningful impact on our operating results and financial performance. As a result, our results of operations may fluctuate significantly from period to period and comparison of different periods may not be meaningful. Our results for a given financial period are not necessarily indicative of results to be expected for any other financial period.

We lease some of our premises for our food establishments from HDB and other private landlords and there is no certainty that we will be able to lease new premises or renew existing leases on terms acceptable to us or at all

As at the Latest Practicable Date, we lease seven of the premises for our food centres and food street. For the three years ended 31 December 2017 and ten months ended 31 October 2018, rental costs accounted for 18.58%, 17.53%, 14.83% and 15.42%, respectively of our total operating costs (comprising cost of inventory consumed and operating expenses) respectively. Any increases in rental costs for new or renewed leases may erode our profit.

Most of our existing leases have tenures of between one to three years. During the negotiation process, a landlord may revise the terms and conditions of the lease, and we may face the possibility of an increase in rent, or not being able to renew the lease on terms and conditions acceptable to us or at all. In addition, on occasion, the landlords may, at the end of the tenure, put such premises up for open tender or solicit alternative bids. There is no assurance that we will be able to win such tenders or be more competitive than any alternative bids submitted.

Furthermore, certain of our existing leases contain provisions that may not be favourable to our Group. For instance, certain of our leases provide that the landlord may terminate the lease before expiry, if, *inter alia*, the landlord decides to change the use of the leased premises. If this occurs, our business and operations will be disrupted and we will incur time and expenses in sourcing for and renovating new premises. Our landlords may also decide to increase our rent during negotiations in respect of lease renewals and we have little to no control over the rent offered to us. Our financial performance may be materially and adversely affected if there is a significant increase in the rent offered to us. In addition, if our landlords fail to comply with requisite laws, rules and regulations, our leases may be affected, which may, *inter alia*, disrupt our business and operations. In addition, in the event a landlord is of the opinion that our manner of occupation or our operations are not consistent with the landlord's terms or conditions for the use of the premises, we may be subject to inspections, be required to adapt or curtail our operations, and/or our lease of such premises may be terminated. The termination or non-renewal of our leases or renewal upon less favourable terms may have an adverse effect on our business, operations and financial performance as we may have to seek alternative sites for existing food centres, and there can be no assurance that alternative sites will be available at comparable locations or leased on comparable terms.

Three of our existing food centres are leased from HDB. Such premises may be scheduled to undergo renovations and redevelopments under HDB's Selective En bloc Redevelopment Scheme in the coming years. Therefore, the leases of such premises may not be renewed after the expiration of the lease.

If we are unable to lease new premises or renew existing leases on terms acceptable to us or at all, or if we face rental increases or fail to procure renewals of existing or new leases at strategic locations, or if our leases are prematurely terminated, our business, operations and financial performance may be materially and adversely affected.

Our financial conditions and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the period in which they arise and the impact may be significant.

The fair value gains on our investment properties for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 were approximately S$1.3 million, S$2.3 million, S$0.6 million, Nil and S$2.1 million respectively. We cannot assure you that we can recognise comparable fair value gains in investment properties in the future and we may also recognise fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

A new standard for lease accounting which is from financial reporting periods beginning on or after 1 January 2019 may impact our financial performance and financial position

The new standard on lease accounting ("**IFRS 16**"), which will be effective for financial periods beginning on or after 1 January 2019, will replace IAS 17 Leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. During the Track Record Period, our future operating lease commitments were not reflected in our consolidated statements of financial position. IFRS 16, which we expect to apply for the first time for our financial year ending 31 December 2019, provides new provisions for the accounting treatment of leases and will in the future upon adoption of the standard no longer allow lessees to recognise certain leases outside of the consolidated statements of financial position. Instead, for all leases with a term of more than 12 months, unless the underlying asset is of low value, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There are certain recognition exemptions under IFRS 16 that a lessee may elect in respect of short-term leases (leases that, at the commencement date of the respective leases, have a lease term of 12 months or less) and leases for which the underlying asset is of low value. The new standard will therefore result in an increase in right-of-use assets and an increase in lease liabilities in our consolidated statements of financial position after the adoption of new standard. This will affect our related financial ratios, such as increase gearing ratio.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total operating lease commitments as lessee of our Group as at 31 October 2018 is approximately S$5,453,000. While our Group has not applied the new IFRS 16, which will only come into effect for the financial period beginning on or after 1 January 2019, the new requirement to recognise a right-of-use asset and a related lease liability under IFRS 16 will not have a material impact on the amount recognised in our Group's consolidated financial statement. Upon adoption of IFRS 16, our Group will recognise a liability reflecting these future lease payments and right-of-use assets, unless the underlying asset is of low value or they are short term leases, in its consolidated statement of financial position. Our Group does not expect a significant impact on our financial performance and cash flow classification as a result of the adoption of IFRS 16.

Our continued success and sustainability of growth will depend on our ability to expand and manage our network of food establishments

We intend to establish more food establishments in Singapore, as part of our growth strategy. Please refer to the section headed ''Future Plans and Use of Proceeds'' in this prospectus for more details.

Our expansion plans will require us to, *inter alia*, secure additional suitable premises and will require substantial working capital and capital expenditure. A good location possesses characteristics such as heavy human traffic flow, reasonable rental costs, a safe and conducive environment for dining and close proximity to patrons. Premises in good locations suitable for our food establishments are scarce and frequently in high demand. There is no assurance that we will be able to continue to secure good locations to expand our network of food establishments, and this may affect our business, operations and financial performance.

Our new food establishments may not achieve their expected profitability for a prolonged period of time or at all, due to various factors, such as the effectiveness of our business and marketing strategies or other factors beyond our control, such as global and local economic conditions, market sentiment and market competition.

In the event that revenue generated by our new food establishments is lower than expected, the costs associated with such new food establishments are higher than expected, and/or if we are unable to effectively manage the increased requirements of our expanded network of food establishments, we may be unable to recover our investment and/or suffer losses. If any of these events occur, our financial performance may be materially and adversely affected.

Apart from our business strategies and future plans, other factors, such as intense market competition and changes in customers' preferences, and our ability to obtain sufficient funding at reasonable interest rates, some of which are beyond our control, may also affect our growth. There is no guarantee that we will be able to sustain the current occupancy rates of tenants of stalls in our food establishments, as this would be dependent, *inter alia*, on our ability to manage tenants' demands. In the event the occupancy rates of food stall tenants in our food establishments decreases, this may materially and adversely affect our business and financial performance. There is no assurance that we will be able to achieve or maintain similar levels of growth in revenue and profit in the future. The results of our Group during the Track Record Period should not be used as an indicator of our future performance.

We may be unable to maintain an attractive tenant mix or the current occupancy rates for our food establishments

It is essential that our food establishments maintain an attractive mix of stall operators that can offer our customers a variety of food and beverage offerings and consistency in the quality of food and services. An unattractive mix of stall operators, or providing a limited mix of food and services could result in customer dissatisfaction and a reduction in patronage at our food establishments.

Further, there is no assurance that we will be able to maintain the current occupancy rates of our food establishments, as this depends on our ability to manage our relationships with our stall tenants and the fees and rents charged to them. The sustainability of the food centre trade and availability of potential stall operators also depend on the willingness of the younger next generation to enter the trade. This may be affected by rising manpower costs, the size of the labour pool and an ageing workforce in Singapore. In the event the occupancy rates in our food establishments decrease, our business, operations and financial performance may be materially and adversely affected.

We are dependent on key management personnel for our continued success and growth

Our Group's success to date is attributable to the contributions and expertise of our key management personnel, who each have valuable and extensive experience and knowledge of the food and beverage industry. In particular, our executive Directors, Mr. Chu and Ms. Leow, have been instrumental in formulating our business strategies and spearheading the growth of our business and operations. Our continued success and growth will depend, to a large extent, on our ability to retain the services of our executive Directors. The loss of services of any of our key management personnel without suitable and timely replacements may materially and adversely affect our business, prospects and financial performance.

Further, we believe that our future success will depend on our ability to attract, retain and motivate our key management personnel. In the event that we need to increase employee compensation levels substantially to attract, retain and motivate any key management personnel, our costs may increase and our financial performance may be materially and adversely affected. Our inability to attract, retain and motivate our key management personnel would adversely affect our business and financial performance.

We face food contamination and tampering risks, and may be exposed to negative publicity, customer complaints and potential litigation

Food contamination and tampering is a risk inherent to F&B operations. The ingredients used in our operations include fresh seafood, meat and vegetables, which are procured from various suppliers. Fresh ingredients are highly perishable and susceptible to contamination and tampering if not properly stored or packed. They may also be contaminated during the food preparation process as a result of lapses in food handling hygiene or lack of cleanliness of our food stalls. Contaminated ingredients may result in customers falling ill and may give rise to bad publicity, and in such cases, we may be ordered by the relevant authorities to suspend or cease all or part of our business operations. The bad publicity arising from such incidences would damage our image, reduce customers' confidence in our products and result in reduced patronage of our stalls, food centres and food street, which will materially and adversely affect our reputation, business, operations and financial performance.

We may also be adversely affected by negative publicity or health concerns about certain food groups. For example, concerns over allergies caused by seafood or shellfish consumption or potential accumulation of mercury or other carcinogens in seafood, may result in consumers avoiding these ingredients, which may adversely affect our business and financial performance.

Our stalls, food centres and food street may also be subject to consumer complaints or allegations regarding food or service quality. Such bad publicity, whether merited or otherwise, may materially and adversely affect our business and financial performance. Further, if customer complaints engender legal claims, our Group would have to divert management resources and expend costs to address such claims, thereby further affecting our business and financial performance. Any loss, liability or expense incurred pursuant to such claims may adversely affect our financial position and financial performance.

We face intense competition to our F&B Retail Business and may be unable to maintain our competitiveness

The food and beverage industry is highly competitive, and barriers to entry are low. We face competition to our F&B Retail Business from a large and diverse group of restaurant chains and individual restaurants. Many of our competitors are well-established in the food and beverage industry, and may have greater financial, marketing and other resources than us. Further, new competitors may enter the market, resulting in increased competition. We compete based on factors such as location of our food centres and food street, quality and price of our food, customer service and overall dining experience. While we strive to differentiate our food centres and food street in terms of dining concepts and pricing, we are aware that there are other food and beverage establishments that offer similar dining concepts and pricing. As pricing and branding are significant factors for food centres and food street offering similar dining concepts and quality of food, our competitors may engage in price competition or heavy promotions to attract customers. We may respond by increasing our advertising and promotion initiatives, which may increase our costs. In the event that we are unable to compete successfully against our competitors or adapt to market conditions, our business and financial performance may be materially and adversely affected. Please refer to the section headed "Business — Competition" of this prospectus for further details of our competitors.

We are subject to regulatory requirements for our operations

Our business is subject to various laws, rules and regulations, including but not limited to the EPHA and the Sale of Food Act (Chapter 283) of Singapore. We are also required to comply with the regulations and policies of relevant authorities, such as the NEA. Please refer to the section headed "Regulatory Overview" of this prospectus for further details of these laws, regulations and policies.

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

Regulatory licences and/or exemptions (“**Licences**”) are required for the operation of our food centres and food street. Certain Licences are granted for fixed periods of time and need to be renewed upon expiry. There can be no assurance that our Licences will be processed and/or issued on time or at all. In addition, Licences are generally subject to conditions stipulated in the Licences, and/or applicable laws, rules and regulations.

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

We will be affected by any failure to maintain the quality of the food we offer

It is essential in the food and beverage industry that the quality of food is of a consistently high quality. Inconsistency or poor quality of our food would result in customers’ dissatisfaction and hence a reduction in patronage. High staff turnover, shortage of staff or the lack of proper supervision may affect the quality of food at our food centres and food street.

In addition, it is important that the furniture and fixtures in our food centres and food street are properly maintained in order to encourage repeat patronage by our customers. Failure to do so would adversely affect our business, operations and financial performance.

Any negative publicity, negative reviews or damage to our brands could materially and adversely impact our business and results of operations

As at the Latest Practicable Date, our Group had registered three trademarks, “”, “” and “” in Singapore, which are mainly used for the food and beverage stalls which we operate under our F&B Retail Business. As at the Latest Practicable Date, we operated a total of 45 food and beverage stalls under our F&B Retail Business, of which 29 are operated under either our “”, “” or “” brands. We believe that our trademarks have significant value and are important to our brand-building efforts. We also believe that our continued success will depend in large on our ability to protect and enhance the value of these brands. We have registered or applied to register our trademarks. Please refer to the section headed “Business — Intellectual property” of this prospectus for further details of our trademarks.

Any incident that diminishes consumer trust in or preference for these brands could significantly reduce their values. If consumers perceive or experience a reduction in food quality, service, ambience or believe in any way that we are failing to deliver a consistent positive experience, the value of our brands could suffer, which could have a material adverse effect on our business.

If any third party uses our trademarks, or registers identical or similar trademarks in Singapore, this may create barriers to entry for our Group in future. Further, our competitors may adopt trade or service names similar to ours notwithstanding that our trademarks have been registered or are pending registration. Unauthorised use of our brands, trademarks or variants thereof may harm our reputation, and if any of our trademarks is infringed, challenged, revoked or we are unable to succeed in legal proceedings to enforce our intellectual property rights at a reasonable cost or at all, our business, prospects and financial performance may be materially and adversely affected.

There is no assurance that our applications for registration of our trademarks will be approved. In the event that any third party alleges proprietary rights over such trademarks, we may be exposed to legal proceedings brought against us by such third parties in respect of our use of the trademark. These legal proceedings may result in monetary liability in the form of damages and/or loss of profit and prevent us from further using our trademarks. In such an event, our business, prospects and financial performance may be materially and adversely affected.

Our insurance coverage may be inadequate

We maintain insurance coverage for our material assets and operations, including all risks insurance for our properties. However, we do not or are unable to obtain insurance in respect of losses arising from certain operating risks such as acts of terrorism. Please refer to the section headed "Business — Insurance" of this prospectus for further details of our insurance coverage.

Our insurance policies may be insufficient to cover all of our losses in all events. The occurrence of certain incidents, including fraud, confiscation by investigating authorities or misconduct committed by our employees or third parties, severe weather conditions, earthquakes, fire, war, flooding and power outages may not be covered adequately, if at all, by our insurance policies.

If our losses exceed the insurance coverage or are not covered by our insurance policies, we may be liable to bear such losses. Our insurance premiums may also increase substantially due to claims made. In such circumstances, our financial results will be materially and adversely affected.

Our business may be affected by pilferage and theft committed by our employees or outsiders

Sales in our stalls, food centres and food street are conducted on a cash basis and handled by our employees. While we have implemented various cash management controls and adopted cash and inventory handling policies, as well as security measures for our stalls, food centres and food street, there can be no assurance that future incidents of theft and other misconducts will not occur. We may be unable to prevent pilferage, misappropriation or theft by employees or outsiders. In the event that such pilferage, misappropriation or theft occurs, our business, operations and financial performance may be materially and adversely affected.

During the Track Record Period, there have been instances of misappropriation of cash by our employees, amounting to approximately S$107,000. Please refer to the section headed "Business — Business operations of our Outlet Management and Leasing Business — Business process of our Outlet Management and Leasing Business — (a) Collection of rental from stall tenants" of this prospectus for more details of the misappropriation. Other than these incidents, we are not aware of any instances of fraud, theft and other misconduct involving employees, customers and other third parties that had any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. Whilst we have sought to strengthen our internal controls as a result thereof, we cannot assure you that there will not be any such instances in future, even if there are no lapses in internal controls. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

Our business may be affected by macroeconomic factors and other factors beyond our control

Our business may be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence, particularly in Singapore. Various factors may influence these macroeconomic conditions, including without limitation, unemployment rates and real disposable income, inflation, recession, stock market performance, the interest rate environment, the availability of consumer credit, and regulatory (including fiscal and other governmental policies), social or political changes, all of which are beyond our control. Any adverse macroeconomic conditions may lead consumers to become more budget conscious and price sensitive, which will result in a decrease in discretionary consumer spending. In addition, we may also be compelled to lower the food prices offered at our food centres and food street which will cause our profit margins and profitability to decrease.

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as changes in consumer preferences (including due to increased popularity of other food choices such as online delivery services which may appeal to the younger generation), power outages, labour disputes, severe weather conditions and natural or other catastrophes, which may disrupt our operations and cause loss and damage to our food centres and food street, and terrorist attacks or other acts of violence, which may materially and adversely affect the global financial markets and business and consumer confidence.

If any of these events occur, our business, operations and financial performance may be materially and adversely affected.

We may require additional funding for our future growth

Certain business opportunities that may increase our revenue may arise from time to time and we may be required to expand our capabilities and business through acquisitions, joint ventures, strategic partnerships or alliances with parties who can add value to our business. Funding for expansion, if raised through the issuance of equity or securities convertible into equity, may result in dilution of our Shareholders' equity, particularly if issued at a discount to the then prevailing market price of our Shares. If we fail to use the new equity to generate a commensurate increase in earnings, our earnings per Share may be diluted and this could lead to a decline in our Share price.

Alternatively, if our funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements, which may, *inter alia:*

(i) limit our ability to pay dividends or require us to seek consent for the payment of dividends;

(ii) increase our vulnerability to general adverse economic and industry conditions;

(iii) limit our ability to pursue our growth plans;

(iv) require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other general corporate purposes; and/or

(v) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We are unable to assure you that we will be able to obtain the additional debt and/or equity financing on terms that are acceptable to us or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect our business, implementation of our business strategies and future plans and financial position.

RISKS RELATING TO OUR INDUSTRY

The food and beverage industry may be subject to increasingly stringent licensing requirements, regulations and hygiene standards which can increase our operating costs

We are required to obtain a number of licences and permits for our food establishments and food and beverage stalls operations, including among others, Food Shop Licences, Food Stall Licences, Liquor Licences and Tobacco Licences. We cannot assure that the licensing requirements for our operations in Singapore will not become more stringent in the future. Any failure to comply with existing regulations, or future legislative changes, could require our Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or suspensions of some of our stalls, which could materially affect our business, operations and financial performance.

Intense competition in the food and beverage industry could prevent us from increasing or sustaining our revenue and profitability

The food and beverage industry is intensely competitive with respect to, among other things, food quality and consistency, taste, price-value relationships, ambiance, service, location, supply of quality food ingredients and employees. Key competitive factors in this industry include type of cuisine, food choice, food quality and consistency, quality of service, price, dining experience and the stall or food establishment location. We face significant competition at each of our locations from a variety of food stalls and food establishments. There are a number of well-established competitors with substantially greater financial, marketing, personnel and other resources than ours, and many of our competitors are well-established in the industry.

Any inability to successfully compete with our competitors may prevent us from increasing or sustaining our revenues and profitability and lose market share, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

RISKS RELATING TO THE SHARE OFFER

There is no assurance of liquidity of our Shares and the price and/or trading volume of our Shares may be volatile

Prior to the Share Offer, there has been no public market for the Shares. The Offer Price has been determined through negotiation between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. Following the Listing, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price. In addition, investors may be unable to sell their Shares at or above the Offer Price.

The pricing and/or trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among others, which may be beyond the control of our Group:

(i) actual or anticipated fluctuations in our results of operations;

(ii) changes in investors' perception of our Group and the investment environment generally;

(iii) changes in the analysis and recommendations of financial analysts;

(iv) addition or departure of key management personnel;

(v) changes in pricing made by us or our competitors;

(vi) changes in market valuations and share prices of companies with businesses similar to that of our Company that may be listed in Hong Kong;

(vii) the liquidity of the market for the Shares;

(viii) announcements of competitive developments, acquisitions or strategic alliances in our industry;

(ix) our ability to successfully implement our investment plans and growth strategies;

(x) fluctuations of exchange rates;

(xi) involvement in potential litigation or regulatory investigations and proceedings;

(xii) general changes and/or developments in rules or regulations with regards to the Singapore food and beverage industry that our Group operates in, including those that affect the demand for our products;

(xiii) changes in conditions affecting the food and beverage industry, the general economic conditions or stock market sentiments or other events or factors.

Furthermore, the stock market of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years.

Future sales of substantial amounts of Shares or the availability thereof in the public market may adversely affect the prevailing market price of the Shares and our Group's ability to raise further capital

Except pursuant to the Share Offer, the Capitalisation Issue and the Share Option Scheme, our Company has undertaken to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters not to issue any Shares or securities convertible into or exchangeable for Shares within six (6) months from the Listing Date without the prior written consent of the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters). Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings. Please refer to the section headed "Underwriting" in this prospectus for a more detailed discussion of restrictions that may apply to future issuances and sales of the Shares.

After these restrictions lapse, the market price of the Shares may decline as a result of the future issuance of the new Shares or other securities relating to the Shares, sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, or the perception that such issuances or sales may occur. This may also materially and adversely affect our Group's ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders' interests may be diluted in the future as a result of additional equity fund raising

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

Our Company will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the Listing Date. Upon expiry of such six-month period, our Group may raise additional funds by way of issue of new equity or equity-linked securities of our Company to finance further expansion of our business, joint ventures or other strategic partnerships and alliances. Such fund-raising exercises may not be conducted on a pro-rata basis to existing Shareholders. As such, the shareholding of the then Shareholders may be reduced or diluted, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

The interests of our Controlling Shareholders may not always coincide with the interests of our Company's public shareholders

Immediately upon completion of the Share Offer, our Controlling Shareholders will own approximately 75% of our enlarged share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, influence the Board composition and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of us or our public shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with our and/or your interests, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our and/or your interests, Shareholders, including you, may be disadvantaged as a result.

Termination of the Public Offer Underwriting Agreement

Prospective investors should note that the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) are entitled to terminate their obligations under the Public Offer Underwriting Agreement by giving written notice to our Company upon the occurrence of any of the events stated in the paragraph headed "Grounds for termination" under the "Underwriting" section of this prospectus at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flooding, hurricanes, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lockouts. Should the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) exercise their rights and terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse.

We may be unable to pay dividends to our Shareholders

The declaration and payment of future dividends will depend on our operating results, financial position, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. We may be unable to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividends to our Shareholders. As such, there is no assurance that dividend distributions will be made by our Company in the future.

Holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be four (4) business days after the pricing date. As a result, investors may be unable to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The sale or availability for sale of substantial amounts of our Shares could adversely affect their trading price

Sales of substantial amounts of our Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. This may mean that the remedies available to our Company's minority shareholders may be different from those they would have under the laws of other jurisdictions. A summary of the Cayman Companies Law is set out in Appendix V in this prospectus.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

Investors should not place undue reliance on facts, statistics and data contained in this prospectus relating to the economies and our industry

Certain facts, forecasts, statistics and data in this prospectus are derived from various sources including various official government sources that our Company believes to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such statistics and information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters or any of their respective directors, affiliates or advisers or any other party involved in the Share Offer. Therefore none of them makes any representation as to the accuracy or completeness of these facts, statistics and data and such facts, statistics and data should not be unduly relied on. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the prospectus in its entirety and are cautioned not to place undue reliance on and information contained in press articles or media regarding our Group or the Share Offer

There may be press and media coverage regarding our Group or the Share Offer which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Group's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking Statements" in this prospectus for further details.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to Apply for the Public Offer Shares" of this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by HeungKong Capital. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, on a conditional basis. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and us. The Share Offer is managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, the Share Offer will not proceed and will lapse. For further information about the Underwriters and the Underwriting Agreement(s), please refer to the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms, and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the related Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the Application Forms, and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in Singapore or the U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme).

No part of our Shares or loan capital of our Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. Accordingly, a total of 200,000,000 Offer Shares, which represent 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

ELIGIBILITY FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in the Shares. It is emphasised that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Shares, or the exercise of any rights in relation to the Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our register of members holding Shares will be maintained by our Cayman Island share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our branch register of members holding listed Shares will be maintained by our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, in Hong Kong. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree. Dealings in our Shares registered at our branch register of members in Hong Kong will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the vendor on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

Unless our Company determines otherwise, dividends payable in HK$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set out under the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out under the section headed "Structure and Conditions of the Share Offer" in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 6 March 2019, it is expected that the dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 6 March 2019. The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares will be 2108.

ROUNDING

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

LANGUAGE

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

TRANSLATIONS

Unless otherwise specified, amounts denominated in S$ have been translated, for the purpose of illustration only, into HK$ (or vice versa) in this prospectus at the following exchange rates:

S$1.00: HK$5.66

No representation is made that any S$ amounts were or could have been or could be converted into HK$, at such rate or any other rate on any date.

Unless otherwise specified, amounts denominated in US$ have been translated, for the purpose of illustration only, into HK$ (or vice versa) in this prospectus at the following exchange rates:

US$1.00: HK$7.78

No representation is made that any US$ were or could have been or could be converted into HK$, at such rate or any other rate on any date.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Chu Chee Keong (Zhu Zhiqiang)	29 Jalan Pokok Serunai Singapore 468164	Singaporean
Ms. Leow Poh Hoon (Liao Baoyun)	29 Jalan Pokok Serunai Singapore 468164	Singaporean
Non-executive Director		
Ms. Chu Pek Si (Zhu Peishi)	29 Jalan Pokok Serunai Singapore 468164	Singaporean
Independent non-executive Directors		
Mr. Wong Loke Tan	68 Begonia Drive Singapore 809926	Singaporean
Mr. Loh Eu Tse Derek	57 Bin Tong Park Singapore 269830	Singaporean
Mr. Mah Seong Kung	Apt Blk 511 Choa Chu Kang Street 51 #13–249 Singapore 680511	Singaporean

Further information is disclosed in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**HeungKong Capital Limited** *A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO* Suite 622, Ocean Centre Harbour City Tsim Sha Tsui Kowloon, Hong Kong
Joint Bookrunners	**HeungKong Securities Limited** *A corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO* Suite 622, Ocean Centre, Harbour City, Tsim Sha Tsui Kowloon, Hong Kong
	Sorrento Securities Limited *A corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO* 11/F, The Wellington 198 Wellington Street, Central Hong Kong

Joint Lead Managers

HeungKong Securities Limited
A corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
Suite 622, Ocean Centre, Harbour City,
Tsim Sha Tsui
Kowloon, Hong Kong

Sorrento Securities Limited
A corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
11/F, The Wellington
198 Wellington Street, Central
Hong Kong

China Industrial Securities International Capital Limited
A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
7/F, Three Exchange Square,
8 Connaught Place, Central,
Hong Kong

Pacific Foundation Securities Limited
A corporation licensed to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO
11/F, New World Tower II,
16–18 Queen's Road Central,
Hong Kong

China Tian Yuan Securities Limited
A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
Room 2907–08, 29/F,
China Resources Building,
26 Harbour Road, Wanchai,
Hong Kong

Co-Manager

Zundiao Securities Limited
A corporation licensed to carry out type 1 (dealing in securities) activity under the SFO
Room 601, 6/F On Hong Commercial Building
145 Hennessy Road, Wanchai
Hong Kong

Legal advisers to our Company	*As to Hong Kong law:* **Robertsons** 57th Floor, The Center 99 Queen's Road Central Hong Kong *As to Singapore law:* **Rajah & Tann Singapore LLP** 9 Battery Road, #25-01 Singapore 049910 *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **D. S. Cheung & Co.** 29th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai, Hong Kong
Auditors and reporting accountants	**HLB Hodgson Impey Cheng Limited** Certified Public Accountants 31st Floor, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
Independent industry consultant	**China Insights Industry Consultancy Limited** 10th Floor, Tomorrow Square 399 West Nanjing Road Huangpu District, Shanghai China
Independent property valuer	**Cushman & Wakefield VHS Pte. Ltd.** 3 Church Street #09–03 Samsung Hub Singapore 049483

Receiving bank	**DBS Bank (Hong Kong) Limited** 11/F, The Center 99 Queen's Road Central Hong Kong
Singapore Tax adviser	**Nexia TS Tax Services Pte. Ltd.** 100 Beach Road #30-00 Shaw Tower Singapore 198702

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Singapore	83 Genting Lane #08-00 Genting Building Singapore 349568
Principal place of business in Hong Kong	Unit 3708, 37/F Tower Two Lippo Centre No. 89 Queensway Hong Kong
Company's website	**www.fuchangroup.com** *(Note: The contents in the website of our Company do not form part of this prospectus)*
Company secretary	Mr. Hwang Hau-zen Basil, *Solicitor, Hong Kong* Unit 3708, 37/F Tower Two Lippo Centre No. 89 Queensway Hong Kong
Authorised representatives	Mr. Chu Chee Keong (Zhu Zhiqiang) 29 Jalan Pokok Serunai Singapore 468164 Mr. Hwang Hau-zen Basil, *Solicitor, Hong Kong* Unit 3708, 37/F Tower Two Lippo Centre No. 89 Queensway Hong Kong
Compliance officer	Mr. Chu Chee Keong (Zhu Zhiqiang) 29 Jalan Pokok Serunai Singapore 468164
Compliance adviser	**HeungKong Capital Limited** Suite 622, Ocean Centre Harbour City Tsim Sha Tsui Kowloon, Hong Kong

Audit committee	Mah Seong Kung *(Chairman)* Loh Eu Tse Derek Wong Loke Tan
Remuneration committee	Loh Eu Tse Derek *(Chairman)* Wong Loke Tan Mah Seong Kung Chu Chee Keong
Nomination committee	Wong Loke Tan *(Chairman)* Mah Seong Kung Loh Eu Tse Derek
Internal Control committee	Loh Eu Tse Derek *(Chairman)* Chu Chee Keong Cui Kewei Joshua
Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	**Boardroom Share Registrars (HK) Limited** 2103B, 21st Floor 148 Electric Road North Point Hong Kong
Principal bankers	**DBS Bank Ltd.** 12 Marine Boulevard Level 3, Marina Bay Financial Centre Tower 3 Singapore 018982

The information presented in this and other sections of this prospectus, including certain facts, statistics, and data, is extracted from the CIC Report as issued by CIC, which was commissioned by us and based on various official government publications and other publicly available sources, unless otherwise indicated. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics included herein have not been independently verified by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, or representatives, or any other person involved in the Share Offer, and no representation is given as to its accuracy, completeness, or fairness of such information. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We commissioned CIC, a market research and consulting company founded in Hong Kong and engaging in the provision of professional consulting services across multiple industries, to conduct an analysis of and report on the food centre management market in Singapore. The CIC Report was prepared by CIC independent of our influence. The fees paid for the preparation of the CIC Report was HK$500,000, which we believe reflects the market rate for such reports.

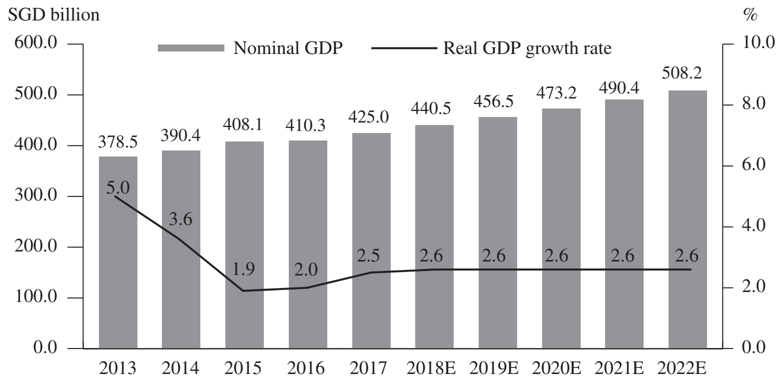
The information and data collected by CIC have been analysed, assessed, and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analysing market data obtained from several publicly available data sources, such as the International Monetary Fund and the Singapore Department of Statistics. The methodology used by CIC is based on analysing information gathered from multiple levels and ensures that this information is cross-referenced for reliability and accuracy.

The CIC Report contains a variety of market projections which were produced with the following key assumptions: (i) economic and industrial development in Singapore is likely to maintain a steady growth trend over the next decade; (ii) related key industry drivers are likely to drive the growth of Singapore's food centre management market in the forecast period, and these drivers include increasing household expenditures on dining-out services, the increasing supply of residential properties, and an increasing number of foreign workers; and, (iii) there is no significant force majeure or set of industry regulation in which the market may be affected dramatically or fundamentally. CIC believes that the assumptions used in preparing the CIC Report, including those used to make future projections, are factual, correct, and not misleading. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumption and factors as well as the choice of primary and secondary sources.

Our Directors confirm that after taking reasonable enquiries, there had been no material adverse change in the market information since the date of the CIC Report which may qualify, contradict, or have an impact on the information set out in this section.

Except otherwise mentioned, all data and forecasts contained in this section are extracted from the CIC Report.

MACROECONOMIC ENVIRONMENT IN SINGAPORE, 2013–2022E



Source: International Monetary Fund

Singapore's economy has experienced moderate growth in the past four years with its nominal gross domestic product ("**GDP**") having increased from SGD378.5 billion in 2013 to SGD425.0 billion in 2017. The weak growth of nominal GDP between 2015 and 2016 is due to the slump of world trade, decreased energy prices, and deflation of Singapore dollars. With the support of strong economic foundations, high-quality infrastructure as well as skilled workforce, Singapore's economy is expected to grow gradually. According to the International Monetary Fund (IMF), Singapore's nominal GDP is projected to continue rising with a stable real GDP growth rate of 2.6% between 2018 and 2022 and reach SGD508.2 billion by 2022.

FOOD AND BEVERAGE SERVICE MARKET IN SINGAPORE

Overview of the food and beverage service market in Singapore

Food and beverage service establishments refer to places where food is prepared, served, and sold for immediate consumption on the premises and can alternatively be taken away by customers, or prepared prior to being delivered to another location for consumption. Based on service quality and cuisine type, food and beverage service providers in Singapore can be categorised into five major segments, namely restaurants, fast food establishments, food caterers, food courts and food centres, as well as other food and beverage service establishments, such as pubs, canteens, snack bars, and other drinking and eating places.

Food courts and food centres refer to food establishments in which a combination of food stalls sell a wide variety of affordable foods in a casual dining locale, with customers ordering food and locating seats by themselves. Typical food varieties in food courts and food centres include Chinese, Indian, Malaysian, and Western cuisine varieties. Unlike a hawker centre, a food centre, more commonly referred to as a coffee shop or eating house in Singapore, is usually privately managed and is an iconic representation of Singapore's dining culture and is commonly found in residential and industrial estates.

Food and beverage service market is one of the most essential service markets in Singapore, providing different types of catering services to local residents. According to the household expenditure survey conducted by the Department of Statistics Singapore, the average monthly household expenditure on food and beverage service market reached approximately SGD820.8 in 2017, having increased from SGD764.4 in 2013, registering a CAGR of 1.8%.

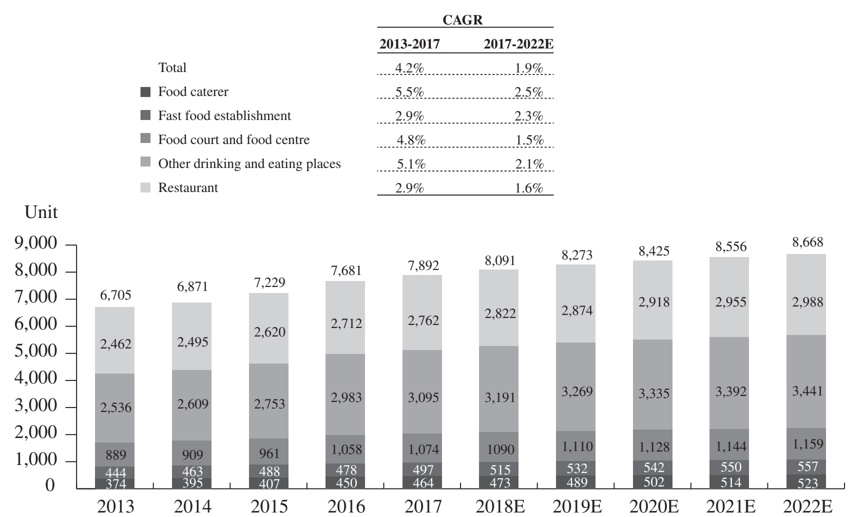
Among the four types of food and beverage service establishments, including restaurant, food court and food centre, fast food establishment, and other eating and drinking places, the food court and food centre market accounted for the largest share in terms of customer spending. The average monthly household expenditure on food court and food centre market reached approximately SGD469.5 in 2017, having increased from SGD440.9 in 2013, registering a CAGR of 1.6%.

Market size of the food and beverage service market in Singapore

The total number of food and beverage service establishments in Singapore increased at a moderate rate during the Track Record Period. The number increased from 6,705 units in 2013 to 7,892 units in 2017, representing a CAGR of 4.2% between 2013 and 2017. It is forecasted that with steady economic growth in Singapore, the total number of food and beverage service establishments will continue increasing to reach 8,668 units by 2022, with a CAGR of 1.9% between 2017 and 2022.

The number of establishments in the food court and food centre segment increased at a relatively higher growth rate in the market, having grown at a CAGR of 4.8% between 2013 and 2017, increasing from 889 units in 2013 to reach 1,074 units in 2017. This number is expected to increase further to reach 1,159 units by 2022, with a CAGR of 1.5% between 2017 and 2022.

Total number of food and beverage service establishments, Singapore, 2013–2022E

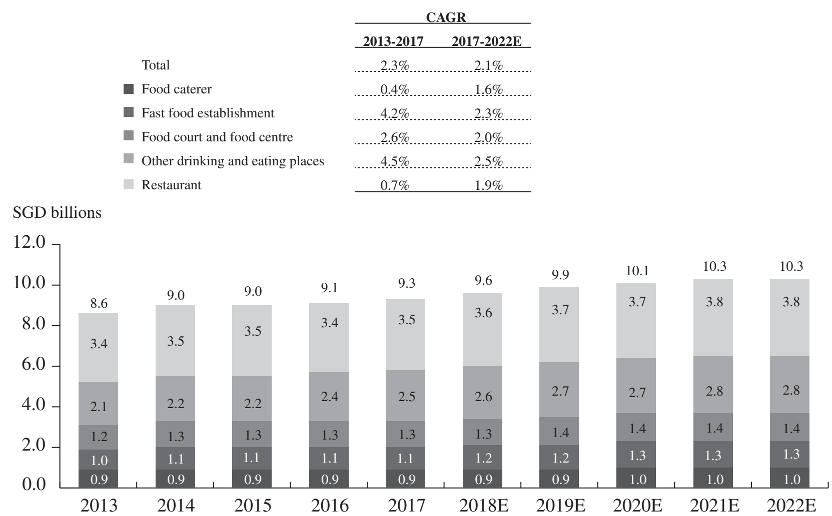


Source: Singapore Department of Statistics, CIC

Total operating receipts of Singapore's food and beverage service market increased steadily from SGD8.6 billion in 2013 to reach SGD9.3 billion in 2017, representing a CAGR of 2.3% between 2013 and 2017. Due to weak economic growth between 2015 and 2016, operating receipts per centre decreased during this period. Therefore, total operating receipts remained relatively stable despite an increase in the number of establishments. The increasing importance of social and business activities in Singapore, along with residents' increased dining-out expenditures, are expected to further stimulate the continued development of the country's food and beverage service market. It is expected that the total operating receipts in the food and beverage service market will continue increasing to reach SGD10.3 billion by 2022, with a CAGR of 2.1% between 2017 and 2022.

The operating receipts of food courts and food centres increased from SGD1.2 billion in 2013 to SGD1.3 billion in 2017, representing a CAGR of 2.6% between 2013 and 2017. In the following years, this number is forecasted to continue increasing to reach SGD1.4 billion by 2022, with a CAGR of 2.0% between 2017 and 2022.

Operating receipts of the food and beverage service market, Singapore, 2013–2022E



Source: Singapore Department of Statistics, CIC

Market drivers of the food and beverage service market in Singapore

1) *Steady increase in household income*

The steady increase in household income has been the fundamental driving force behind growth in the food and beverage service market. Between 2013 and 2017, average monthly household income from employment rose from SGD9,500 to SGD10,700, representing a CAGR of 3.1% between 2013 and 2017. The rise in household income has been in line with overall economic growth in the country. In the following years, the average monthly household income is expected to continue increasing to reach SGD13,100 by 2022, with a CAGR of 4.2% between 2017 and 2022. The increase in average household income enables and stimulates consumers to spend more on food and beverage services. Consumers with higher incomes will have a greater willingness to seek out a wider variety of food and beverages at more expensive prices, while demanding related services that are of a higher calibre.

2) *Increasing number of international visitors to Singapore*

International visitors to Singapore are an essential consumer group in the country's food and beverage service market. Between 2013 and 2017, the number of international visitors increased from 15.6 million to 17.4 million, representing a CAGR of 2.8% during this period. This increased number of international visitors has contributed to stable growth in the food and beverage service market in Singapore. Since visitors from different countries have different eating habits, the diverse portfolio of international visitors is one of the underlying drivers encouraging a greater variety of food and beverages served in the country's food and beverage service market.

3) Supportive projects launched by the Government of Singapore

The Government of Singapore has launched supportive projects to help enterprises enhance their competitiveness in the market. The F&B Productivity & Capability Solution encourages enterprises to adopt digital-based systems such as wireless ordering and mobile payment system, and ERP system in order to save manpower and improve productivity. Collaborative Industry Projects (CIP) encourages restaurant operators to optimise their business process through collaboration amongst food enterprises across the value chain, which will ultimately bring significant improvements on productivity to enterprises in the food and beverage service market. Furthermore, the Skills Future Study Awards is designed to encourage workers to advance their skillsets and develop other competencies, which will have positive impacts on the performance of enterprise's business, and are critical to the continuous development of the food and beverage service market in Singapore.

Future trends of the food and beverage service market

1) Enhanced collaboration with social media and e-commerce platforms

The increasing prevalence of social media and e-commerce platforms, coupled with a constantly higher penetration rate for internet users, provides a new growth opportunity for food and beverage service companies. Social media allows F&B companies to tap into a much larger customer group than traditional marketing channels. Food and beverage service companies are able to leverage social media influencers by collaborating with these influencers. At the same time, e-commerce platforms represent a new sales channel for food and beverage service companies. By collaborating with e-commerce platforms, food and beverage service companies are able to connect with a wider group of consumers.

2) Promotions to encourage customer spending

With more and more market players entering into the catering market, the competitive environment for the food and beverage service market has become increasingly intense. In response, service providers are offering more value-added services and promotions to consumers. Shuttle bus services or free parking during lunchtime are provided in order to boost sales, while set value lunches are increasingly being offered to attract new customers. Apart from set lunches, there are also off-peak promotions, special prices exclusive to customers on selected days and price discounts for reservations made in advance.

3) Increasing productivity and efficiency

Given the strong level of competition, it is imperative for food and beverage service companies to enhance their productivity. As an industry with relatively low entry barriers, the food and beverage service industry will, at least over the long term, continuously face threats from new entrants and the rise of new competitors. In response to this stiff competition, food and beverage service companies may seek to enhance their operational efficiency so as to better manage their operating costs, and may choose to do so using a variety of initiatives, such as the redesign of workflows, the deployment of more automated equipment, the establishment of centralised kitchens, the installation of cashless payment systems, and greater investment in staff training.

FOOD CENTRE MANAGEMENT MARKET IN SINGAPORE

Comparison of food centres and food courts

Although the types of food served and the service provided by food centres and food courts are similar in Singapore's food and beverage service market, food centres and food courts can be differentiated based on the following four aspects, namely location, dining environment, target customer, and customer spending.

The table below makes a comparison between food centres and food courts:

	Food centres (also known as coffee shops or eating houses in Singapore)	**Food courts**
Location	• Food centres are normally located on the ground floor of a building in residential areas, which means that rental fees are relatively lower.	• Food courts are normally located in town centre areas, such as indoor shopping malls, which means that rental fees are much higher.
Dining environment	• Food centres normally do not provide air-conditioning to consumers in dining places. • The seating capacity is around 150 to 350 per food centre.	• Food courts are normally air-conditioned, and therefore consumers are required to pay more in order to enjoy this comfortable dining environment. • The seating capacity is around 150 to 500 per food court.
Target customer	• Food centres target mass consumers who live or work nearby.	• Food courts target middle-class consumers seeking casual outings, and also travellers who are visiting Singapore.
Customer spending	• Per capita consumption in food centres is between approximately SGD4.0 to SGD8.0 per person per meal.	• Per capita consumption in food courts is between approximately SGD6.0 to SGD12.0 per person per meal.

Source: CIC

Business services for food centre operators

Food centre operators in Singapore are engaged in two kinds of business, namely (i) F&B retail business; and (ii) outlet management and leasing business. Accordingly, the revenue for (i) F&B retail business includes operating receipts in relation to the sales of F&B products from stalls; and (ii) outlet management and leasing business includes rental income and management fees.

The table below outlines the service scope for each business service provided by food centre operators in Singapore:

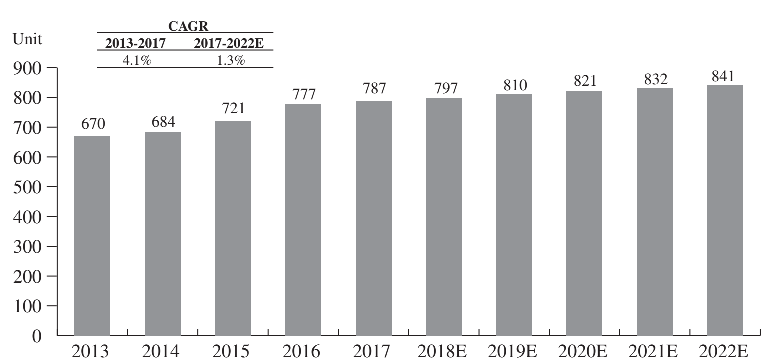
Business service	Service scope
F&B retail business	• The retail of cooked food, beverage products, alcohol, and tobacco products directly to consumers through beverage stalls and food stalls operated by food centre operators
Outlet management and leasing business	• Allocation of individual licencees to vacant stalls • Provision of cleaning services and utilities to tenants • Provision of renovations and enhancement work for food centres • Provision of administrative and marketing services to tenants

Source: CIC

Market size of the food centre management market

The total number of food centres in Singapore increased moderately from 670 centres in 2013 to 787 centres in 2017, representing a CAGR of 4.1% between 2013 and 2017. The development trend in the food centre market is in line with Singapore's economic development, as residents tend to eat out more when their quality of life improves. Furthermore, the development of the property market in Singapore also contributes to the expansion of the food centre market, as food centres are normally established near residential areas in order to cater to the dining needs of residents living nearby. Therefore, the number of food centres is expected to continue growing steadily to reach 841 centres by 2022, with a CAGR of 1.3% between 2017 and 2022.

Total number of food centres, Singapore, 2013–2022E



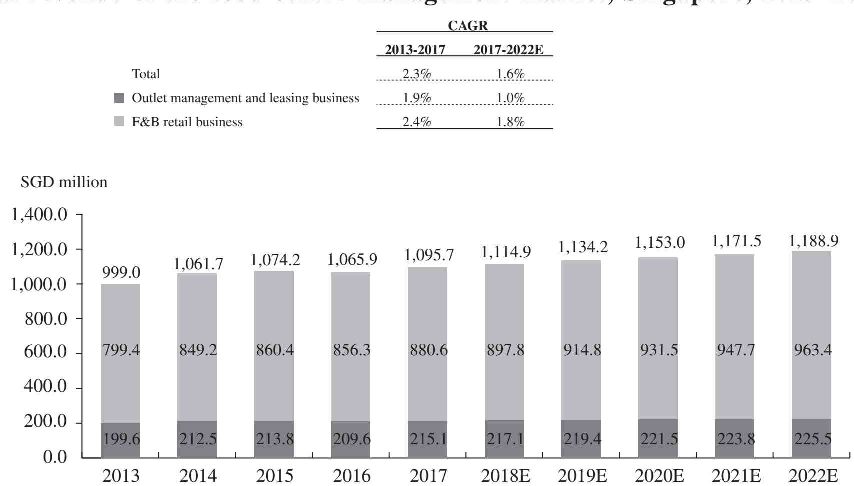
Source: CIC

Between 2013 and 2017, the total revenue generated by food centres in Singapore increased from SGD999.0 million to SGD1,095.7 million, representing a CAGR of 2.3% between 2013 and 2017. Total revenue is forecasted to continue increasing to reach SGD1,188.9 million by 2022, with a CAGR of 1.6% between 2017 and 2022. A slight decrease in total revenue between 2015 and 2016 was due to the weak growth in Singapore's economy during this period.

Revenue generated from F&B retail business accounted for a larger share of the market when compared with outlet management and leasing business for food centre operators. It grew from SGD799.4 million in 2013 to reach SGD880.6 million in 2017, with a CAGR of 2.4% between 2013 and 2017. Given the continued increase in residents' incomes, the revenue generated from F&B retail business services is expected to continue increasing to reach SGD963.4 million by 2022, with a CAGR of 1.8% between 2017 and 2022.

Revenue generated from outlet management and leasing business for food centre operators meanwhile increased at a CAGR of 1.9% between 2013 and 2017, and is expected to continue increasing to reach SGD225.5 million by 2022, with a CAGR of 1.0% between 2017 and 2022.

Total revenue of the food centre management market, Singapore, 2013–2022E



Source: CIC

Market drivers of the food centre management market

1) Increasing household expenditures on dining-out activities

With improved living standards and increasing disposable incomes, households are expected to spend more on food and beverage services. Therefore, average monthly household expenditures on dining-out services are forecasted to increase steadily from SGD820.8 in 2017 to reach SGD920.4 by 2022, with a CAGR of 2.3% between 2017 and 2022. The increase in household's expenditures on dining-out services is expected to contribute to the continued development of the food centre management market in the near future. Since food centres are one of the major catering establishments in Singapore's food and beverage service market, increased residents' dining-out expenditures will provide a direct boost to the operating receipts enjoyed by food centres, with a greater number of food centres expected to open in the years ahead in order to meet the increased demand of residents for dining-out services.

2) Increasing supply of residential properties

The Urban Redevelopment Authority of Singapore and the Ministry of National Development of Singapore have issued a number of plans, such as the Concept Plan 2001, the Master Plan 2014, and the Land Use Plan 2030 in order to further expand and develop new residential properties throughout Singapore. The establishment of new residential properties is accompanied by a rise in the demand for food centres. Food centres are established adjacent to residential areas in order to cater to the dining needs of nearby residents. Reinforced by eating-out habits and driven by rising household incomes, the increased supply of residential properties has therefore become a driving force behind growth in the food centre management market in Singapore.

3) Increasing number of foreign workers

Foreign workers are one of the major customer groups in the food centre market, as they tend to have less spending power and therefore prefer to enjoy the economic meals offered by food centres. The number of foreign workers employed in Singapore increased between 2013 and 2016. The decline between 2016 and 2017 was due to the government's decision to increase productivity in the construction industry, having revised stipulations regarding the work permit requirement of employment of foreign workers. However, given ongoing trends based on the slow growth of the local population and a high labour force participation rate, foreign workers will still comprise a significant portion of the labour force in Singapore. Moreover, the number of employed foreign workers is expected to increase at a moderate growth rate in the following years, which will ultimately contribute to the continuous development of Singapore's food centre market.

Future trends of the food centre management market

1) Transition towards digital payments and ordering systems

Electronic cashless payment systems and ordering systems will become increasingly popular among food centres in Singapore, as it saves time for the ordering process and making cashless payments possible. Given this trend, the installation of digital equipment and systems will enable food centres to enhance their operational efficiency and productivity. The Food Services Industry Transformation Map has identified productive food centres as the innovative business format, as it is able to use less manpower and better meet consumers' needs. This incentive plan will encourage more food centre operators to adopt the digital payments and ordering systems.

2) Increased popularity of food delivery services

The demand for delivery services will become much greater for customers. A growing generation of young people, who are internet-savvy, along with constant improvements in the internet penetration rate in Singapore, has fuelled habits associated with online shopping. This has led to the emergence of a new demand for online food ordering services. Apart from a higher internet penetration rate, the busy schedule of modern households has also generated a greater demand for online ordering. In order to capture this trend, food centres might choose to partner with independent online ordering platforms in order to strengthen their services.

3) Improved dining environments

An increasing number of food centres might become air-conditioned in the near future. With household income levels having steadily risen, customers have increasingly come to seek a better dining environment. At the same time, international customers tend to have a greater proclivity to spend more for tourism purposes in comparison with local residents. Thus, air-conditioned food centres that can offer a better dining experience while retaining price advantages over food courts will become more attractive to customers in the future.

4) Innovation and improvement on dishes and cuisines

As a country rich in cultural diversity, Singapore encourages diversification in innovative cuisine types in Singapore's catering service market. Competitive market participants have strategically engaged in developing creative menus featured with a variety of new dishes and promoting the principles of healthy and tasty cooking in order to attract more consumers and increase its competitiveness in the market. Hence, along with the innovative development of catering service market in Singapore, an increasing number of food centre operators is expected to follow this trend and make more efforts on the improvement of creative dishes and cuisines in their centres.

Threats to the food centre management market

1) Pressures from intense competition

Food centre operators will continue to face a rising level of competition created by an increasing number of food centres, hawker centres, and food courts. Since the food and beverage service industry is characterised by its relatively low entry barriers, and given that the industry offers tremendous future growth opportunities, existing businesses must constantly confront the threat posed by new entrants. Furthermore, since the services provided by food centres are, to some extent, similar to those provided at hawker centres and food courts, an increasing number of new hawker centres and food courts will also place greater competitive pressure on the development of the food centre management market.

2) Inadequate workforce

The food centre management market in Singapore also faces a threat posed by potential labour shortages. At present, Singapore has a relatively tight labour supply and is reliant on foreign labour. This inadequate supply of workers is an impediment to the continued development of the food and beverage service industry. According to the Ministry of Manpower of Singapore, accommodations and food and beverage services are two of the biggest sectors posting vacancies for a number of occupations, such as managers/administrators and service staff and sales workers. At the same time, restaurant managers and cooks were among the top ten occupations with the highest number of vacancies unfilled for at least six months in 2017. Thus, it is expected that this inadequate labour supply will continue to remain a threat to the food and beverage service industry in the years ahead.

3) Rising operating costs

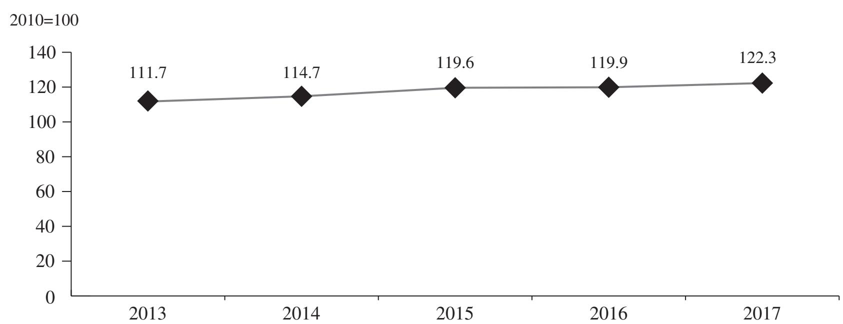
Rising operating costs are one of the most important threats facing food centre operators. Increasing labour costs are the major driver associated with rising operating costs, which creates a more challenging operating environment for food centre operators. Food centre operators might respond to rising operating costs with initiatives to increase productivity through the streamlining of workflows, the use of automated equipment, and so on.

Labour cost analysis of the food centre management market

The tight labour market has put upward pressure on labour costs in Singapore. Especially in service-oriented industries, such as accommodations and food services, many businesses face manpower shortages as these jobs are unpopular among local job seekers. The unit labour cost index in accommodations and food services increased from 111.7 in 2013 to 122.3 in 2017, representing a CAGR of 2.3% between 2013 and 2017.

The table below outlines the unit labour cost index in accommodation and food service market in Singapore during the period from 2013 to 2017:

Unit labour cost index in the accommodation and food service market, Singapore, 2013–2017



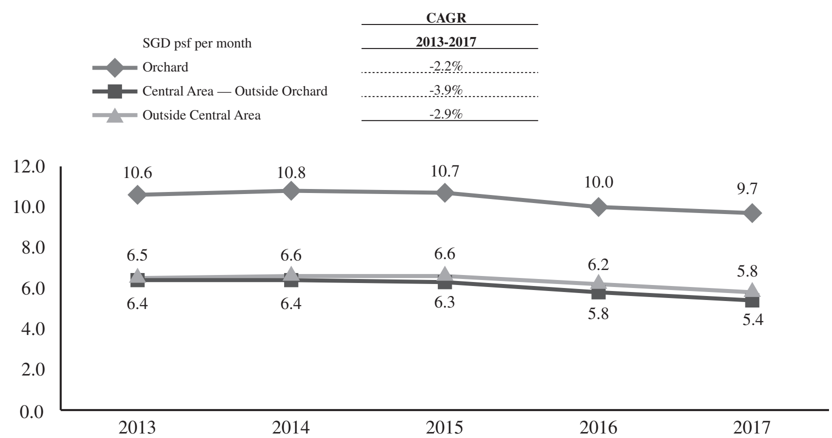
Source: The Ministry of Manpower of Singapore, CIC

Rental cost analysis of the food centre management market

Rental prices of retail spaces used for shop, food and beverage, entertainment and health and fitness purposes in Singapore demonstrated an overall decline during the period from 2013 to 2017. The rental price in Orchard area decreased from SGD10.6 per square foot per month in 2013 to SGD9.7 per square foot per month in 2017, with a negative CAGR of 2.2% between 2013 and 2017. The rental price in the Central Area (outside Orchard) decreased from SGD6.4 per square foot per month in 2013 to SGD5.4 per square foot per month in 2017, representing a negative CAGR of 3.9% between 2013 and 2017. Meanwhile, the rental price Outside the Central Area decreased from SGD6.5 per square foot per month in 2013 to SGD5.8 per square foot per month in 2017, representing a negative CAGR of 2.9% between 2013 and 2017.

The table below outlines the rental prices of retail space used for commercial purpose in Singapore during the period from 2013 to 2017:

Rental prices of retail space used for commercial purpose, Singapore, 2013–2017

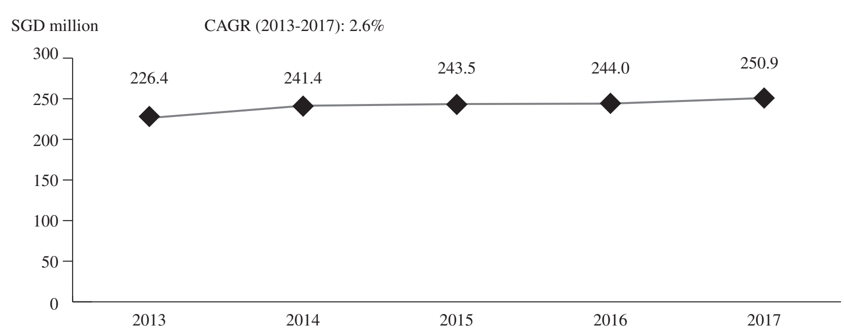


Source: Urban Redevelopment Authority of Singapore, CIC

Total rental cost of the food centre and food court management market in Singapore increased gradually from SGD226.4 million in 2013 to SGD250.9 million in 2017, representing a CAGR of 2.6%. The growing rental cost has increased the cost burden on food centre operators in Singapore.

The chart below outlines the rental cost of the food centre and food court management market in Singapore during the period from 2013 to 2017:

Rental cost of the food centre and food court management market, Singapore, 2013–2017



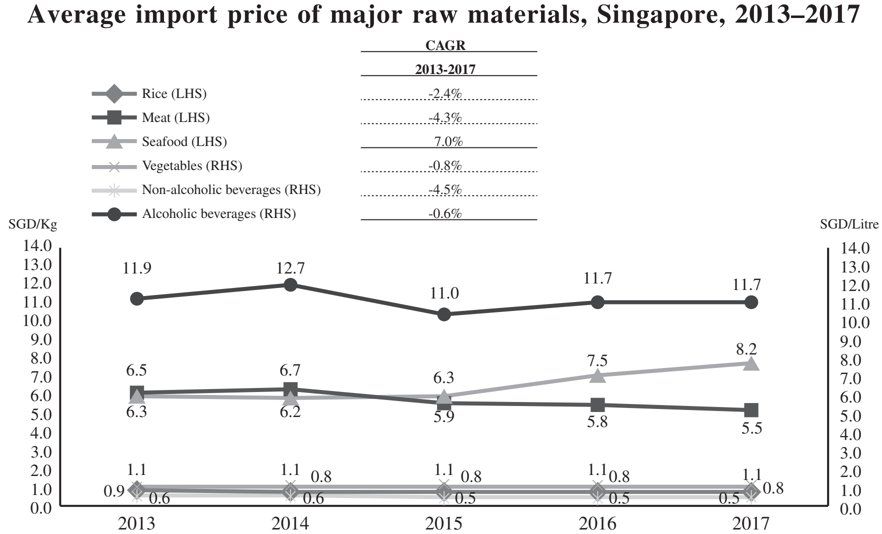
Source: Department of Statistics Singapore, CIC

Raw material cost analysis of the food centre management market

Raw materials of the food and beverage service markets in Singapore are mainly imported from other countries, thereby the stability of price is largely affected by the external markets. The average import price of vegetables remained relatively stable between 2013 and 2017. The average import price of meat decreased from SGD6.5 per kg in 2013 to SGD5.5 per kg in 2017, representing a negative CAGR of 4.3%. The average import price of non-alcoholic beverages decreased from SGD0.6 per litre in 2013 to SGD0.5 per litre in 2017, representing a negative CAGR of 4.5%. The average import price of rice decreased from SGD0.9 per kg 2013 to SGD0.8 per kg in 2017, representing a negative CAGR of 2.4%. Moreover, Since the Liquor Control (Supply and Consumption) Act came into force in 2015, the average import price of alcoholic beverages decreased significantly in that year. By contrast, the average import price of seafood has been on an upward trend, increasing from SGD6.3 per kg in 2013 to SGD8.2 per kg in 2017, representing a CAGR of 7.0% from 2013 to 2017.

The table below outlines the average import prices of major raw materials used in the food and beverage service market in Singapore during the period from 2013 to 2017:

Average import price of major raw materials, Singapore, 2013–2017



Source: UN Comtrade, CIC

COMPETITIVE LANDSCAPE OF THE FOOD CENTRE MANAGEMENT MARKET IN SINGAPORE

The food centre management market in Singapore is relatively concentrated, with the leading ten food centre operators mainly engaged in food centre management accounting for approximately 57.4% of the market in terms of revenues in 2017. The Company, with 13 food establishments (12 food centres and one food street) in operation by the end of 2017, ranked seventh in the market and has approximately a 4.0% share in Singapore's food centre management market.

The table below outlines the leading operators in the food centre management market in Singapore in 2017 in terms of revenue:

Rankings and market shares of major food centre operators, Singapore, 2017

Ranking	Company	Number of centres	Revenue *(SGD millions)*	Market share
1	Company A *(Note)*	~ 60	~ 150.0	13.7%
2	Company B	~ 28	~ 95.0	8.7%
3	Company C	~ 23	~ 78.0	7.1%
4	Company D	~ 22	~ 74.0	6.8%
5	Company E	~ 20	~ 68.0	6.2%
6	Company F	~ 19	~ 64.0	5.8%
7	**The Company**	**~ 13**	**~ 44.0**	**4.0%**
8	Company G	~11	~ 38.0	3.5%
9	Company H	~ 4	~ 14.0	1.3%
10	Company I	1	~ 3.0	0.3%
	Sub-total		628.0	57.4%
	Other participants		467.7	42.6%
	Total		1,095.7	100%

Source: CIC

Note: Company A is a listed company.

The Company ranked seventh in both (i) F&B retail business; and (ii) outlet management and leasing business market in Singapore in 2017 in terms of revenue, accounting for a market share of approximately 4.1% and 4.0%, respectively.

Rankings and market shares of food centre operators in the F&B retail business market, Singapore, 2017

Ranking	Company	Number of stalls [1]	Revenue of F&B retail business *(SGD millions)*	Market share
1	Company A [2]	~ 120	~ 125.0	14.2%
2	Company B	~ 70	~ 78.7	8.9%
3	Company C	~ 60	~ 64.6	7.3%
4	Company D	~ 55	~ 61.3	7.0%
5	Company E	~ 50	~ 56.3	6.4%
6	Company F	~ 48	~ 53.0	6.0%
7	**The Company**	**~ 42**	**~ 35.2**	**4.0%**
8	Company G	~ 30	~ 30.4	3.5%
9	Company H	~ 10	~ 11.2	1.3%
10	Company I	~ 2	~ 2.4	0.3%
	Top 10		518.1	58.9%
	Others		362.5	41.1%
	Total		880.6	100%

Note:

1. The number of stalls is referring to the total number of stalls in operation under F&B retail business.

2. Company A is a listed company.

Source: CIC

Rankings and market shares of major food centre operators in the outlet management and leasing business market, Singapore, 2017

Ranking	Company	Number of centres (1)	Revenue of outlet management and leasing business *(SGD millions)*	Market share
1	Company A (2)	~ 60	~ 25.0	11.6%
2	Company B	~ 28	~ 16.3	7.6%
3	Company C	~ 23	~ 13.4	6.2%
4	Company D	~ 22	~ 12.7	5.9%
5	Company E	~ 20	~ 11.7	5.4%
6	Company F	~ 19	~ 11.0	5.1%
7	**The Company**	**~ 13**	**~ 8.8**	**4.1%**
8	Company G	~ 11	~ 7.6	3.5%
9	Company H	~ 4	~ 2.8	1.3%
10	Company I	1	~ 0.6	0.3%
	Top 10		109.9	51.0%
	Others		105.2	49.0%
	Total		215.1	100%

Note:

1. The number of centres is referring to the total number of centres under (i) F&B retail business; and (ii) outlet management and leasing business.

2. Company A is a listed company.

Source: CIC

Entry barriers of the food centre management market

1) *Licences for food centre operators*

The Government of Singapore requires that any company who is engaged in a food and beverage business, including the opening of a food centre in Singapore, to have first obtained a Food Shop Licence as issued by the NEA of Singapore. In addition, market participants are also required to obtain a Food Stall Licence issued by the NEA of Singapore before engaging in a food & beverage retail business in the form of a food centre. Furthermore, a Tobacco Licence and a Liquor Licence are also required if market participants plan to be involved in the retail business for tobacco products and liquor products in their food centres. Hence, these licences remain a barrier for new entrants in the market.

2) *Large initial capital investment*

A large initial capital investment is required before establishing food centres, which is potentially a large burden for new entrants. Initial expenses include investments in premises, facilities, electrical appliances, personnel recruitment, and so on. If new entrants are not strong financially, they may find it difficult to successfully operate their food centre business.

3) Management of manpower and associated costs

The management of both manpower and its associated costs remains an important factor when operating a food centre in Singapore. High labour expenses, an ageing workforce, labour shortages, and the rising costs of raw materials have resulted in higher overall operating costs in the food centre industry, which continues to remain an entry barrier for new entrants in the market.

4) New requirements for the tendering process

Enterprise Singapore, formerly known as SPRING Singapore before the merger with IE Singapore, and HDB of Singapore have updated the tender requirements for bidders seeking new food centre spaces. Apart from rental bids, innovative and productive measures, such as food and beverage vending machines, automated dishwashing machines, digital ordering and cashless payment systems, and skills training for staff, will also be factored in future tenders for food centre spaces. These new requirements add an additional layer of difficulty for new entrants seeking to enter into the market.

5) Stable supply of food ingredient

Having a stable supply of food ingredients is essential in the operation of food centre and is an obstacle for new entrants entering the market. Food centre operators who have stable food ingredient suppliers are able to better control the operating costs and manage the quality of food ingredients so as to ensure the food quality and taste. New entrants without stable food ingredient suppliers may find it difficult to compete in the market.

6) Understanding of taste trends

Food centre operators who have a better understanding of taste trends can provide innovative dishes that cater to changing taste of customers, and therefore be able to expand their customer groups and operate their food centre business more effectively in the market.

Key success factors of the food centre management market

1) Good location

Since the major customers for food centre include people living or working nearby, location plays an important role in terms of the performance of the food centre. A good location possesses certain key characteristics, such as a heavy traffic flow, reasonable rental costs, a safe and pleasant environment for dining out, and a relatively close proximity to potential patrons.

2) Diversified mix of food stalls

Maintaining a diversified mix of food stalls is essential for the development of a food centre. Since diversified food stalls help bring vitality to the dining experience and enable customers to enjoy more food selections in one centre, a larger number of new customers are likely to be attracted to the food centre while also encouraging repeat business.

3) Long-term relationship with quality tenants and suppliers

A food centre operator is responsible for sourcing new food stall operators in order to enhance the mix of food stalls in meeting the continuously changing preferences of consumers. It will be easier for food centre operators to set up new food centres if they already have a pool of quality food stall operators. This would in turn enable them to meet the specific needs and preferences of a targeted customer group for a new food centre. In addition, keeping a long-term relationship with food ingredients suppliers helps food centre operators to maintain stable food supply and guarantee the sufficient operation of daily businesses. Therefore, maintaining a long-term relationship with quality food stall tenants and suppliers will contribute to the sustainable development of the food centre.

4) Experienced management team

An experienced management team is able to utilise its precious expertise to promote the continuous development of a food centre. Management teams with comprehensive experience in the food and beverage industry in Singapore, and those that have earned a trusted reputation in the market, are able to respond to customer demands in a shorter period of time while competently identifying key industry trends in order to remain competitive.

5) Sensitivity to change of consumers' preferences

Food taste is one of the key factors determining the success of catering service providers. It is critical for food centre operators to continuously discover consumer trends and tastes, improve and innovate their business, keep up to date with the prevailing market trends, and revise their menus to cater to the latest trends upon understanding their consumers' preferences.

This section of the prospectus contains a summary of certain laws and regulations currently relevant to our Group's operations and our industry. Having made all reasonable enquiries and to their best knowledge, our Directors confirm that save as disclosed in this section and the sections headed "Risk Factors" and "Business" in this prospectus, our Group has complied with all material applicable laws and regulations in Singapore, where our Group operated during the Track Record Period and as at the Latest Practicable Date and has obtained all necessary permits, licences and certificates for our operations. Save as disclosed below, as at the Latest Practicable Date, our current and intended future business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

SINGAPORE

Environmental Public Health Act

The Environmental Public Health Act (Chapter 95) of Singapore ("**EPHA**") requires any person who operates or uses a food establishment to obtain a licence from the Director-General of Public Health (the "**Food Shop Licence**"). Under the EPHA, "food establishment" includes retail food establishments where food is sold wholly by retail, including an eating establishment such as a restaurant. Any retail food establishments that are part of a non-retail food business within the meaning of the Sale of Food Act (Chapter 283) of Singapore are exempted from obtaining a licence under the EPHA. Any person who operates or uses a food establishment without a Food Shop Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000 and, where the person is a repeat offender, the person shall be liable on conviction to a fine not exceeding S$20,000 or to imprisonment for a term not exceeding three months or to both.

The EPHA also requires any person who sets up or use any stall for the purpose of hawking, selling or exposing for sale any food in any street or part thereof or in any premises or public place to obtain a licence from the Director-General of Public Health (the "**Food Stall Licence**"). Any person who sets up or uses any stall for the purpose of selling without food without a Food Stall Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and where the person is a repeat offender, the person shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding three months or to both.

The Food Shop Licence and Food Stall Licence are usually granted for a period of one (1) year and are renewable at the discretion of the Director-General of Public Health and subject to such restrictions and conditions as the Director-General of Public Health may think fit.

As at the Latest Practicable Date, our Group has obtained Food Shop Licences for each of the food centre owned/leased and food street leased, operated and managed by our Group. We have also obtained Food Stall Licences for each of the food and beverage stalls operated by our Group. Please refer to the section headed "Business — Licences and permits" of this prospectus for further information on the Food Shop Licences and Food Stall Licences obtained by our Group.

Point Demerit System

NEA has implemented a points demerit system ("**PDS**"), a systematic approach in dealing with the suspension or revocation of licences, which also includes operators of food centres, food courts and canteens. Under the PDS, demerit points are given for each public health offence that is convicted in court or compounded. The offences are categorised as follows:

(i) Minor offences — zero demerit points

(ii) Major offences — four demerit points

(iii) Serious offences — six demerit points

If a licensee accumulates 12 demerit points or more within 12 months, his licence will either be suspended for two weeks or four weeks, or be cancelled, depending on past suspension records. If the main operator of a food centre, food court or canteen accumulates 12 demerit points or more within 12 months, his licence will be suspended for up to three days, depending on past suspension records. When the suspension takes place, all the individual stalls within the food establishment will also have to close.

During the three years ended 31 December 2017, the ten months ended 31 October 2018 and the period from 1 November 2018 up to the Latest Practicable Date, our Group had received 10, 64, 76, 38 and eight demerit points in respect of two, 14, 16, eight and two licences held by our Group, respectively. During the Track Record Period, the stall located at 139 Tampines Street 11, #01-08, Singapore 521139 was suspended for two weeks in September 2017 and save for the said incident, there were no other incidents where the licences of our Group were suspended during the Track Record Period and up to the Latest Practicable Date. Please refer to the section headed "Business — Non-compliance matters" in this prospectus for further details.

Environmental Public Health (Food Hygiene) Regulations

The Environmental Public Health (Food Hygiene) Regulations ("**EPHR**") requires a licencee holding a Food Shop Licence or a Food Stall Licence to exhibit such licence in a conspicuous and accessible position within the licenced premises. The EPHR also provides that a licencee holding a Food Shop Licence or a Food Stall Licence must adhere to certain requirements in relation to, *inter alia:*

(i) registration of any assistants or employees who are engaged in the sale or preparation for sale of food with the Director-General of Public Health;

(ii) storage and refrigeration, packaging, transportation, sale and preparation of food;

(iii) cleanliness of equipment used in the licenced premises;

(iv) upkeep of the licenced premises;

(v) proper maintenance of toilet facilities at licenced premises; and

(vi) personal cleanliness of any persons who are engaged in the sale or preparation for sale of food.

Registration of Food Handlers

The EPHR requires every licencee holding a Food Shop Licence or a Food Stall Licence to register his assistant or employee who is engaged in the sale or preparation for sale of any food ("**food handler**") with the Director-General of Public Health.

A food handler who wishes to register with the National Environment Agency is required to undergo and complete the training and assessment of the Basic Food Hygiene Course conducted by NEA and Skillsfuture Singapore ("**SSG**"), formerly known as the Singapore Workforce Development Agency, authorised training providers. The Basic Food Hygiene Course was introduced by the National Environment Agency and is aligned to the Food and Beverage Workforce Skills Qualification ("**WSQ**") system launched by the SSG as the national qualification system for the Food and beverage industry. Under the Basic Food Hygiene Course, participants will learn, and be assessed on their ability to apply, the knowledge and skills in Follow Food and Beverage Safety and Hygiene Policies and Procedures which include practising good personal hygiene, using safe ingredients, handling food safely, storing food safely and maintaining cleanliness of utensils, equipment and service/storage areas. Upon successful completion of the course and assessment, participants will be awarded a Statement of Attainment ("**SOA**"), which is to be submitted along with the registration application.

In addition, food handlers who have already passed the Basic Food Hygiene Course are required to attend a refresher training session by (i) the 5th year of their SOA date, and (ii) every 10th year from the last refresher course passed date.

Grading Scheme for Licenced Eating Establishments and Food Stalls

NEA has implemented a Grading System for Eating Establishments and Food Stalls which is a structured system of appraisal and was introduced to motivate licencees to improve and maintain good personal and food hygiene, and housekeeping of their premises. Retail food establishments are given a grade ranging from A to D by NEA based on the overall hygiene, cleanliness and housekeeping standards of the premises. All food retail establishments are advised to display the certificate indicating their grade, enabling the public to make a more informed choice when patronising food establishments. NEA has announced on 19 June 2018 that it intends to replace the existing food hygiene grading system for food retail establishments in Singapore with a new scheme, which will be implemented in late 2020.

Tobacco (Control of Advertisements and Sale) Act

The Tobacco (Control of Advertisements and Sale) Act (Chapter 309) of Singapore ("**Tobacco Act**") requires any person who, *inter alia*, sells or permits to be sold or has in his possession for sale any tobacco product to be licenced (the "**Tobacco Licence**"). A person who carries out such activities without a licence in force shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S$10,000.

It is an offence under the Tobacco Act for a person to publish or cause to be published or take part in the publication of, in Singapore, any advertisement which, *inter alia*, contains any express or implied inducement, suggestion or request to purchase or to use any tobacco product or imitation tobacco product, or which are calculated to lead to, induce, urge, promote or encourage the use of tobacco product or imitation tobacco product. In addition, any person being the owner or occupier of any premises to which the public has access who knowingly permits or suffers such premises or any part thereof to be kept or used for the publication of any advertisement in contravention of the foregoing shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 or to imprisonment for a term not exceeding six months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Under the Tobacco Act, any person who, directly or indirectly, sells any tobacco product to an under-aged person, shall be guilty of an offence and shall be liable on conviction for an offence to a fine not exceeding S$5,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S$10,000.

Liquor Control (Supply and Consumption) Act 2015

The Liquor Control (Supply and Consumption) Act 2015 of Singapore ("**Liquor Control Act**") requires any person who supplies any liquor to obtain a Liquor Licence ("**Liquor Licence**"), and where licenced premises are specified in the Liquor Licence of a licencee, the licencee must not supply any liquor except at those licenced premises.

The Liquor Control Act also requires any licencee holding a Liquor Licence to adhere to further requirements, such as not supplying any liquor or allowing any liquor to be consumed within the licenced premises outside of the trading hours specified in the Liquor Licence. Any contravention of such requirement is an offence and shall be liable on conviction to a fine not exceeding S$10,000.

Housing and Development (Common Property and Open Spaces) Rules

The Housing and Development (Common Property and Open Spaces) Rules ("**HDR**"), which is regulated by HDB, applies to the use of common property and open space vested in or held in trust for the Board. It regulates the operations of eating establishments on HDB's premises. Under the HDR, no person shall place, deposit, keep or leave or cause or permit to be placed, deposited, kept or left any material, article, object or thing on any common property or in any open space within a housing estate except in any place designated by HDB for that purpose; or erect or install any fixture, structure, object or material on any common property or in any open space within a housing estate.

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

Workplace Safety and Health Act

The Workplace Safety and Health Act ("**WSHA**") is administered by the MOM. Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include, but are not limited to, (i) providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, (iii) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, (iv) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and (v) ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Employment Act

The Employment Act (Chapter 91) of Singapore ("**Employment Act**") is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act ("**relevant employees**"). Such relevant employees include, *inter alia*, (a) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any apprentice, (b) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work. In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S$4,500 a month and employees (other than workmen) who receive salaries not exceeding S$2,500 a month. Section 38(8) of the Employment Act provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the Employment Act limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

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

On 2 October 2018, the MOM has tabled the Employment Amendment Bill to seek the approval of the Singapore parliament for the amendments to the Employment Act for implementation by April 2019. These amendments seek to remove the salary threshold for coverage of core employment provisions in the Employment Act to cover all employees, including all persons employed in a managerial or executive position, except public servants, domestic workers, seafarers and those who are covered separately. In addition, the salary threshold for employees (excluding workmen) under the Employment Act is to be increased from S$2,500 to S$2,600.

Under the Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016 ("**Employment Regulations 2016**"), all employers must issue key employment terms ("**KETs**") in writing to employees covered under the Employment Act. Such employees include employees who: (i) enter into a contract of service with the company on or after 1 April 2016; (ii) are covered by the Employment Act and (iii) are employed for 14 days or more in relation to the length of contract (does not apply to number of days of work). KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime pay, leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

Employment of Foreign Manpower Act

The policies and regulations relating to the employment of foreign workers and manpower are set out, *inter alia*, under the Employment of Foreign Manpower Act (Chapter 91A) of Singapore ("**EFMA**") and relevant government gazettes to regulate the availability and cost of foreign workers, both skilled and unskilled, in the domestic labour market. The approved source countries for foreign workers in the services industry are Malaysia, the PRC, Hong Kong, Macau, South Korea and Taiwan.

Section 5 of the EFMA provides that no person may employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

Any person who fails to comply with or contravenes the section shall be guilty of an offence and shall (a) be liable on conviction to a fine not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) on a second or subsequent conviction, in the case of an individual be punished with imprisonment for a term of not less than one month and not more than 12 months and also be liable to a fine not less than S$10,000 and not more than S$30,000 and in any other case, be punished with a fine not less than S$20,000 and not more than S$60,000.

The EFMR prescribes that the categories of work passes include, among other things, a work permit, an S pass and an employment pass.

In relation to the employment of semi-skilled or unskilled foreign workers, employers must apply for a work permit. In relation to the employment of foreign mid-level skilled workers, employers must apply for an S pass. The S pass is intended for mid-level skilled foreigners who earn a fixed monthly salary of at least S$2,300. In relation to the employment of foreign professionals, managers and executives, employers apply for an employment pass. The employment pass is intended for foreign professionals, managers and executives who earn a fixed monthly salary of at least S$3,600.

The EFMR also requires employers of work permit holders to, *inter alia*:

(i) bear the costs of medical treatment (unless in excess of the minimum mandatory coverage in certain instances);

(ii) provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employee at work;

(iii) provide acceptable accommodation, which must be consistent with any law or governmental regulations; and

(iv) purchase and maintain medical insurance for in-patient care and day surgery, with coverage of at least S$15,000 per 12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months).

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Employers could be prosecuted if they do not ensure that their workers have acceptable housing. Future work permit applications or renewals may also be affected.

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

(i) bear the costs of medical treatment (unless in excess of the minimum mandatory coverage in certain instances); and

(ii) purchase and maintain medical insurance for in-patient care and day surgery, with coverage of at least S$15,000 per 12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months).

In addition to the EFMA, an employer of foreign workers is also required to comply with, among other things, the provisions in the Employment Act, the IA and the regulations issued pursuant to the IA.

Security Bonds and foreign worker levy

In the service sector, for each non-Malaysian worker whom we were successfully granted with a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. Malaysian workers are exempt from the above requirement of furnishing a security bond.

Dependency ratio ceilings

The dependency ratio ceiling for the service sector is in respect of the number of work permit and S-Pass holders and is currently set at one local full time employee to 0.666667 foreign workers. Therefore, for every three local employees in the service sector, a company may hire a maximum of two foreign employees. The service industry is further subject to different sub-quota: (i) sub-quota for foreign workers from the PRC; and (ii) sub-quota for foreign workers under each different levy tier:

(i) Sub-quota for foreign workers from the PRC:

For workers from the PRC the sub-quota is calculated using the following formula:

Service sector

8% x (total workforce +1)

From 1 July 2018, local full-time employees are defined as Singaporeans and permanent residents who earn at least S$1,200 per month. Local part-time employees are defined as Singaporeans and permanent residents who earn S$600 to below S$1,200 per month. Two part-time employees count as one full-time employee. MOM uses the average of three months' CPF contributions to determine the number of local employees for the purpose of calculating the maximum number of foreign workers a company can employ.

(ii) Foreign workers under each different levy tier (see below for levy tier details):

Levy Tiers	**Service Sector**
Tier 1	T_1 = 10% x total workforce
Tier 2	T_2 = (25% x total workforce) - T_1
Tier 3	T_3 = Actual number of foreign workers - T1 - T2

As at the Latest Practicable Date, we had:

- 64 work permit and S-Pass holders employed under FCG; and
- 73 work permit and S-Pass holders employed under FCP,

which is within the quota permitted by MOM.

Our Group has materially complied with the relevant laws and regulations in relation to the employment of foreign employees.

Immigration Act

Pursuant to the IA, no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, *inter alia*, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, *inter alia*, a valid work pass issued by the Controller of Work Passes under the EFMA and the regulations issued pursuant to the EFMA, including, *inter alia*, work permits (including a training work permit), S passes and employment passes. A work pass may be in the form of a card or in endorsement made in the passport or other travel document of the work pass holder or in such other form as the Controller of Work Passes may determine.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) of Singapore ("**WICA**") applies to all employees in all industries engaged under a contract of service or apprenticeship, regardless of their level of earnings and provides that the employer will be liable to pay compensation to them in accordance with the provisions of the WICA, if personal injury by accident arising out of and in the course of employment is caused to them. The WICA sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

Employers are also subject to, *inter alia*, provisions set out in the EFMA, the EFMR, the Employment Act, and the IA. Save as disclosed in the section headed "Business — Non-compliance matters" of this prospectus, during the Track Record Period and up to the Latest Practicable Date, there has not been any material non-compliance by our Group with the EFMA, the EFMR, the Employment Act and the IA.

Workmen's compensation

The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim medical leave wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

An employee who has suffered an injury arising out of and in the course of his employment can choose to either:

(a) submit a claim for compensation through the MOM without needing to prove negligence or breach of statutory duty by employer. There is a fixed formula in the WICA on amount of compensation to be awarded; or

(b) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence.

Damages under a common law claim are usually more than an award under WICA and may include compensation for pain and suffering, loss of wages, medical expenses and any future loss of earnings. However the employee must show that the employer has failed to provide a safe system of work, or breached a duty required by law or that the employer's negligence caused the injury.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed him, unless specifically exempted. The insurance is valid for one year and is renewed annually by our Group.

Central Provident Fund Act

The Central Provident Fund ("**CPF**") system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Chapter 36) of Singapore (the "**CPF Act**"), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S Passes or work permits. CPF contributions are required for both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

During the Track Record Period and up to the Latest Practicable Date, there has not been any material non-compliance by our Group under CPF Act.

Company Laws and Regulations

Some of our subsidiaries are indirect wholly-owned private companies limited by shares and incorporated and governed under the provisions of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and its regulations.

The Companies Act generally governs, *inter alia*, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares, including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by the provisions in its constitution (which in the case of a company incorporated immediately before the date of commencement of Section 3 of the Companies (Amendment) Act 2014, refers to the memorandum and articles of association of the company). The constitution of a company sets out, *inter alia*, the objects of the company, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as the rights and privileges attached to the different classes of shares of the company (if applicable).

Personal Data Protection Act 2012

The main data protection rules in the Personal Data Protection Act 2012 (No. 26 of 2012) ("**PDPA**") came into full effect on 2 July 2014. The PDPA governs the collection, use and disclosure of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider appropriate in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified (a) from that data; or (b) from that data and other information to which the organisation has, or is likely to have access. Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals ("**relevant persons**"): obligations of obtaining consent, giving notification and access and correction rights to the relevant persons, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected, ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.

Singapore Taxation

Corporate tax

A company is regarded as a tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

(i) income accrued in or derived from Singapore; and

(ii) foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. From year of assessment 2020, 75% of the first S$10,000 of a company's chargeable income, as well as 50% of the next S$190,000 of chargeable income will be exempt from tax. Any chargeable income that exceeds S$200,000 will no longer enjoy the partial tax exemption. Further, for years of assessment 2016 and 2017, companies will be granted a corporate income tax rebate of 50%, capped at S$20,000 and S$25,000 respectively. For year of assessment 2018, companies will be granted a corporate income tax rebate of 40% of the tax payable, subject to a cap of S$15,000. The corporate income tax rebate will be extended to year of assessment 2019 at a rate of 20% of the tax payable, subject to a cap of S$10,000.

Dividend distributions

(i) One tier corporate taxation system

Singapore adopts the one-tier corporate taxation system ("**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

(ii) Withholding taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders. Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of residence and the applicability if any double taxation agreement which their country of residence may have with Singapore.

Goods and Services Tax ("GST")

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

HISTORY AND DEVELOPMENT OF OUR GROUP

Business History

We are a food and beverage group based in Singapore with more than 15 years of experience in the ownership and operation of food centres and food street in Singapore. Our history can be traced back to January 2004 when Mr. Chu and Ms. Leow, our executive Directors, founded FCP to own and operate food centres.

Over the years, we have grown from a small food centre owner and operator into one of the largest food centre operators in Singapore. As at the Latest Practicable Date, we operated and managed a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. According to the CIC Report, as of 2017, our Group ranked seventh in the food centre management market in Singapore and had approximately a 4.0% share in Singapore's food centre management market.

In 2012, we further expanded our F&B Retail Business into food centres operated and managed by Independent Third Parties. As at the Latest Practicable Date, we operated a total of 45 food and beverage stalls under our F&B Retail Business, some of which are open 24-hours a day. 29 of these food and beverage stalls are located in food centres owned/leased and food street leased, operated and managed by us under either "富城 FU CHAN", 老板娘" or "老板娘" brands. Of these 29 food and beverage stalls, nine are operated on owned properties and 20 are on leased properties. The remaining 16 food stalls are leased from and located in food centres managed by Independent Third Parties.

Key milestones of our Group

The following table sets forth a summary of our key achievements and milestones since our establishment in 2004:

Year	Milestone Event
2004	● FCP was incorporated
	● Commenced operations of the first food centre under our Group
2005	● First cooperation with JTC
2007	● Purchased our first food centre at Block 744 Bedok Reservoir Road #01–982 Singapore 470744
2008	● Commenced operations of the food street located at 100 Orchard Road #01–02 Concorde Hotel Singapore 238840
2009	● Commenced operations of our first air-conditioned food centre located at Block 301 Punggol Central #01–06 Singapore 820301

Year	Milestone Event
2013	• Purchased our corporate headquarters at 83 Genting Lane #08–00 Genting Building Singapore 349568
2014	• Awarded the Singapore Heartland Enterprise Star Award in Best Customer Service (Prominent Enterprise) by the Federation of Merchants' Associations, Singapore
2015	• Awarded the Singapore Heartland Enterprise Star Award in Best Customer Service (Prominent Enterprise) by the Federation of Merchants' Associations, Singapore
2016	• Awarded the Singapore Service Class by SPRING Singapore • Purchased 220 Orchard Road #B1–10 & #B1–11 Singapore 238852, which is also our first air-conditioned food centre located in a shopping mall

CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, Entire Courage, Eastern Native, CDP, CKC, FCG, FCP, FS 100, FS 200, FS 300, FS 400, FS 500, FS 600, FS 700, FS 800, FS 900, FC100, FC 881, FC 882, FC 883, FC 884, FC 885, FC 886, LB 101, LB FC, LBK, UPH, Fu Chan 23, Master Coffee, Cosmopolitan and WR. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

Our Company

For the purposes of the Listing, our Company was incorporated on 13 March 2018 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial subscriber Share was allotted and issued to the nominee of Conyers Trust. On the same day, the initial subscriber Share was transferred to Strong Oriental at nil consideration. Simultaneously, Strong Oriental subscribed for, and was allotted, 71 nil paid Shares. As a result, our Company became a wholly-owned subsidiary of Strong Oriental.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 July 2018.

On 27 December 2018, the Company passed a special resolution to change its name from "K2 Capital Investment Holdings Limited" to "K2 F&B Holdings Limited".

On 1 February 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank pari passu in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the section headed "Further Information about our Group — 2. Changes in the share capital of our Company" in Appendix VI to this prospectus.

As a result of the Reorganisation, our Company has become the ultimate holding company of our Group. For further details of such transfers, please refer to the paragraph headed "Reorganisation" in this section.

Entire Courage

On 15 November 2017, Entire Courage was incorporated in the BVI with limited liability. Entire Courage is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00, of which one share of US$1.00 was allotted and issued to our Company for cash and at par on 4 April 2018. As a result, Entire Courage became a wholly-owned subsidiary of our Company.

Eastern Native

On 30 January 2018, Eastern Native was incorporated in the BVI with limited liability. Eastern Native is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00, of which one share of US$1.00 was allotted and issued to our Company for cash and at par on 4 April 2018. As a result, Eastern Native became a wholly-owned subsidiary of our Company.

CDP

On 11 February 2016, CDP was incorporated in Singapore with an issued and paid up share capital of S$100,000 divided into 100,000 ordinary shares held by Mr. Chu. CDP is principally engaged in the operation of food and beverage stalls.

CKC

On 5 May 2005, CKC was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. CKC is principally engaged in the letting and operation of food centres, and operation of food and beverage stalls.

On 27 April 2007, 269,999 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of CKC increased to 270,000 divided into 270,000 ordinary shares held by Mr. Chu.

FCG

On 10 December 2009, FCG was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FCG is principally engaged in the letting and operation of food establishments and the operation of food and beverage stalls.

On 18 May 2010, 499,999 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of FCG increased to S$500,000 divided into 500,000 ordinary shares held by Mr. Chu.

FCP

On 29 January 2004, FCP was incorporated in Singapore with an issued and paid up share capital of S$2 divided into two ordinary shares held equally by Mr. Chu and Ms. Leow. FCP is principally engaged in the letting and operation of food centres.

On 8 October 2004, 99,998 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, Mr. Chu and Ms. Leow held 99,999 and one ordinary shares, representing approximately 99.99% and 0.01% of the then issued and paid up share capital of FCP, respectively.

On 2 June 2005, Ms. Leow transferred the one ordinary share held by her to Mr. Chu. Immediately after such transfer, Mr. Chu held 100,000 ordinary shares in FCP, representing its entire issued share capital.

On 26 March 2008, 200,000 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of FCP increased to S$300,000 divided into 300,000 ordinary shares held by Mr. Chu.

FC 881

On 18 March 2015, FC 881 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 881 is principally engaged in the operation of food and beverage stalls.

FC 882

On 18 March 2015, FC 882 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 882 is principally engaged in the operation of food and beverage stalls.

FC 883

On 18 March 2015, FC 883 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 883 is principally engaged in the letting and operation of food centres and the operation of food and beverage stalls.

On 19 June 2017, 9,999 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of FC 883 increased to S$10,000 divided into 10,000 ordinary shares held by Mr. Chu.

FC 884

On 18 March 2015, FC 884 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 884 is principally engaged in the operation of food and beverage stalls.

FC 885

On 18 March 2015, FC 885 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 885 is principally engaged in the operation of food and beverage stalls.

FC 886

On 18 March 2015, FC 886 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FC 886 is principally engaged in the operation of food and beverage stalls.

FS 100

On 18 March 2015, FS 100 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 100 is principally engaged in the operation of food and beverage stalls.

FS 200

On 18 March 2015, FS 200 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 200 is principally engaged in the operation of food and beverage stalls.

FS 300

On 18 March 2015, FS 300 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 300 is principally engaged in the operation of food and beverage stalls.

FS 400

On 18 March 2015, FS 400 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 400 is principally engaged in the operation of food and beverage stalls.

FS 500

On 18 March 2015, FS 500 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 500 is principally engaged in the operation of food and beverage stalls.

FS 600

On 18 March 2015, FS 600 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 600 is principally engaged in the operation of food and beverage stalls.

FS 700

On 18 March 2015, FS 700 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 700 is principally engaged in the operation of food and beverage stalls.

FS 800

On 18 March 2015, FS 800 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 800 is principally engaged in the operation of food and beverage stalls.

FS 900

On 18 March 2015, FS 900 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. FS 900 is principally engaged in the operation of food and beverage stalls.

LB 101

On 28 March 2016, LB 101 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. LB 101 is principally engaged in the operation of food and beverage stalls.

LB FC

On 13 May 2016, LB FC was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. LB FC is principally engaged in the operation of food and beverage stalls.

LBK

On 16 May 2013, LBK was incorporated under the name of "Fu San F&B Pte. Ltd. in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. LBK is principally engaged in the operation of food and beverage stalls.

On 2 December 2013, 37,499 ordinary shares and 12,500 ordinary shares were allotted and issued to Mr. Chu and an ex-employee of our Group. Upon completion of such allotment and issue of shares, Mr. Chu and the ex-employee held 37,500 and 12,500 ordinary shares, representing 75.0% and 25% of the issued and paid up share capital of LBK, respectively.

On 12 June 2013, the name of LBK was changed from "Fu San F&B Pte. Ltd." to Fu Shan F&B Pte. Ltd..

On 11 January 2016, the ex-employee transferred the 12,500 ordinary shares held by him to Mr. Chu. Immediately after such transfer, Mr. Chu held 50,000 ordinary shares in LBK, representing its entire issued share capital.

On 13 June 2016, the name of LBK was further changed from "Fu Shan F&B Pte. Ltd." to "Lady Boss Kitchen Pte. Ltd.".

UPH

On 12 December 2008, UPH was incorporated in Singapore with an issued and paid up share capital of S$2 divided into two ordinary shares held equally by Mr. Chu and an Independent Third Party. UPH is principally engaged in the ownership and operation of food centres.

On 17 June 2009, 499,999 ordinary shares were allotted and issued to each of Mr. Chu and the Independent Third Party respectively. Upon completion of such allotment and issue of shares, the issued and paid up share capital of UPH increased to S$1,000,000 divided into 1,000,000 ordinary shares held equally by Mr. Chu and the Independent Third Party.

On 8 August 2014, the Independent Third Party transferred the 500,000 ordinary shares held by it to Mr. Chu. Immediately after such transfer, Mr. Chu held 1,000,000 ordinary shares in UPH, representing the entire issued share capital of UPH.

Master Coffee

On 26 May 2009, Master Coffee was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. Master Coffee is principally engaged in the operation of food and beverage stalls.

On 4 June 2009, 99,999 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of Master Coffee increased to S$100,000 divided into 100,000 ordinary shares held by Mr. Chu.

Fu Chan 23

On 16 May 2005, Fu Chan 23 was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. Fu Chan 23 is principally engaged in the operation of food and beverage stalls.

On 15 August 2005, 99,999 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of Fu Chan 23 increased to S$100,000 divided into 100,000 ordinary shares held by Mr. Chu.

On 15 July 2010, 60,000 ordinary shares were allotted and issued to Mr. Chu. Upon completion of such allotment and issue of shares, the issued and paid up share capital of Fu Chan 23 increased to S$160,000 divided into 160,000 ordinary shares held by Mr. Chu.

Cosmopolitan

On 1 November 2013, Cosmopolitan was incorporated in Singapore with an issued and paid up share capital of S$2 divided into two ordinary shares held by Mr. Chu and an Independent Third Party. Cosmopolitan is principally engaged in the operation of food and beverage stalls.

On 19 November 2013, 149,999 ordinary shares were allotted and issued to each of Mr. Chu and the Independent Third Party respectively. Upon completion of such allotment and issue of shares, the issued and paid up share capital of Cosmopolitan increased to S$300,000 divided into 300,000 ordinary shares held equally by Mr. Chu and the Independent Third Party.

On 31 August 2014, the Independent Third Party transferred the 150,000 ordinary shares held by it to Mr. Chu. Immediately after such transfer, Mr. Chu held 300,000 ordinary shares in Cosmopolitan, representing the entire issued share capital of Cosmopolitan.

WR

On 16 December 2013, WR was incorporated in Singapore with an issued and paid up share capital of S$1 divided into one ordinary share held by Mr. Chu. WR is principally engaged in the operation of food and beverage stalls.

Companies excluded from our Group

During the Track Record Period, our Group had entered into certain related party transactions with 21 companies, details of which are set out in Note 31 of the Accountants' Report included as Appendix I to this prospectus. Save for 108 Coffee F&B Pte. Ltd. and 108 Coffee Eating House Pte. Ltd., all such other related parties having transactions with our Group, along with eight other related parties which did not have transactions with our Group during the Track Record Period, amounting to a total of 27 related parties incorporated in Singapore with F&B businesses (the "**Struck Off Related Parties**") were struck off during the Track Record Period. During this time, Mr. Chu was a director of each of such companies or within 12 months after his cessation to act as a director of each of such companies. The Struck Off Related Parties were struck off as part of our Group's restructuring exercise in order to reduce the number of operating subsidiaries of our Group for the purpose of more efficient management to reduce the burden of having to administer numerous companies which do not carry on business. Under our Group's restructuring exercise, the F&B businesses originally operated under the Struck Off Related Parties were either transferred to our Group or ceased according to the management plan and subsequently such Struck Off Related Parties were struck off due to cessation of business. As a result of our Group's effort in the said restructuring exercise, the number of operating subsidiaries under our Group decreased from 37 as at 1 January 2015 (being the beginning of the Track Record Period) to 28 as at 31 October 2018 (being the end of the Track Record Period).

108 Coffee F&B Pte. Ltd. and 108 Coffee Eating House Pte. Ltd., which were incorporated in Singapore and wholly-owned initially by Mr. Chu from March 2017 to June 2017, then by Ms. Chu from June 2017 to January 2018 (the "**108 Coffee Related Parties**", and together with the Struck Off Related Parties, the "**Excluded Companies**"), carried on F&B business during the Track Record Period. However, the operation strategy and the target clientele of the F&B business managed by the 108 Coffee Related Parties were different from that of the F&B business managed by our Group. For illustration, the 108 Coffee Related Parties managed two food centres at 511 Upper Jurong Road #01-16 Singapore 638366 and 1010 Tai Seng Avenue Singapore 534417 respectively, both of which being in relatively remote areas in close proximity to military bases (i.e. SAFTI Military Institute and Air Force Training Command) in Singapore not having high human traffic particularly after office hours and as such the operating hours of these two food centres had to be aligned with office hours for the purpose of targeting customers working nearby whilst in contrast, all food centres and food street managed by our Group are strategically located in residential, commercial or industrial estates areas that enjoy high

human traffic around the clock. Having considered the differences in location strategy between the food centres and food street managed by our Group and food centres managed by the 108 Coffee Related Parties, our executive Directors were of the view that it was not an appropriate time for our Group to operate and manage the food centres of the 108 Coffee Related Parties. Subsequently, in January 2018, Ms. Chu disposed of her entire interest in the 108 Coffee Related Parties to an Independent Third Party. 108 Coffee F&B Pte. Ltd. recorded revenue of approximately S$1.1 million and net profit of approximately S$5,000 during the year ended 31 December 2017 whereas 108 Coffee Eating House Pte. Ltd. recorded revenue of approximately S$0.6 million and net loss of approximately S$3,000 during the same period. Save as disclosed above, our non-executive Director confirms that the 108 Coffee Related Parties did not record any other revenue or profit/loss during the Track Record Period prior to the disposal of her interest in the 108 Coffee Related Parties to an Independent Third Party.

For the foregoing reasons, the Excluded Companies were not included in our Group. Each of our executive Directors and non-executive Director respectively confirms that, in respect of the Excluded Companies of which he or she was a director or shareholder and during such period when he or she was a director or shareholder, (i) the Struck Off Related Parties were not involved in any material litigations or non-compliances during the Track Record Period prior to their strike-offs and the 108 Coffee Related Parties were not involved in any material litigations or non-compliances during the Track Record Period prior to them being disposed to an Independent Third Party; (ii) the Excluded Companies were not in competition with our Group during the Track Record Period for the above reasons; and (iii) there would not be any negative impact or significant impact on our Group's financial position and results of operations if the Excluded Companies were to be included in our Group.

In addition, another two companies, namely CK Chu Management Pte. Ltd. and U5 Investment Pte. Ltd. which were also incorporated in Singapore (the "**Non F&B Related Parties**"), were also struck off during the Track Record Period when Mr. Chu was a director of such companies or within 12 months after his cessation to act as a director of such companies due to cessation of business. Mr. Chu confirms that during the Track Record Period and prior to their strike-offs, the Non F&B Related Parties were not carrying on any F&B business and therefore were not included in our Group.

For further details of the abovementioned companies, please refer to the section headed "Directors and Senior Management" in this prospectus.

REORGANISATION

In preparation for the Listing, our Group has undergone the Reorganisation whereupon our Company became the holding company and the listing vehicle of our Group and our operating subsidiaries were transferred to Entire Courage and Eastern Native, which are direct wholly-owned subsidiaries of our Company, depending on the scope and nature of business of those subsidiaries.

The principal steps of the Reorganisation are as follows:

Incorporation of Entire Courage

On 15 November 2017, Entire Courage was incorporated in the BVI as a limited liability company and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On 4 April 2018, Entire Courage allotted and issued one share to our Company for cash at par.

Incorporation of Eastern Native

On 30 January 2018, Eastern Native was incorporated in the BVI as a limited liability company and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On 4 April 2018, Eastern Native allotted and issued one share to our Company for cash at par.

Transfer of FCG to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FCG to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of UPH to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in UPH to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid and crediting as fully paid the initial Subscriber Share and 71 Shares (ie. an aggregate of 72 Shares) held by Strong Oriental.

Transfer of FC 883 to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 883 to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of CKC to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in CKC to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FCP to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FCP to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 100 to Entire Courage

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 100 to our nominee, Entire Courage in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of CDP to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in CDP to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of LBK to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in LBK to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 881 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 881 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 882 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 882 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 884 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 884 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 885 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 885 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FC 886 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FC 886 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 100 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 100 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 200 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 200 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 300 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 300 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 400 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 400 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 500 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 500 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 600 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 600 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 700 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 700 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 800 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 800 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of FS 900 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in FS 900 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of LB 101 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in LB 101 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of LB FC to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in LB FC to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of WR to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in WR to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of Master Coffee to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in Master Coffee to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of Fu Chan 23 to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in Fu Chan 23 to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

Transfer of Cosmopolitan to Eastern Native

On 5 September 2018, pursuant to a sale and purchase agreement entered into between Mr. Chu and our Company, Mr. Chu transferred his entire shareholding interest in Cosmopolitan to our nominee, Eastern Native in consideration of our Company allotting and issuing one Share to Mr. Chu's nominee, Strong Oriental, credited as fully paid.

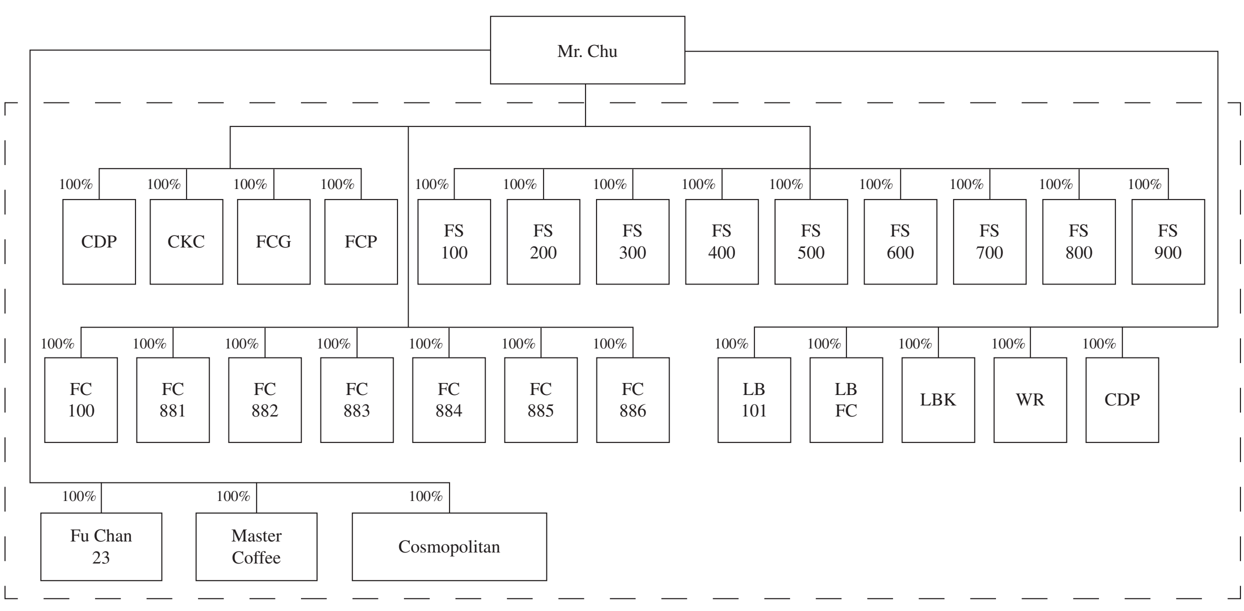
CAPITALISATION ISSUE AND THE SHARE OFFER

Conditional upon the creation of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK$5,999,999 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 599,999,900 new Shares for allotment and issue to the then existing Shareholders registered as such on our register of members at the close of business on the Business Day immediately before the Listing Date.

CORPORATE STRUCTURE OF OUR GROUP

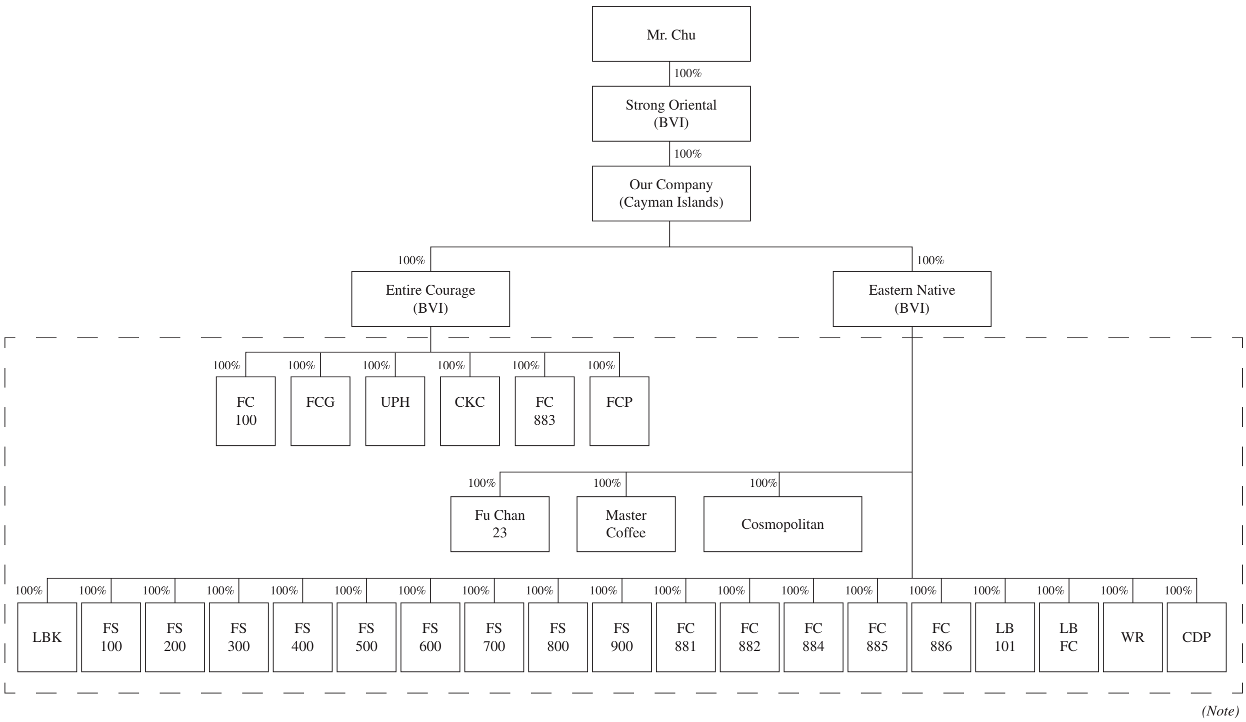
The following charts illustrate our corporate structure (1) immediately before the Reorganisation; (2) immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme); and (3) immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme):

The shareholding structure of our Group immediately before the Reorganisation is set out below:



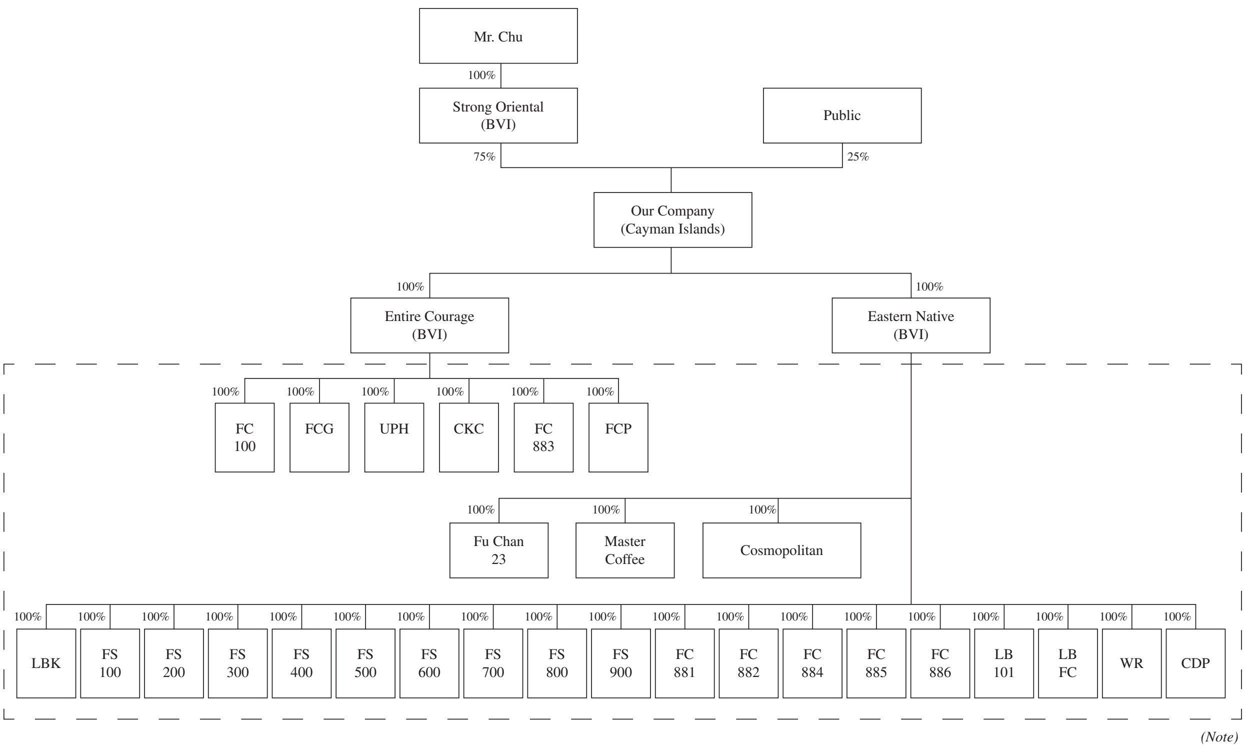
Note: FC 100, FCG, UPH, CKC, FC 883, FCP, Fu Chan 23, Master Coffee, Cosmopolitan, LBK, FS 100, FS 200, FS 300, FS 400, FS 500, FS 600, FS 700, FS 800, FS 900, FC 881, FC 882, FC 884, FC 885, FC 886, LB 101, LB FC, WR and CDP are incorporated in Singapore

The shareholding structure of our Group immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme) is set out below:



Note: FC 100, FCG, UPH, CKC, FC 883, FCP, Fu Chan 23, Master Coffee, Cosmopolitan, LBK, FS 100, FS 200, FS 300, FS 400, FS 500, FS 600, FS 700, FS 800, FS 900, FC 881, FC 882, FC 884, FC 885, FC 886, LB 101, LB FC, WR and CDP are incorporated in Singapore

The shareholding structure of our Group immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme) is set out below:



Note: FC 100, FCG, UPH, CKC, FC 883, FCP, Fu Chan 23, Master Coffee, Cosmopolitan, LBK, FS 100, FS 200, FS 300, FS 400, FS 500, FS 600, FS 700, FS 800, FS 900, FC 881, FC 882, FC 884, FC 885, FC 886, LB 101, LB FC, WR and CDP are incorporated in Singapore

OVERVIEW

We are a food and beverage group based in Singapore with more than 15 years of experience in the ownership and operation of food centres and food street in Singapore. Currently, our business can be categorised into the (1) F&B Retail Business and (2) Outlet Management and Leasing Business.

As at the Latest Practicable Date, we operated and managed a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. Our food street is leased by our Group from an Independent Third Party, and comprises four food and beverage kiosks, of which three are operated by us under our F&B Retail Business.

A food centre is a non-air-conditioned or air-conditioned food establishment comprising individual indoor food and/or beverage stall(s) offering affordable food choices with indoor and/or outdoor dining areas. Unlike a hawker centre, a food centre, more commonly referred to as a coffee shop or eating house in Singapore, is usually privately managed. A food centre is an iconic representation of Singapore's dining culture and is commonly found in residential and industrial estates. A food street is an outdoor food establishment comprising individual food and beverage stalls or kiosks with only outdoor eating area and is not a hawker centre.

During the Track Record Period, our “”, “” or “” brands are mainly used for the food and beverage stalls which we operate under our F&B Retail Business, and we do not have any branding or advertising strategies involving our “”, “” or “” brands for the food centres and food street under our Outlet Management and Leasing Business.

F&B Retail Business

Under our F&B Retail Business, we operate beverage stalls and food stalls selling food such as Mixed Vegetable Rice, Zi Char, roasted meat and chicken rice at the food centres and food street that we operate and manage, as well as food centres operated and managed by third parties. As at the Latest Practicable Date, we operated a total of 45 food and beverage stalls under our F&B Retail Business, some of which are open 24 hours a day. 29 of these food and beverage stalls are located in food centres owned/leased and food street leased, operated and managed by us under either “”, “” or “” brands. Of these 29 food and beverage stalls, nine are operated on owned properties and 20 are on leased properties. The remaining 16 food stalls are leased from and located in food centres managed by Independent Third Parties. As at the Latest Practicable Date, we operated 45 food and beverage stalls in 28 food centres and one food street and the breakdown of the food and beverage stalls under our F&B Retail Business by types of properties, is set out below.

	No. of food and beverage stalls operated by our Group
On owned properties	9
On leased properties	20
In food centres managed by Independent Third Parties	16
TOTAL	45

Outlet Management and Leasing Business

As at the Latest Practicable Date, our Group owned nine properties and leased eight properties. As at the Latest Practicable Date, the breakdown of the food establishments under our Outlet Management and Leasing Business by types of properties, is set out below.

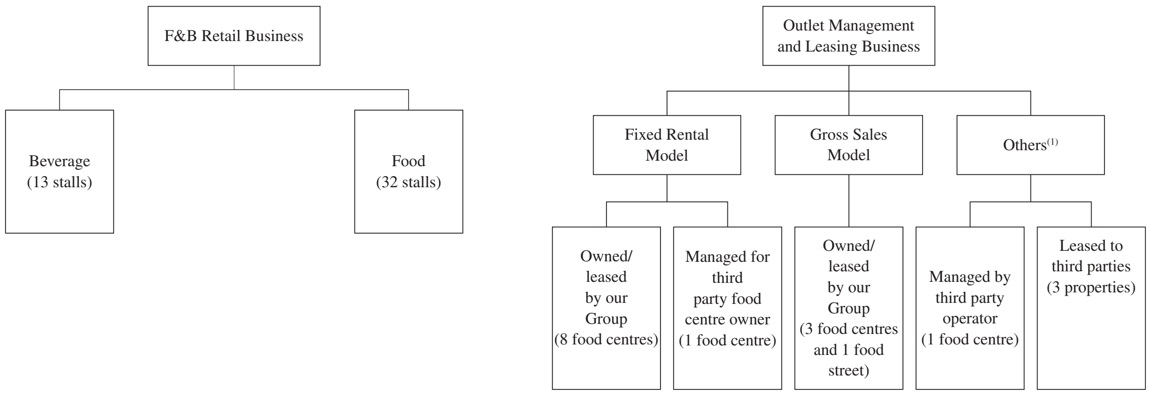
	No. of food establishments operated and managed by our Group
On owned properties	5
On leased properties	7
In food centres managed on behalf of Independent Third Parties	1
TOTAL	13

In addition, we have engaged a third party operator to manage one of the food centres leased by us on our behalf, and we also leased three properties to Independent Third Parties.

As at the Latest Practicable Date, there were a total of 105 food and beverage stalls in the 13 food establishments operated and managed by us under our Outlet Management and Leasing Business, of which 29 stalls were operated by us under our F&B Retail Business and 76 stalls were available for lease to Independent Third Parties. Of the food and beverage stalls that were available for lease to Independent Third Parties, 68 stalls were leased to Independent Third Parties and eight stalls were empty as at the Latest Practicable Date.

Our food centres and food street are operated and managed on either the fixed rental model or the gross sales model. Under the fixed rental model, we collect fixed monthly rentals from our stall tenants. Under the gross sales model, as opposed to collecting fixed monthly rentals, we charge stall tenants a monthly licence fee computed based on the higher of (1) a base rental fee or (2) a percentage of the monthly gross sales in the event the monthly gross sales exceeds a minimum amount. During the Track Record Period, such percentage was in the range of 16% to 25%. The percentage varies from one food establishment to another, depending on the location of the food establishment, our rental or operating costs and on the type of food sold. Of the 13 food establishments, nine are operated and managed on the fixed rental model and four are on the gross sales model, respectively.

The diagram below sets out an overview of our businesses as at the Latest Practicable Date:



Note:

(1) Food centre or properties managed by Independent Third Parties under fixed rate.

During the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, our total revenue amounted to approximately S$39.2 million, S$36.6 million, S$44.0 million, S$35.9 million and S$37.5 million. Our profit after tax attributable to the owners of our Company amounted to approximately S$4.0 million, S$6.2 million, S$5.5 million, S$4.5 million and S$3.6 million for the years/periods under review.

The breakdown of our revenue by our businesses for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 is set out in the table below:

	Year ended 31 December						Ten months ended 31 October			
	2015		2016		2017		2017		2018	
Revenue	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
F&B Retail Business										
Sale of cooked food, beverages and tobacco products	31,021	79.1%	28,630	78.2%	35,200	80.0%	28,373	78.9%	30,839	82.3%
Outlet Management and Leasing Business										
Rental income from lease of premises to tenants	4,428	11.3%	4,588	12.5%	5,291	12.0%	4,618	12.9%	4,592	12.2%
Provision of management, cleaning and utilities services	3,775	9.6%	3,378	9.3%	3,484	8.0%	2,956	8.2%	2,045	5.5%
	8,203	20.9%	7,966	21.8%	8,775	20.0%	7,574	21.1%	6,637	17.7%
Total	39,224	100.0%	36,596	100.0%	43,975	100.0%	35,947	100.0%	37,476	100.0%

OUR COMPETITIVE STRENGTHS

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

Our food centres and food street are strategically located throughout Singapore

Our Directors believe that the locations of our food centres and food street are critical to the success of our business. We strategically locate our food centres in residential, commercial or industrial estates which are populous and have high human traffic to ensure a broad and varied customer base for our food centres. In particular, our air-conditioned food centres are located in commercial areas and newer residential estates, where the target customer base is generally younger and more willing to pay for a better dining experience. We also strategically locate our food street at 100 Orchard Road, adjacent to a hotel, to capture the tourists as an additional customer base for our food centres. Our Directors believe that the location of our food centres helps to ensure sustainability of our business, and cultivate brand loyalty with our customers, which we can leverage on to further increase our market share in the industry.

We operate a diversified mix of food stalls under our F&B Retail Business and we have a pool of quality food tenants and anchor tenants

Our Directors believe that the ability of a food establishment in offering food choices that cater to the preference of its target customer base is crucial to its success. When setting up a new food establishment or taking over an existing food establishment, we will conduct site visits and evaluations so as to determine the needs and preferences of the target customer base of the food establishment, as well as the types of food stalls at such food establishment in order to meet such needs and preferences. Our extensive knowledge and past experience in the management of food centres and food street enable us to determine the ideal mix of food stalls at our food establishments.

We operate a diversified mix of food stalls under our F&B Retail Business selling food such as Mixed Vegetable Rice, Zi Char, roasted meat and chicken rice. In addition, we are constantly sourcing for new food stall operators to add to our pool of quality tenants, so as to enhance the mix of food stalls at our food centres and food street and to meet the continuous change in consumer preferences. Upon identifying potential food stall operators, we carry out food tasting to ensure that the quality of food is of an acceptable standard. When sourcing for prospective tenants for our food centres and food street, we conduct an island wide search and select only the reputable food operators in their respective fields. Over the years, we have established a pool of quality food operators which we can choose from when setting up a new food establishment. As at the Latest Practicable Date, we have a total of 56 stall operators renting 68 stalls in our food centres and food street. The variety of food products under our F&B Retail Business and our pool of quality tenants enable us to obtain an ideal mix of food stall tenants in our food centres and food street capable of meeting the needs and preferences of the target customer base.

We believe that our relationship with our tenants and the wide variety of food products provided under our F&B Retail Business in turn contributes to the sustainability of our food centres and food street, as evidenced by the high occupancy rate of our stalls. As at the Latest Practicable Date, we have an approximately 88.5% occupancy rate over a total of 105 stalls in the food centres and food street under our management.

We have an experienced management team

Our management team comprises dedicated individuals with proven track record and extensive experience and knowledge in the food and beverage industry and management. Our Group is led by Mr. Chu Chee Keong and Ms. Leow Poh Hoon, who each has more than 16 years of experience in the food and beverage industry.

We believe that the strong management capabilities, business network, industry knowledge and experience have contributed significantly to the growth of our business and are vital to our continued growth and future development. For detailed information about the experience of our Directors and senior management, please refer to the section headed "Directors and Senior Management" of this prospectus.

We have a resilient business model with multiple revenue streams

Our business consists not only of the ownership and management of food centres and food street but also the operation of food and beverage stalls in the food centres operated by us and third parties, selling food such as Mixed Vegetable Rice, Zi Char, roasted meat and chicken rice. We believe that our F&B Retail Business and Outlet Management and Leasing Business are complementary and create synergies for our Group. We are involved in various aspects of the supply chain — from the ownership of a food centre, the management of a food centre to the operation of food and beverage stalls within the food centre. This generates cost savings for us and gives us better control over our business process. In addition, we believe that our diverse portfolios provide our Group with multiple revenue streams, which reduces our reliance on any one particular business division. This increases the resilience of our Group's business which has led to our Group being consistently profitable during the Track Record Period.

Based on the CIC Report, food centres are food establishments where a combination of food stalls sell a wide variety of affordable food in a casual dining locale, whereas restaurants are food establishments that offer fine-dining services to patrons. Accordingly, our Directors believe that we operate within a defensive industry which would be more resilient in times of economic uncertainty. In addition, the cash generative nature of our business has led to us having a positive operating cash flow and balance sheet.

We enjoy economies of scale

As at the Latest Practicable Date, we operate and manage a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. Based on the CIC Report, as of 2017, we are ranked seventh in the food centre management market in Singapore and we have a market share of approximately 4.0%. We are constantly seeking opportunities to further expand our portfolio. We believe that the size of our portfolio and large customer base provides us with economies of scale in our operations, particularly through the bulk discounts we enjoy from our suppliers since our supply terms are centrally negotiated with our suppliers by our procurement team.

We are committed to providing high quality customer service

We believe that good customer service distinguishes us from other food centre operators and is key to our success. We believe that good customer service helps to generate more customer traffic, cultivate customer loyalty and attract a broader customer base, thereby enhancing our operating results and reputation.

In testament to our emphasis on providing high quality customer service, we have in 2014 and 2015 been awarded the Singapore Heartland Enterprise Star Award in Best Customer Service (Prominent Enterprise) by the Federation of Merchants' Associations, Singapore. The Singapore Heartland Enterprise Star Award in Best Customer Service (Prominent Enterprise) is awarded to the heartland enterprise in Singapore with the best customer service and the winner is recognised for its ability to maintain an excellent customer relationship.

BUSINESS STRATEGY

Our aim is to leverage on our competitive advantages to expand the scale of our operations and increase our market share in the food and beverage industry in Singapore, and expand to other regions where there are related opportunities. We intend to achieve this by implementing the following corporate strategies:

To increase the number of food establishments, particularly air-conditioned food centres, under our Outlet Management and Leasing Business

We will continue to expand our presence in Singapore by acquiring new properties to establish new food centres, or by taking over existing food centres operated by other third parties, as and when suitable opportunities arise. This is also in line with our business model of acquiring an average of one food centre per year. During the Track Record Period, as part of our expansion plan, our Group had purchased the following new properties under our Outlet Management and Leasing Business:

(a) Block 631 Bedok Reservoir Road #01–982 Singapore 470631, which is currently leased to one of our top five customers during the Track Record Period for food establishment in 2015;

(b) 220 Orchard Road #B1–10 & #B1–11 Singapore 238852, which is currently managed by our Group as an air-conditioned food centre in 2016; and

(c) 51 Ubi Avenue 1 #01–17 & #02–17 Singapore 408933, which is currently leased to an Independent Third Party for food establishment in 2017.

In particular, we will look out for opportunities to increase the number of air-conditioned food centres operated and managed by us under our Outlet Management and Leasing Business. Based on our experience, the quality of and the dining experience provided by a food establishment are also factors taken into consideration by customers when choosing which food establishment to patronise. We believe that air-conditioned food centres will create a comfortable dining experience for our customers, which is in line with consumer preference. This will in turn generate more customer traffic, cultivate customer loyalty and attract a broader customer base for our food establishments, thereby enhancing our operating results and reputation.

Our air-conditioned food centres are managed on a gross sales model, which allows us to participate in the success of our tenants under a gross sales model as compared to the fixed rental model. Under the gross sales model, as opposed to collecting fixed monthly rentals from our stall tenants, we charge stall tenants a monthly licence fee calculated based on the higher of (a) a base rental or (b) a percentage of the monthly gross sales in the event the monthly gross sales exceeds a minimum amount. During the Track Record Period, such percentage was in the range of 16% to 25%. The percentage varies from one food establishment to another, depending on the location of the food establishment, our rental or operating costs and on the type of food sold.

For food centres and food street operated and managed on the gross sales model, the food centre supervisor will collect all the sales proceeds from each of the stall tenants at the end of each shift, and we will refund the stall tenants the balance of the sales proceeds after deducting the fees due to our Group twice monthly. This gives us greater control and reduces the risks of our tenants defaulting on their payments as compared to the fixed rental model, where rents are paid by the stall tenants on a monthly basis.

Our two new properties

As part of our business strategy and consistent with our Group's past practice, we are on the constant lookout for opportunities to acquire or lease properties to increase the number of food centres.

As at the Latest Practicable Date, we are in the process of acquiring two new food centres which are at (i) 150 South Bridge Road #01–17 Singapore 058727 ("**150 South Bridge Road**") and (ii) Block 101 Yishun Avenue 5 #01–93 ("**101 Yishun**").

The option to purchase for the properties at 150 South Bridge Road and 101 Yishun

Our Directors are of the view that in Singapore, it is a common practice for the acquisition of properties by way of the entry into an option to purchase which is subsequently converted to a sale and purchase agreement upon the exercise of such option. This is because the option essentially reserves the property for the buyer for a short period of time. An option fee must be paid and is forfeited if the option to purchase is not exercised. In the event the option is exercised, the option to purchase becomes a sale and purchase agreement. Additionally, a deposit is then paid upon the conversion of the option into a sale and purchase agreement. Upon completion, the option fee and the additional deposit will be used towards settlement of the purchase consideration.

We have on 18 September 2018 exercised an option to purchase 150 South Bridge Road for a purchase consideration of S$2.5 million. The option to purchase was entered into by our Group with the owners of 150 South Bridge Road, who are three individuals and a deceased individual's estate. As at the Latest Practicable Date, we have paid an option fee of S$25,000 (being 1% of the purchase consideration) upon the entry into the option to purchase, and a deposit of S$100,000 (being 4% of the purchase consideration) upon the exercise of the option to purchase. Completion of the acquisition is scheduled to be on or about 15 March 2019. Upon completion, the remaining 95% of the purchase consideration will be payable by our Group.

We have on 30 November 2018 exercised an option to purchase 101 Yishun for a purchase consideration of S$15.0 million. The option to purchase was entered into by our Group with the owner of 101 Yishun, who is company and a supplier of our Group which accounted for less than 5% of our total purchases during the Track Record Period. As at the Latest Practicable Date, we have paid an option fee of S$150,000 (being 1% of the purchase consideration) upon the entry into the option to purchase, and a deposit of S$600,000 (being 4% of the purchase consideration) upon the exercise of the option to purchase. Completion of the acquisition is scheduled to be on or about 31 March 2019. Upon completion, the remaining 95% of the purchase consideration will be payable by our Group.

The owners of 150 South Bridge Road and 101 Yishun are Independent Third Parties. In addition, the owners of 150 South Bridge Road are not related to the owner of 101 Yishun.

Our strategy for the two properties

The opportunity for the two acquisitions arose from our constant monitoring of available properties for sale from online sources (specifically in the case of the 150 South Bridge Road) and from our interactions with property agents who are aware of our intentions to acquire more properties and expand our business (specifically in the case of the 101 Yishun).

The property at 150 South Bridge Road

The property at 150 South Bridge Road has a GFA of approximately 60.0 sq.m. and our Directors are of the view that it has met the factors which our Group usually considers for site selection. It is strategically located in the central business district within the central region of Singapore and enjoys access to high human traffic such as the working population in the central business district. We currently operate a stall located in a nearby food centre managed by an Independent Third Party. In this regard, our Directors are on the view that it is unlikely that there will be cannibalisation between 150 South Bridge Road and the existing food centres because the location at 150 South Bridge Road would allow our Group to further increase its presence in the central business district which will in turn raise our Group's profit and competitiveness in the market. Also, it is no assurance or certainty that our Group can rent the stall at the said nearby food centre or near central business district managed by Independent Third Parties in reasonable rental conditions in the future. Our Directors believe that these advantages coupled with the purchase consideration being in line with market prices for similar properties in the vicinity makes this an attractive acquisition.

The property at 150 South Bridge Road, a food centre, is currently occupied, and the lease will expire on 30 April 2019. We do not intend to extend the lease upon its expiry. Instead, we intend to operate our own food centre at these premises to take full advantage of the location and human traffic. Over and above the growth in our food and beverage business by the addition of another food centre, we believe that having a food centre in this location would also strengthen our branding. Our Directors are of the view that the acquisition of 150 South Bridge Road is commercially beneficial for our Group because: (a) the central location allows our Group to have access to higher traffic; (b) it is likely that it would be difficult to identify suitable locations which are available for rent in such central locations; and (c) operating a food centre through a directly owned property located 150 South Bridge Road would allow us to have more control over our costs which would in turn improve our financial performance and competitiveness in the market. For further details in relation to the cost and benefit analysis of the property at 150 South Bridge Road, please refer to the paragraph headed "Future Plans and Use of Proceeds — Future plans — The cost and benefit analysis for our Group to acquire rather than lease 150 South Bridge Road and 101 Yishun" of the prospectus.

In the event that listing does not take place on or before 15 March 2019, we may negotiate with the sellers to push back the completion date for the acquisition.

The property at 101 Yishun

The property at 101 Yishun has a GFA of approximately 196 sq.m. We have been operating at the 101 Yishun as a tenant since 2009 and we intend to continue doing so after the acquisition.

The acquisition is commercially beneficial to our Group as the property is in a good location with access to high human traffic and our food centre at this location has had a proven track record. In addition, the property was acquired at a purchase consideration which was in line with market prices for similar properties in the vicinity. The rental payments will be higher than the costs to service the mortgage for 101 Yishun. Acquiring the property at 101 Yishun was particularly important from a strategic perspective as the sale to another party (which could even have been a competitor) could have negative ramifications from a lease renewal and rental fee perspective. For further details in relation to the cost and benefit analysis of the property at 101 Yishun, please refer to the paragraph headed "Future Plans and Use of Proceeds — Future plans — The cost and benefit analysis for our Group to acquire rather than lease 150 South Bridge Road and 101 Yishun" of this prospectus.

Further information in relation to 150 South Bridge Road and 101 Yishun

In the event the agreements are validly cancelled or terminated by our Group or the respective seller in accordance with the respective agreement, the respective fees for each of 150 South Bridge Road and 101 Yishun which has been paid by our Group will be refunded to our Group.

We intend to utilise approximately HK$36.7 million (equivalent to approximately S$6.5 million), representing approximately 36.7% of the total net proceeds from the Share Offer for the acquisition of properties for our Outlet Management and Leasing Business, including but not limited to the acquisition of 150 South Bridge Road and 101 Yishun. We estimate approximately HK$5.1 million (equivalent to S$0.9 million) of the purchase price of 150 South Bridge Road, representing 5.1% of the total net proceeds from the Share Offer, and HK$31.6 million (equivalent to S$5.6 million) of the purchase price of 101 Yishun, representing 31.6% of the total net proceeds from the Share Offer, to be funded by our net proceeds from the Share Offer, respectively. The balance of the purchase price of 101 Yishun and 150 South Bridge Road will be funded by bank borrowings and other internal resources. In this regard, in respect of 101 Yishun, our Group intends to utilise (i) bank borrowings of approximately S$9.0 million; and (ii) internal resources of approximately S$0.75 million. In respect of 150 South Bridge Road, our Group intends to utilise (i) bank borrowings of approximately S$1.5 million; and (ii) internal resources of approximately S$0.13 million. Our Directors are of the view that our Group has sufficient working capital for the said acquisitions. For further details, please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus.

To enhance and upgrade our existing food centres and food street

In addition to the quality of food and service offered at our food centres and food street, we believe that the ambience of the food establishment is also important to the customers' dining experience. We intend to continue to enhance and upgrade our existing food centres and food street from time to time so as to continually enhance the dining experience of our customers. We will also regularly review and refine the interior design and condition of our food centres and food street and arrange for refurbishment as and when necessary. We propose to fund the enhancement and upgrading of our existing food centres from the net proceeds of the Share Offer.

We estimate the total renovation costs for our existing food centres to be approximately HK$5.1 million (equivalent to approximately S$0.9 million), representing 5.1% of total net proceeds from the Share Offer. We expect to spend these net proceeds to renovate five of our food centres in 2019. For further details, please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus.

To improve our information technology infrastructure and systems

As we continue to expand our business, we plan to continue investing in our information technology infrastructure to achieve real-time monitoring of our daily operations, to centralise information exchange, and integrate different operational functions, collect, store and analyse operational data for formulating sound and more scientific business strategies and streamlined operational procedures.

In support of our future expansion and growth, we plan to upgrade our current information technology system, particularly the human resource and payroll system, data storage, inventory system and the point-of-sale (POS) system at all of our food and beverage stalls to enable us to monitor sales and inventory in real-time. The data of the new POS system will then be automatically linked to our accounting system, thereby removing the need for manual data entry, which we believe will increase efficiency of our accounting process, and eliminate risk of clerical mistakes. In addition, we also intend to invest in self-ordering terminals at our food centres and food street where our customers will enjoy greater convenience in food ordering process which will in turn lead to enhanced customer experience.

We intend to utilise approximately HK$5.7 million (equivalent to approximately S$1.0 million), representing approximately 5.7% of the total net proceeds from the Share Offer to improve our information technology systems as described above.

To develop cashless electronic payment systems

With the advancement of mobile and digital payment systems, there is a greater degree of cashless and even cardless payments in Singapore. As Singapore increased its efforts to become a cashless society, we believe that the implementation of such cashless electronic payment systems at our food centres and food street is timely and will enable us to keep up to date with changing consumer trends in the long run.

Currently, our business is cash-oriented as most of the transactions at our food centres and food street are settled by way of cash. The adoption of cashless payment systems will reduce our cash transactions, thereby mitigating our cash collection and management risks and strengthening our internal control system as regards the handling of cash.

Further, we believe that cashless electronic payment systems will increase the efficiency and productivity of our food and beverage stall counters as transactions are completed with a simple tap of the customers' debit card or mobile phone, removing the need to search for exact change. This in turn results in shorter and faster moving queues and reduces time spent on managing cash.

BUSINESS OPERATIONS OF OUR F&B RETAIL BUSINESS

Overview of our F&B Retail Business

(1) Our Food and Beverage Stalls

As at the Latest Practicable Date, we operate a total of 45 food and beverage stalls under our F&B Retail Business, some of which are open 24 hours a day. 29 of these food and beverage stalls are located in food centres owned/leased and food street leased, operated and managed by us under either "", "" or "" brands. As at the Latest Practicable Date, the breakdown of the food and beverage stalls under our F&B Retail Business by types of properties, is set out below.

	No. of food and beverage stalls operated by our Group
On owned properties	9
On leased properties	20
In food centres managed by Independent Third Parties	16
TOTAL	45

The details of the food and beverage stalls under our F&B Retail Business as at the Latest Practicable Date are set out below.

	Location		Food type offered	Food stall/shop licence number	Grading	Licence Expiry Date
Stalls located in food centres and food street managed by our Group						
Food centres						
1.	Block 101 Yishun Avenue 5 #01–93 Singapore 760101	(a)	Beverage	B80078B008	B	27 June 2019
		(b)	Mixed Vegetable Rice	B80078B001	B	10 March 2019
		(c)	Zi Char	B80078B005	B	4 November 2019
2.	Block 168 Bedok South Avenue 3 #01–471 Singapore 460168		Beverage	E85205A001	B	17 May 2019
3.	Block 632 Ang Mo Kio Avenue 4 #01–948 Singapore 560632	(a)	Beverage	B80118B009	B	25 August 2019
		(b)	Mixed Vegetable Rice	B80118B002	B	28 October 2019
4.	Block 134 Jurong Gateway Road #01–309 Singapore 600134		Beverage	C89200E002	A	9 October 2019
5.	Block 139 Tampines Street 11 #01–08 Singapore 521139	(a)	Beverage	S83177C004	B	2 May 2019
		(b)	Mixed Vegetable Rice	S83177C001	B	16 May 2019
6.	Block 145 Teck Whye Ave #01–151 Singapore 680145		Beverage	J88135N007	B	26 January 2020
7.	Block 491 Jurong West Ave 1 #01–173 Singapore 640491		Beverage	J84137N009	B	26 April 2019
8.	220 Orchard Road #B1–10 & #B1–11 Singapore 238852	(a)	Beverage	CE10I89E002	B	15 December 2019
		(b)	Mixed Vegetable Rice	CE10I89E001	B	14 December 2019
		(c)	Roasted Meat and Chicken Rice	CE10I89E003	B	18 December 2019
		(d)	Roasted Meat and Chicken Rice	CE10I89E006	B	22 July 2019
9.	Block 301 Punggol Central #01–06 Singapore 820301	(a)	Beverage	NE09315L009	B	29 November 2019
		(b)	Mixed Vegetable Rice	NE09315L001	B	29 November 2019
		(c)	Others	NE09315L008	B	29 November 2019
10.	Block 447A Jalan Kayu #01–01 Singapore 791447	(a)	Beverage	CE12J20C007	B	12 December 2019
		(b)	Mixed Vegetable Rice	CE12J20C001	B	16 January 2020
		(c)	Zi Char	CE12J20C006	B	22 December 2019
11.	Block 505 Canberra Link #01–04 Singapore 750505		Beverage	B00025V008	B	5 April 2019

	Location		Food type offered	Food stall/shop licence number	Grading	Licence Expiry Date
12.	Block 21 Toa Payoh Lorong 7 #01–298 Singapore 310021	(a)	Beverage	S70019L001	B	22 March 2019
		(b)	Mixed Vegetable Rice	S70019L006	B	12 March 2019
		(c)	Zi Char	S70019L002	B	20 February 2020
		(d)	Roasted Meat and Chicken Rice	S70019L004	B	1 July 2019
Food Street						
13.	100 Orchard Road #01–02 Concorde Hotel Singapore 238840	(a)	Beverage	W03416A000	B	27 April 2019
		(b)	Roasted Meat and Chicken Rice	W03285J000	B	27 June 2019
		(c)	Others	W03201C000	B	26 October 2019
Stalls located in food centres managed by Independent Third Parties						
14.	46–1 Commonwealth Drive #01–358 Singapore 140461		Mixed Vegetable Rice	W67034L001	B	8 January 2020
15.	Block 631 Bedok Reservoir Road #01–982 Singapore 470631		Mixed Vegetable Rice	S84186K008	B	23 March 2019
16.	116 Bukit Merah View #01–211 Singapore 151116		Others	W73026P002	B	1 June 2019
17.	56/58 Lorong 25A Geylang Singapore 388248(3)		Mixed Vegetable Rice	E45034X006	Pending(1)	3 January 2020
18.	Block 476 Tampines Street 44 #01–207/209 Singapore 520476(3)		Mixed Vegetable Rice	NE09048L001	B	19 September 2019
19.	21 Hougang Street 51 #01–51 Singapore 538719(3)		Mixed Vegetable Rice	S97182P007	B	19 October 2019
20.	Block 308 Clementi Avenue 4 #01–335 Singapore 120308(3)		Mixed Vegetable Rice	C78140J008	B	18 October 2019
21.	Block 215 Jurong East Street 21 #01–541 Singapore 600215(3)		Mixed Vegetable Rice	C84313J001	B	21 January 2020
22.	1 Maritime Square, Harbourfront Centre, #03–19/20/21 Singapore 099253(2), (3)		Mixed Vegetable Rice	SW08675V006	B	11 January 2020
23.	Block 498 Jurong West Street 41 #01–426 Singapore 640498(3)		Mixed Vegetable Rice	J86021V001	B	21 January 2020
24.	Block 505 Tampines Central 1 #01–351/353 Singapore 520505(2), (3)		Mixed Vegetable Rice	S91117J002	B	25 February 2020
25.	Block 419 Tampines Street 41 #01–80 Singapore 520419(2), (3)		Mixed Vegetable Rice	S85224P008	B	13 February 2020

	Location	Food type offered	Food stall/shop licence number	Grading	Licence Expiry Date
26.	26A Chai Chee Road #01–405 Singapore 461026	Mixed Vegetable Rice	E91108E001	B	13 August 2019
27.	101 Upper Cross Street, People's Park Centre #B1–06/ 75/76/77/78 Singapore 059357(2), (3)	Mixed Vegetable Rice	CE08622X000	B	13 February 2020
28.	12 Verdun Road Singapore 207278	Mixed Vegetable Rice	E98055A001	B	2 December 2019
29.	Block 681 Hougang Avenue 8 #01–809 Singapore 530681	Mixed Vegetable Rice	S88225C001	N.A.(4)	13 January 2020

Notes:

(1) Due to change of floor plan which leads to the issuance of new Food Stall Licence.

(2) On 1 June 2017, we entered into an asset purchase agreement with HYK Chinatown Pte. Ltd., pursuant to which we acquired, among other things, certain assets and the lease agreements of four Mixed Vegetable Rice stalls for a total consideration of S$140,000 (the "**Acquisition**"). Mr. Wong Kok Choon, a director and shareholder of HYK Chinatown Pte. Ltd., has been employed as a stall manager of our Group since August 2016.

(3) In June 2017, we had engaged HYK Chinatown Pte. Ltd. to operate 11 of our Mixed Vegetable Rice stalls on our behalf. In consideration for their services, HYK Chinatown Pte. Ltd. was paid a monthly management fee. For the financial year ended 31 December 2017 and ten months ended 31 October 2018, the fees paid to HYK Chinatown Pte. Ltd. for their services amounted to approximately S$557,000 and S$94,000, representing approximately 2.3% and 0.4% of our Group's total purchases, respectively. The aforesaid arrangement had ceased in February 2018. As at the Latest Practicable Date, 10 of these Mixed Vegetable Rice stalls are operated by us directly, whereas one of these Mixed Vegetable Rice stalls were operated by us until it ceased operation in August 2018.

(4) The grading for the food stall is pending issuance by NEA as the food stall has just commenced operations.

The following table sets out a brief overview of the revenue and the operating profit margin by the food type offered at our food and beverage stalls during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October	
	2015		2016		2017		2018	
	Revenue S$'000	*Operating Profit Margin(2) (%)*	*Revenue S$'000*	*Operating Profit Margin(2) (%)*	*Revenue S$'000*	*Operating Profit Margin(2) (%)*	*Revenue S$'000*	*Operating Profit Margin(2) (%)*
Food offered in our beverage stalls								
Beverages, snacks and cigarettes(1)	19,274	21.6	16,767	25.0	15,581	27.1	12,195	26.4
Food offered in our food stalls								
Mixed vegetable rice	3,862	13.7	4,305	17.7	13,889	21.2	14,831	21.1
Zi Char	4,310	14.6	3,854	17.9	3,024	25.4	2,199	23.0
Roasted meat and chicken rice	2,651	11.7	2,534	18.7	1,696	18.3	571	19.7
Others	924	12.7	1,170	17.6	1,010	14.5	1,043	17.0
Total revenue of the F&B Retail Business	31,021		28,630		35,200		30,839	

Note:

(1) Represents revenue and operating profit margin derived from our beverage stalls which include sales of beverages, snacks and cigarettes.

(2) Operating profit margin is the difference between the revenue and operation costs direct related to revenue.

As illustrated in the table above, revenue derived from the sale of beverages, snacks and cigarettes in our beverage stalls represents a significant part of our Group's F&B Retail Business with the highest operating profit margin when comparing to the other food offered in our food stalls during the Track Record Period. During the Track Record Period, revenue derived from beverages, snacks and cigarettes decreased significantly. Revenue derived from mixed vegetable rice is on an increasing trend during the Track Record Period as our Group has increased food stalls offering mixed vegetable rice since year 2015. Operating profit margin derived from (i) mixed vegetable rice has increased from approximately 13.7% for the year ended 31 December 2015 to approximately 21.1% for the ten months ended 31 October 2018; and (ii) our other food (ie. Zi Char, roasted meat, chicken rice and others) offered in our food stalls has improved from less than 15.0% during the year ended 31 December 2015 to more than 17.0% for the ten months ended 31 October 2018. During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, there are Nil, three, four and Nil food stalls respectively which were loss-making. For detailed analysis of the revenue of our business, please refer to the section headed "Financial Information — Summary of results of operations — Revenue — Revenue analysis by categories" of this prospectus for further details.

Historical changes in the number of food and beverage stalls under our F&B Retail Business

The following table sets forth the changes in the number of food and beverage stalls under our F&B Retail Business by us for the periods stated below:

	Year ended 31 December 2015	2016	2017	Ten months ended 31 October 2018	Subsequent to Track Record Period and up to the Latest Practicable Date
Number of stalls as at the beginning of the financial year/period(1)	23	38	39	42	42
Number of stalls newly opened during the financial year/period(2)	21	9	17	4	3
Number of stalls closed during the financial year/period	6	8	14	4	0
Number of stalls as at the end of the financial year/period	38	39	42	42	45

Notes:

(1) Excludes the stalls transferred to our Group pursuant to the consolidation of food establishments such that all the stalls, food centres and food street therein are operated by our Group.

(2) Excludes the stalls which reopen in the same financial year using the same licences.

The following table sets out a brief overview of our food and beverage stalls which had ceased operations during the Track Record Period and up to the Latest Practicable Date:

S/N	Location	Stall type	Food stall/shop licence number	Month and year of cessation of operation	Reason for cessation
1.	Block 23 Kallang Avenue Singapore 339414	Beverage stall	E90028C009	October 2016	Ceased operations of the food centre due to expiry of lease for the food centre
2.	2 Lorong 29 Geylang Road Singapore 388058	Beverage stall	SE08406X006	September 2016	Ceased operations of the food centre due to expiry of lease for the food centre
3.	Block 721 Clementi West Street 2 #01-100 Singapore 120721	Beverage stall	C01040J003	February 2016	Ceased operations of the food centre due to expiry of lease for the food centre
4.	3024A Ubi Road Singapore 408718	Beverage stall	E87143J001	May 2017	Ceased operations of the food centre due to expiry of lease for the food centre

S/N	Location	Stall type	Food stall/shop licence number	Month and year of cessation of operation	Reason for cessation
5.	69 Bedok South Avenue 3 #01-468 Singapore 460069	Food stall	E78131E007	August 2018	Ceased operations of the food stall due to expiry of lease for the food stall
6.	Block 168 Bedok South Avenue 3 #01-471 Singapore 460168	Food stall	E85205A008	December 2015	Due to unsatisfactory performance
7.	Block 134 Jurong Gateway Road #01-309 Singapore 600134	Food stall	C89200E004	September 2018(1)	Unsatisfactory performance
8.	2 Lorong 29 Geylang Road Singapore 388058	Food stall	SE08406X001	May 2015	Unsatisfactory performance
9.	Block 631 Bedok Reservoir Road #01-982 Singapore 470631	Beverage stall	S84186K009	November 2015	Rented food centre to an Independent Third Party operator
10.	Block 631 Bedok Reservoir Road #01-982 Singapore 470631	Food stall	S84186K007	November 2015	Rented food centre to an Independent Third Party operator
11.	122 Bedok North Street 2 #01-140 Singapore 460122	Beverage stall	E77117C007	October 2015	Unsatisfactory performance
12.	Block 168 Bedok South Avenue 3 #01-471 Singapore 460168	Food stall	E85205A004	April 2016	Unsatisfactory performance
13.	Block 301 Punggol Central #01-06 Singapore 820301	Food stall	NE09315L002	February 2016	Unsatisfactory performance
14.	Block 447A Jalan Kayu #01-01 Singapore 791447	Food stall	CE12J20C002	July 2016	Unsatisfactory performance
15.	Block 721 Clementi West Street 2 #01-100 Singapore 120721	Food stall	C01040J002	February 2016	Due to expiry of lease for food centre
16.	Blk 10 Telok Blangah Crescent #01-141 Singapore 090010	Food stall	W74069J001	March 2016	Unsatisfactory performance
17.	Block 101 Yishun Avenue 5 #01-93 Singapore 760101	Food stall	B80078B004	September 2017	Unsatisfactory performance
18.	Block 168 Bedok South Avenue 3 #01-471 Singapore 460168	Food stall	E85205A006	July 2017	Unsatisfactory performance
19.	Block 134 Jurong Gateway Road #01-309 Singapore 600134	Food stall	C89200E011	July 2017	Unsatisfactory performance

S/N	Location	Stall type	Food stall/shop licence number	Month and year of cessation of operation	Reason for cessation
20.	Block 139 Tampines Street 11 #01-08 Singapore 521139	Food stall	S83177C002	April 2017	Unsatisfactory performance
21.	Block 139 Tampines Street 11 #01-08 Singapore 521139	Food stall	S83177C007	October 2018(2)	Unsatisfactory performance
22.	Block 145 Teck Whye Ave #01-151 Singapore 680145	Food stall	J88135N003	April 2017	Unsatisfactory performance
23.	Block 301 Punggol Central #01-06 Singapore 820301	Food stall	NE09315L004	April 2017	Unsatisfactory performance
24.	Block 301 Punggol Central #01-06 Singapore 820301	Food stall	NE09315L005	July 2017	Unsatisfactory performance
25.	Block 301 Punggol Central #01-06 Singapore 820301	Food stall	NE09315L006	May 2017	Unsatisfactory performance
26.	Block 447A Jalan Kayu #01-01 Singapore 791447	Food stall	CE12J20C004	July 2017	Unsatisfactory performance
27.	Block 505 Canberra Link #01-04 Singapore 750505	Food stall	B00025V006	August 2017	Unsatisfactory performance
28.	1010 Tai Seng Avenue Singapore 534417	Food stall	S87060A009	August 2017	Unsatisfactory performance
29.	Block 820 Tampines Street 81, #01-506, Singapore 520820	Food stall	S84193J001	December 2017	Unsatisfactory performance
30.	Block 139 Tampines Street 11 #01-08 Singapore 521139	Food stall	S83177C005	March 2018	Unsatisfactory performance
31.	Block 134 Jurong Gateway Road, #01-309 Singapore 600135	Food stall	C89200E004	September 2018	Unsatisfactory Performance
32.	Block 139 Tampines Street 11, #01-08 Singapore 521143	Food stall	S83177C007	October 2018	Unsatisfactory Performance
33.	Block 69 Bedok South Avenue 3, #01-1468 Singapore 460069	Food stall	E78131E007	August 2018	Unsatisfactory Performance

Notes:

(1) The said stall ceased operations in December 2015. It was subsequently leased to an Independent Third Party until October 2017, when our Group recommenced operations of the said stall. It subsequently ceased operations in September 2018.

(2) The said stall ceased operations in January 2017. It was subsequently leased to an Independent Third Party until June 2018, when our Group recommenced operations of the said stall. It subsequently ceased operations in October 2018.

In the event that any food stall operated by our Group is not performing to our expectations or is loss-making, we will either change the type of food that is sold at the food stall or cease our Group's operations at such food stall and lease the food stall to an Independent Third Party to operate.

Breakeven point and investment payback period

We consider that a stall achieves its breakeven point when its monthly revenue is at least equal to its monthly expenses, excluding the non-cash items such as depreciation.

Our Directors consider that a stall achieves its investment payback when the operating cash flow accumulated from the commencement of business of the stall covers the costs of opening and operations, including incurred capital expenditures and ongoing cash operating expenses.

During the Track Record Period, most of our food and beverage stalls had reached the breakeven point within three months of operations. As at the Latest Practicable Date, 42 out of our 45 food and beverage stalls operated during the Track Record Period and up to the Latest Practicable Date have achieved a breakeven. The remaining three food stalls operated during the Track Record Period that had never achieved a breakeven include (i) a stall located at Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (which sells western food and commenced operations on 24 June 2016); (ii) a stall located at Block 301 Punggol Central #01-06 Singapore 820301 (which sells western food and commenced operations on 5 February 2016); (iii) a stall located Block 134 Jurong Gateway Road #01-309 Singapore 600134 (which sells western food and commenced operations on 6 April 2016), all of which were closed as at the Latest Practicable Date because of lower revenue generated from these stalls. Our Directors believe that it is more commercially beneficial to operate other stalls such as Mixed Vegetable Rice and Zi Char stalls. A stall located at Block 139 Tampines Street 11 #01-08 Singapore 521139 did not achieve breakeven during the Track Record Period and was closed in February 2017. It was subsequently reopened and operated by our Group since June 2018 and it has achieved breakeven within three months of operation.

During the Track Record Period, most of our food and beverage stalls had reached the investment payback point and the investment payback period ranges between two to five months. As the Latest Practicable Date, the stalls which did not achieve payback, for the same reasons as mentioned above, include (i) a stall located at Block 139 Tampines Street 11 #01-08 Singapore 521139 (which sells noodles and commenced operations on 14 December 2016); (ii) a stall located at Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (which sells western food and commenced operations on 24 June 2016); (iii) a stall located at Block 301 Punggol Central #01-06 Singapore 820301 (which sells western food and commenced operations on 5 February 2016); and (iv) a stall located Block 134 Jurong Gateway Road #01-309 Singapore 600134 (which sells western food and commenced operations on 6 April 2016). Save for (i), all of the stalls were closed as at the Latest Practicable Date due to poor financial performance from these stalls. In relation to (i), after the said stall was closed in February 2017, it was reopened and operated by us since June 2018 and as at the Latest Practicable Date, it has achieved investment payback.

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

Operational Performance

The following tables show the operational performance (in approximate figures) of our food and beverage stalls during the Track Record Period:

Location	Food stall/shop licence number	Stall type	Commencement Date [1]	Termination Date [8]	Gross floor area (sq.m) (approximate)	Total revenue S$'000	Number of transactions (approximate)	Number of operation days	Average spending per transaction [2] S$	Average daily revenue [3] S$'000	Operating Profit Margin [9] (%)
FOR THE YEAR ENDED 31 DECEMBER 2015											
Stalls located in food centres and food street managed by our Group											
1. Block 21 Toa Payoh Lorong 7 #01-298 Singapore 310021 [4]											
	S70019L001	Beverage	Before Track Record Period	N.A.	14.40	777	296,643	365	2.62	2.1	22.8
	S70019L006	Mixed vegetable rice	Before Track Record Period	N.A.	26.00	334	84,108	289	3.97	1.2	14.1
	S70019L002	Zi Char [5]	Before Track Record Period	N.A.	18.00	667	42,273	289	15.78	2.3	17.9
2. 100 Orchard Road, #01-02 Concorde Hotel, Singapore, 238840 [6]											
	W03416A000	Beverage	Before Track Record Period	N.A.	15.86	1,681	262,970	365	6.39	4.6	10.8
	W03285J000	Roasted meat and chicken rice	Before Track Record Period	N.A.	15.86	670	104,965	289	6.38	2.3	15.5
	W03201C000	Others	Before Track Record Period	N.A.	15.86	410	59,198	289	6.93	1.4	9.9
3. Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (Licence number: B80078B000)											
	B80078B006	Beverage	Before Track Record Period	N.A.	25.60	1,624	324,691	365	5.00	4.4	18.4
	B80078B001	Mixed vegetable rice	Before Track Record Period	N.A.	14.25	865	163,885	289	5.28	3.0	16.0
	B80078B005	Zi Char [5]	Before Track Record Period	N.A.	22.00	1,212	68,997	362	17.57	3.3	13.1
4. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence number: C89200E000)											
	C89200E002	Beverage	Before Track Record Period	N.A.	9.50	1,115	376,883	363	2.96	3.1	25.1
	C89200E004	Mixed vegetable rice	Before Track Record Period	29 September 2018	18.05	276	62,304	289	4.43	1.0	6.7
5. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence number: S83177C000)											
	S83177C004	Beverage	Before Track Record Period	N.A.	13.00	787	277,292	363	2.84	2.2	20.3
	S83177C001	Mixed vegetable rice	Before Track Record Period	N.A.	14.00	280	69,856	289	4.01	1.0	17.3
	S83177C005	Roasted meat and chicken rice	Before Track Record Period	18 March 2018	13.00	127	21,235	227	5.98	0.6	9.9
6. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence number: J88135N000)											
	J88135N007	Beverage	Before Track Record Period	N.A.	20.20	1,978	540,082	365	3.66	5.4	24.2
7. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence number: E85205A000)											
	E85205A001	Beverage	Before Track Record Period	N.A.	12.00	1,126	367,723	365	3.06	3.1	25.2
	E85205A004	Roasted meat and chicken rice	15 May 2015	30 April 2016	12.60	201	39,443	230	5.10	0.9	13.7
	E85205A006	Others	19 December 2015	16 July 2017	13.00	11	2,706	13	4.07	0.8	10.5
	E85205A008	Mixed Vegetable Rice	Before Track Record Period	18 December 2015	32.00	304	77,289	276	3.93	1.1	8.1
8. Block 301 Punggol Central #01-06 Singapore 820301 (Licence number: NE09315L000)											
	NE09315L008	Beverage	Before Track Record Period	N.A.	8.00	1,194	397,837	365	3.00	3.3	28.2
	NE09315L001	Mixed vegetable rice	Before Track Record Period	N.A.	16.30	598	121,542	289	4.92	2.1	14.3
	NE09315L005	Roasted meat and chicken rice	Before Track Record Period	9 July 2017	15.35	464	75,602	289	6.14	1.6	9.8
	NE09315L006	Others	Before Track Record Period	19 May 2017	24.40	244	51,961	291	4.70	0.8	19.2
	NE09315L002	Others	Before Track Record Period	29 February 2016	15.35	228	46,353	279	4.92	0.8	11.2
9. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence number: CE12J20C000)											
	CE12J20C007	Beverage	Before Track Record Period	N.A.	14.00	1,285	254,374	363	5.05	3.5	28.5
	CE12J20C006	Zi Char [5]	Before Track Record Period	N.A.	27.30	1,272	76,389	365	16.65	3.5	17.0
	CE12J20C002	Others	1 December 2015	31 July 2016	13.50	31	6,363	31	4.87	1.0	8.9
	CE12J20C004	Roasted meat and chicken rice	Before Track Record Period	2 July 2017	13.50	393	49,505	227	7.94	1.7	5.5

Location	Food stall/shop licence number	Stall type	Commencement Date [1]	Termination Date [8]	Gross floor area *(sq.m)* *(approximate)*	Total revenue *S$'000*	Number of transactions *(approximate)*	Number of operation days	Average spending per transaction [2] *S$*	Average daily revenue [3] *S$'000*	Operating Profit Margin [9] *(%)*
10. Block 491 Jurong West Ave 1 #01-173 Singapore 640491 (Licence number: J84137N000)											
	J84137N009	Beverage	Before Track Record Period	N.A.	16.20	1,052	283,385	363	3.71	2.9	26.0
11. Block 505 Canberra Link #01-04 Singapore 750505 (Licence number: B00025V000)											
	B00025V008	Beverage	Before Track Record Period	N.A.	20.40	1,394	400,651	365	3.48	3.8	26.2
	B00025V006	Roasted meat and chicken rice	Before Track Record Period	22 August 2017	11.70	460	74,327	289	6.19	1.6	9.1
12. Block 632 Ang Mo Kio Avenue 4 #01-948 Singapore 560632 (Licence number: B80118B000)											
	B80118B009	Beverage	Before Track Record Period	N.A.	21.40	1,335	343,753	363	3.88	3.7	23.1
13. Block 23 Kallang Avenue Singapore 339414 (Licence number: E90028C000)											
	E90028C009	Beverage	Before Track Record Period	21 October 2016	21.64	634	235,608	298	2.69	2.1	29.5
14. 2 Lorong 29 Geylang Road Singapore 388058 (Licence number: SE08406X000)											
	SE08406X006	Beverage	Before Track Record Period	15 September 2016	15.05	1,338	230,169	363	5.81	3.7	12.8
	SE08406X001	Roasted meat and chicken rice	Before Track Record Period	14 May 2015	15.36	53	6,398	57	8.28	0.9	23.6
15. Block 721 Clementi West Street 2 #01-100 Singapore 120721 (Licence number: C01040J000)											
	C01040J003	Beverage	Before Track Record Period	28 February 2016	13.50	646	190,211	365	3.40	1.8	9.5
	C01040J002	Zi Char [5]	Before Track Record Period	28 February 2016	37.60	1,159	79,374	361	14.60	3.2	11.4
16. 3024A Ubi Road 1 Singapore 408718 (Licence number: E87143J000)											
	E87143J001	Beverage	Before Track Record Period	20 May 2017	22.80	390	100,266	298	3.89	1.3	22.1
17. Block 631 Bedok Reservoir Road #01-982 Singapore 470631 (Licence number: S84186K000)											
	S84186K009	Beverage	Before Track Record Period	30 November 2015	13.00	853	276,700	334	3.08	2.6	17.1
	S84186K007	Mixed vegetable rice	Before Track Record Period	30 November 2015	17.00	410	91,640	275	4.47	1.5	5.8
	S84186K008	Roasted meat and chicken rice	Before Track Record Period	N.A.	17.90	283	46,264	258	6.12	1.1	15.5
18. 122 Bedok North Street 2 #01-140 Singapore 460122 (Licence number: E77177C000)											
	E77117C007	Beverage	7 January 2015	10 October 2015	17.88	65	25,237	101	2.58	0.6	8.4
Stalls located in food centres managed by Independent Third Parties											
19. 46–1 Commonwealth Drive #01-358 Singapore 140461											
	W67034L001	Mixed vegetable rice	Before Track Record Period	N.A.	13.47	383	86,762	288	4.41	1.3	16.8
20. Block 10 Telok Blangah Crescent #01-141 Singapore 090010											
	W74069J001	Mixed vegetable rice	Before Track Record Period	29 March 2016	13.25	412	93,757	288	4.39	1.4	19.3
Total:						**31,021**					

Location	Food stall/shop licence number	Stall type	Commencement Date [(1)]	Termination Date [(8)]	Gross floor area (sq.m) (approximate)	Total revenue S$'000	Number of transactions (approximate)	Number of operation days	Average spending per transaction [(2)] S$	Average daily revenue [(3)] S$'000	Operating Profit Margin [(9)] (%)
FOR THE YEAR ENDED 31 DECEMBER 2016											
Stalls located in food centres and food street managed by our Group											
1. Block 21 Toa Payoh Lorong 7 #01-298 Singapore 310021 [(4)]											
	S70019L001	Beverage	Before Track Record Period	N.A.	14.40	738	285,614	365	2.58	2.0	20.2
	S70019L006	Mixed vegetable rice	Before Track Record Period	N.A.	26.00	553	142,635	356	3.88	1.6	16.5
	S70019L002	Zi Char [(5)]	Before Track Record Period	N.A.	18.00	749	46,569	363	16.08	2.1	19.2
2. 100 Orchard Road, #01-02 Concorde Hotel, Singapore, 238840 [(6)]											
	W03416A000	Beverage	Before Track Record Period	N.A.	15.86	1,768	305,909	365	5.78	4.8	18.6
	W03285J000	Roasted meat and chicken rice	Before Track Record Period	N.A.	15.86	864	144,361	365	5.98	2.4	21.0
	W03201C000	Others	Before Track Record Period	N.A.	15.86	177	26,365	365	6.71	0.5	27.9
3. Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (Licence number: B80078B000)											
	B80078B006	Beverage	Before Track Record Period	N.A.	25.60	1,636	336,901	365	4.86	4.5	23.0
	B80078B001	Mixed vegetable rice	Before Track Record Period	N.A.	14.25	1,250	262,658	360	4.76	3.5	15.2
	B80078B005	Zi Char [(5)]	Before Track Record Period	N.A.	22.00	1,161	116,183	363	9.99	3.2	16.6
	B80078B004	Others	24 September 2016	19 September 2017	26.40	94	5,885	99	15.97	0.9	–9.8
4. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence number: C89200E000)											
	C89200E002	Beverage	Before Track Record Period	N.A.	9.50	1,054	342,322	363	3.08	2.9	31.2
	C89200E011	Other	Before Track Record Period	31 July 2017	15.85	92	14,715	270	6.25	0.3	–3.3
5. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence number: S83177C000)											
	S83177C004	Beverage	Before Track Record Period	N.A.	13.00	734	255,061	363	2.88	2.0	28.1
	S83177C001	Mixed vegetable rice	Before Track Record Period	N.A.	14.00	361	80,502	360	4.48	1.0	17.8
	S83177C005	Roasted meat and chicken rice	Before Track Record Period	18 March 2018	13.00	93	19,766	212	4.71	0.4	22.6
	S83177C002	Zi Char [(5)]	Before Track Record Period	20 April 2017	34.75	487	32,080	275	15.18	1.8	18.5
	S83177C007	Others	Before Track Record Period	21 October 2018	13.00	6	1,488	17	4.03	0.4	–23.3
6. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence number: J88135N000)											
	J88135N007	Beverage	Before Track Record Period	N.A.	20.20	2,034	572,503	365	3.55	5.6	26.8
	J88135N003	Roasted meat and chicken rice	3 December 2016	25 April 2017	17.75	24	4,708	29	5.10	0.8	16.2
7. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence number: E85205A000)											
	E85205A001	Beverage	Before Track Record Period	N.A.	12.00	1,127	387,006	365	2.91	3.1	23.1
	E85205A004	Roasted meat and chicken rice	15 May 2015	30 April 2016	12.60	81	15,833	111	5.12	0.7	7.2
	E85205A006	Others	19 December 2015	16 July 2017	13.00	139	37,426	211	3.71	0.7	22.1
8. 220 Orchard Road #B1-10 & #B1-11 Singapore 238852 (Licence number: CE10I89E000)											
	CE10189E002	Beverage	10 December 2016	N.A.	11.60	30	15,253	19	1.97	1.6	40.3
	CE10189E001	Mixed vegetable rice	10 December 2016	N.A.	17.55	71	16,282	22	4.36	3.2	30.6
	CE10189E003	Roasted meat and chicken rice	10 December 2016	N.A.	14.40	26	4,769	22	5.45	1.2	12.5
9. Block 301 Punggol Central #01-06 Singapore 820301 (Licence number: NE09315L000)											
	NE09315L009	Beverage	Before Track Record Period	N.A.	8.00	987	333,843	365	2.96	2.7	28.9
	NE09315L001	Mixed vegetable rice	Before Track Record Period	N.A.	16.30	784	173,792	359	4.51	2.2	17.2
	NE09315L002	Others	Before Track Record Period	29 February 2016	15.35	43	8,854	56	4.86	0.8	11.0
	NE09315L004	Others	5 February 2016	3 April 2017	15.35	229	34,666	325	6.61	0.7	28.5
	NE09315L005	Roasted meat and chicken rice	Before Track Record Period	9 July 2017	15.35	548	92,637	361	5.92	1.5	20.1
	NE09315L006	Others	Before Track Record Period	19 May 2017	24.40	288	67,314	363	4.28	0.8	19.1
10. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence number: CE12J20C000)											
	CE12J20C007	Beverage	Before Track Record Period	N.A.	14.00	1,330	357,942	363	3.72	3.7	29.6
	CE12J20C006	Zi Char [(5)]	Before Track Record Period	N.A.	27.30	1,268	81,179	362	15.62	3.5	19.1
	CE12J20C002	Other	1 December 2015	31 July 2016	13.50	102	22,425	212	4.55	0.5	14.4
	CE12J20C004	Roasted meat and chicken rice	Before Track Record Period	2 July 2017	13.50	453	75,938	360	5.97	1.3	19.4
11. Block 491 Jurong West Ave 1 #01-173 Singapore 640491 (Licence number: J84137N000)											
	J84137N009	Beverage	Before Track Record Period	N.A.	16.20	899	278,621	363	3.23	2.5	26.6

Location	Food stall/shop licence number	Stall type	Commencement Date (1)	Termination Date (8)	Gross floor area (sq.m) (approximate)	Total revenue S$'000	Number of transactions (approximate)	Number of operation days	Average spending per transaction (2) S$	Average daily revenue (3) S$'000	Operating Profit Margin (9) (%)
12. Block 505 Canberra Link #01-04 Singapore 750505 (Licence number: B00025V0008)											
	B00025V008	Beverage	Before Track Record Period	N.A.	20.40	1,437	382,314	365	3.76	3.9	28.2
	B00025V006	Roasted meat and chicken rice	Before Track Record Period	22 August 2017	11.70	445	79,728	360	5.58	1.2	13.7
13. Block 632 Ang Mo Kio Avenue 4 #01-948 Singapore 560632 (Licence number: B80118B000)											
	B80118B009	Beverage	Before Track Record Period	N.A.	21.40	1,255	321,002	363	3.91	3.5	25.3
14. Block 23 Kallang Avenue Singapore 339414 (Licence number: E90028C000)											
	E90028C009	Beverage	Before Track Record Period	21 October 2016	21.64	508	190,149	242	2.67	2.1	32.2
15. 2 Lorong 29 Geylang Road Singapore 388058 (Licence number: SE08406X000)											
	SE08406X006	Beverage	Before Track Record Period	15 September 2016	15.05	778	139,293	257	5.59	3.0	11.0
16. Block 721 Clementi West Street 2 #01-100 Singapore 120721 (Licence number: C01040J000)											
	C01040J003	Beverage	Before Track Record Period	28 February 2016	13.50	94	26,662	60	3.53	1.6	6.0
	C01040J002	Zi Char (5)	Before Track Record Period	28 February 2016	37.60	189	10,813	57	17.48	3.3	11.4
17. 3024A Ubi Road 1 Singapore 408718 (Licence number: E87143J000)											
	E87143J001	Beverage	Before Track Record Period	20 May 2017	22.80	358	91,232	278	3.92	1.3	26.5
Stalls located in food centres managed by Independent Third Parties											
18. 46–1 Commonwealth Drive #01-358 Singapore 140461											
	W67034L001	Mixed vegetable rice	Before Track Record Period	N.A.	13.47	447	108,934	360	4.10	1.2	16.9
19. Block 631 Bedok Reservoir Road #01-982 Singapore 470631											
	S84186K008	Mixed vegetable rice	Before Track Record Period	N.A.	17.90	731	176,083	360	4.15	2.0	21.3
20. Blk 10 Telok Blangah Crescent #01–141 S090010											
	W74069J001	Mixed vegetable rice	Before Track Record Period	29 March 2016	13.25	108	26,258	88	4.11	1.2	25.4
Total:						**28,630**					

Location	Food stall/shop licence number	Stall type	Commencement Date [1]	Termination Date [8]	Gross floor area *(sq.m)* *(approximate)*	Total revenue *S$'000*	Number of transactions *(approximate)*	Number of operation days	Average spending per transaction [2] *S$*	Average daily revenue [3] *S$'000*	Operating Profit Margin [9] *(%)*
FOR THE YEAR ENDED 31 DECEMBER 2017											
Stalls located in food centres and food street managed by our Group											
1. Block 21 Toa Payoh Lorong 7 #01-298 Singapore 310021 [4]											
	S70019L001	Beverage	Before Track Record Period	N.A.	14.40	1,110	378,754	365	2.93	3.0	19.9
	S70019L006	Mixed vegetable rice	Before Track Record Period	N.A.	26.00	901	212,742	360	4.24	2.5	15.4
	S70019L002	Zi Char [4]	Before Track Record Period	N.A.	18.00	695	57,401	365	12.11	1.9	30.2
2. 100 Orchard Road, #01-02 Concorde Hotel, Singapore, 238840 [6]											
	W03416A000	Beverage	Before Track Record Period	N.A.	15.86	1,545	566,134	365	2.73	4.2	17.9
	W03285J000	Roasted meat and chicken rice	Before Track Record Period	N.A.	15.86	448	76,728	365	5.83	1.2	17.4
	W03201C000	Others	Before Track Record Period	N.A.	15.86	449	47,440	365	9.46	1.2	26.4
3. Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (Licence number: B80078B000)											
	B80078B006	Beverage	Before Track Record Period	N.A.	25.60	1,546	323,217	365	4.78	4.2	26.4
	B80078B001	Mixed vegetable rice	Before Track Record Period	N.A.	14.25	1,614	341,050	360	4.73	4.5	20.6
	B80078B005	Zi Char [5]	Before Track Record Period	N.A.	22.00	1,074	77,756	362	13.81	3.0	24.1
	B80078B004	Other	24 September 2016	19 September 2017	26.40	141	10,893	258	12.94	0.5	–10.8
4. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence number: C89200E000)											
	C89200E002	Beverage	Before Track Record Period	N.A.	9.50	892	280,332	363	3.18	2.5	34.3
	C89200E004	Mixed vegetable rice	Before Track Record Period	29 September 2018	18.05	65	18,310	91	3.55	0.7	21.2
	C89200E011	Others	Before Track Record Period	31 July 2017	15.85	52	7,805	206	6.66	0.3	–12.2
5. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence number: S83177C000)											
	S83177C004	Beverage	Before Track Record Period	N.A.	13.00	569	203,592	363	2.79	1.6	33.6
	S83177C001	Mixed vegetable rice	Before Track Record Period	N.A.	14.00	435	105,078	360	4.14	1.2	20.6
	S83177C005	Roasted meat and chicken rice	Before Track Record Period	18 March 2018	13.00	105	23,011	349	4.56	0.3	21.2
	S83177C002	Zi Char [5]	Before Track Record Period	20 April 2017	34.75	158	9,223	106	17.13	1.5	24.3
	S83177C007	Others	Before Track Record Period	21 October 2018	13.00	7	1,625	24	4.31	0.3	–58.1
6. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence number: J88135N000)											
	J88135N007	Beverage	Before Track Record Period	N.A.	20.20	1,914	520,554	365	3.68	5.2	24.6
	J88135N003	Roasted meat and chicken rice	3 December 2016	25 April 2017	17.75	56	9,208	85	6.08	0.7	5.1
7. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence number: E85205A000)											
	E85205A001	Beverage	Before Track Record Period	N.A.	12.00	1,227	420,021	365	2.92	3.4	27.5
	E85205A006	Others	15 December 2015	16 July 2017	13.00	110	29,659	192	3.71	0.6	13.0
8. 220 Orchard Road #B1-10 & #B1-11 Singapore 238852 (Licence number: CE10I89E000)											
	CE10189E002	Beverage	10 December 2016	N.A.	11.60	578	232,645	362	2.48	1.6	29.2
	CE10189E001	Mixed vegetable rice	10 December 2016	N.A.	17.55	1,374	290,111	360	4.74	3.8	39.6
	CE10189E003	Roasted meat and chicken rice	10 December 2016	N.A.	14.40	303	55,735	360	5.44	0.8	23.4
9. Block 301 Punggol Central #01-06 Singapore 820301 (Licence number: NE09315L000)											
	NE09315L009	Beverage	Before Track Record Period	N.A.	8.00	1,112	368,591	365	3.02	3.0	30.5
	NE09315L001	Mixed vegetable rice	Before Track Record Period	N.A.	16.30	880	401,612	360	2.19	2.4	23.6
	NE09315L008	Others	1 November 2017	N.A.	13.00	112	22,925	61	4.89	1.8	26.9
	NE09315L004	Others	5 February 2016	3 April 2017	15.35	59	6,963	93	8.47	0.6	–7.9
	NE09315L005	Roasted meat and chicken rice	Before Track Record Period	9 July 2017	15.35	280	69,527	151	4.03	1.9	19.2
	NE09315L006	Others	Before Track Record Period	19 May 2017	24.40	80	22,817	139	3.51	0.6	17.8
10. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence number: CE12J20C000)											
	CE12J20C007	Beverage	Before Track Record Period	N.A.	14.00	1,537	415,336	363	3.70	4.2	32.7
	CE12J20C006	Zi Char [5]	Before Track Record Period	N.A.	27.30	1,097	74,777	362	14.67	3.0	23.7
	CE12J20C001	Mixed vegetable rice	5 January 2017	N.A.	21.00	833	167,546	356	4.97	2.3	30.7
	CE12J20C004	Roasted meat and chicken rice	Before Track Record Period	2 July 2017	13.50	190	31,302	179	6.07	1.1	8.6
11. Block 491 Jurong West Ave 1 #01-173 Singapore 640491 (Licence number: J84137N000)											
	J84137N009	Beverage	Before Track Record Period	N.A.	16.20	877	291,939	363	3.00	2.4	29.7
12. Block 505 Canberra Link #01-04 Singapore 750505 (Licence number: B00025V008)											
	B00025V008	Beverage	Before Track Record Period	N.A.	20.40	1,479	370,818	365	3.99	4.1	27.9
	B00025V006	Roasted meat and chicken rice	Before Track Record Period	22 August 2017	11.70	228	39,963	229	5.71	1.0	20.3

Location	Food stall/shop licence number	Stall type	Commencement Date [1]	Termination Date [8]	Gross floor area *(sq.m)* *(approximate)*	Total revenue *S$'000*	Number of transactions *(approximate)*	Number of operation days	Average spending per transaction [2] *S$*	Average daily revenue [3] *S$'000*	Operating Profit Margin [9] *(%)*
13. Block 632 Ang Mo Kio Avenue 4 #01-948 Singapore 560632 (Licence number: B80118B000)											
	B80118B0009	Beverage	Before Track Record Period	N.A.	21.40	1,086	293,711	363	3.70	3.0	26.9
14. 3024A Ubi Road 1 Singapore 408718 (Licence number: E87143J000)											
	E87143J001	Beverage	Before Track Record Period	20 May 2017	22.80	109	27,924	114	3.90	1.0	31.9
Stalls located in food centres managed by Independent Third Parties											
15. Block 631 Bedok Reservoir Road #01-982 Singapore 470631											
	S84186K008	Mixed vegetable rice	Before Track Record Period	N.A.	17.90	747	168,519	360	4.43	2.1	26.0
16. 46–1 Commonwealth Drive #01-358 Singapore 140461											
	W67034L001	Mixed vegetable rice	Before Track Record Period	N.A.	13.47	522	120,358	360	4.34	1.5	18.9
17. 116 Bukit Merah View #01-211 Singapore 151116											
	W73026P002	Mixed vegetable rice	1 June 2017	N.A.	26.90	1,770	226,770	214	7.81	8.3	13.1
18. 56/58 Lorong 25A Geylang Singapore 388348											
	E45034X006	Mixed vegetable rice	1 June 2017	N.A.	17.34	1,062	264,794	214	4.01	5.0	15.6
19. Block 476 Tampines Street 44 #01-207/209 Singapore 520476											
	NE09048L001	Mixed vegetable rice	1 June 2017	N.A.	15.81	505	138,604	214	3.64	2.4	11.8
20. 21 Hougang Street 51#01-51 Singapore 538719											
	S97182P007	Mixed vegetable rice	1 June 2017	N.A.	17.55	295	72,508	214	4.07	1.4	19.2
21. Block 308 Clementi Avenue 4 #01-335 Singapore 120308											
	C78140J008	Mixed vegetable rice	1 June 2017	N.A.	22.60	233	59,471	214	3.92	1.1	9.2
22. Block 215 Jurong East Street 21 #01-541 Singapore 600215											
	C84313J001	Mixed vegetable rice	1 June 2017	N.A.	17.86	208	54,721	214	3.80	1.0	19.4
23. 1 Maritime Square, Harbourfront Centre, #03-19/20/21 Singapore 099253											
	SW08675V006	Mixed vegetable rice	1 June 2017	N.A.	13.51	537	170,166	214	3.16	2.5	19.7
24. Block 498 Jurong West Street 41#01-426 Singapore 640498											
	J8602JV001	Mixed vegetable rice	1 June 2017	N.A.	13.00	384	101,860	214	3.77	1.8	26.8
25. Block 505 Tampines Central 1 #01-351/353 Singapore 520505											
	S91117J002	Mixed vegetable rice	1 June 2017	N.A.	13.00	390	110,319	214	3.54	1.8	25.6
26. Block 419 Tampines Street 41 #01-80 Singapore 520419											
	S85224P008	Mixed vegetable rice	1 June 2017	N.A.	14.52	277	71,641	214	3.87	1.3	23.9
27. Block 69 Bedok South Avenue 3 #01-468 Singapore 460069											
	E78131E007	Mixed vegetable rice	1 June 2017	27 August 2018	13.00	199	51,875	214	3.84	0.9	3.0
28. 101 Upper Cross Street People's Park Centre #B1/75/76 Singapore 059357											
	CE08622X000	Mixed vegetable rice	1 June 2017	N.A.	29.00	575	140,184	214	4.10	2.7	16.3
29. 1010 Tai Seng Avenue Singapore 534417											
	S87060A009	Roasted meat and chicken rice	3 May 2017	31 August 2017	13.23	86	19,455	101	4.42	0.9	21.5
30. Blk 820 Tampines Street 81 #01-506 Singapore 520820											
	S84193J001	Mixed vegetable rice	5 November 2017	31 December 2017	22.80	83	14,404	56	5.76	1.5	14.3
Total:						**35,200**					

Location	Food stall/shop licence number	Stall type	Commencement Date [1]	Termination Date [8]	Gross floor area (sq.m) (approximate)	Total revenue S$'000	Number of transactions (approximate)	Number of operation days	Average spending per transaction [2] S$	Average daily revenue [3] S$'000	Operating Profit Margin [9] (%)
FOR THE TEN MONTHS ENDED 31 OCTOBER 2018											
Stalls located in food centres and food street managed by our Group											
1. Block 21 Toa Payoh Lorong 7 #01-298 Singapore 310021 [4]											
	S70019L001	Beverage	Before Track Record Period	N.A.	14.40	873	302,227	304	2.89	2.9	20.7
	S70019L006	Mixed vegetable rice	Before Track Record Period	N.A.	26.00	736	129,026	299	4.11	2.5	23.2
	S70019L002	Zi Char [5]	Before Track Record Period	N.A.	18.00	403	34,254	300	1.77	1.3	18.4
	S70019L004	Roasted meat and chicken rice	2 July 2018	N.A.	13.00	107	18,976	122	5.64	0.9	15.3
2. 100 Orchard Road, #01-02 Concorde Hotel, Singapore, 238840 [6]											
	W03416A000	Beverage	Before Track Record Period	N.A.	15.86	1,114	166,834	304	6.68	3.7	17.5
	W03285J000	Roasted meat and chicken rice	Before Track Record Period	N.A.	15.86	216	24,066	299	8.98	2.7	22.3
	W03201C000	Others	Before Track Record Period	N.A.	15.86	472	65,802	299	7.17	1.6	15.2
3. Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (Licence number: B80078B000)											
	B80078B008 [7]	Beverage	Before Track Record Period	N.A.	25.60	1,078	258,494	304	4.17	3.5	20.6
	B80078B001	Mixed vegetable rice	Before Track Record Period	N.A.	14.25	1,283	309,710	299	4.14	4.3	21.9
	B80078B005	Zi Char [5]	Before Track Record Period	N.A.	22.00	868	67,067	301	12.94	2.9	27.6
4. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence number: C89200E000)											
	C89200E002	Beverage	Before Track Record Period	N.A.	9.50	644	203,785	302	3.16	2.1	29.5
	C89200E004	Mixed vegetable rice	Before Track Record Period	29 September 2018	18.05	144	39,286	268	3.67	0.5	22.0
5. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence number: S83177C000)											
	S83177C004	Beverage	Before Track Record Period	N.A.	13.00	486	172,663	302	2.81	1.6	30.4
	S83177C001	Mixed vegetable rice	Before Track Record Period	N.A.	14.00	411	96,123	298	4.28	1.4	22.7
	S83177C005	Roasted meat and chicken rice	Before Track Record Period	18 March 2018	13.00	24	6,530	84	3.68	0.3	–5.2
	S83177C007	Others	Before Track Record Period	21 October 2018	13.00	46	12,608	132	3.65	0.3	–30.2
6. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence number: J88135N000)											
	J88135N007	Beverage	Before Track Record Period	N.A.	20.20	1,674	467,131	304	3.58	5.5	25.5
7. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence number: E85205A000)											
	E85205A001	Beverage	Before Track Record Period	N.A.	12.00	937	333,562	304	2.81	3.1	28.9
8. 220 Orchard Road #B1-10 & #B1-11 Singapore 238852 (Licence number: CE10I89E000)											
	CE10189E002	Beverage	10 December 2016	N.A.	11.60	418	166,163	302	2.52	1.4	24.3
	CE10189E001	Mixed vegetable rice	10 December 2016	N.A.	17.55	1,094	243,383	299	4.49	3.7	32.4
	CE10189E003	Roasted meat and chicken rice	10 December 2016	N.A.	14.40	169	32,165	249	5.25	0.7	23.0
	CE10189E006	Roasted meat and chicken rice	25 July 2018	N.A.	14.40	55	10,709	99	5.14	0.6	18.6
9. Block 301 Punggol Central #01-06 Singapore 820301 (Licence number: NE09315L000)											
	NE09315L009	Beverage	Before Track Record Period	N.A.	8.00	863	281,177	304	3.07	2.8	33.7
	NE09315L001	Mixed vegetable rice	Before Track Record Period	N.A.	16.30	668	148,812	299	4.49	2.2	19.4
	NE09315L008	Others	1 November 2017	N.A.	13.00	525	111,699	302	4.70	1.7	22.7
10. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence number: CE12J20C000)											
	CE12J20C007	Beverage	Before Track Record Period	N.A.	14.00	1,098	342,709	302	3.20	3.6	33.5
	CE12J20C006	Zi Char [5]	Before Track Record Period	N.A.	27.30	928	70,812	301	13.11	3.1	20.6
	CE12J20C001	Mixed vegetable rice	5 January 2017	N.A.	21.00	630	125,124	299	5.04	2.1	28.9
11. Block 491 Jurong West Ave 1 #01-173 Singapore 640491 (Licence number: J84137N000)											
	J84137N009	Beverage	Before Track Record Period	N.A.	16.20	638	217,830	302	2.93	2.1	22.6
12. Block 505 Canberra Link #01-04 Singapore 750505 (Licence number: B00025V000)											
	B00025V008	Beverage	Before Track Record Period	N.A.	20.40	1,433	348,790	304	4.11	4.7	28.7
13. Block 632 Ang Mo Kio Avenue 4 #01-948 Singapore 560632 (Licence number: B80118B000)											
	B80118B0009	Beverage	Before Track Record Period	N.A.	21.40	939	259,076	302	3.62	3.1	28.1

Location	Food stall/shop licence number	Stall type	Commencement Date (1)	Termination Date (8)	Gross floor area (sq.m) (approximate)	Total revenue S$'000	Number of transactions (approximate)	Number of operation days	Average spending per transaction (2) S$	Average daily revenue (3) S$'000	Operating Profit Margin (9) (%)
Stalls located in food centres managed by Independent Third Parties											
14. Block 631 Bedok Reservoir Road #01-982 Singapore 470631											
	S84186K008	Mixed vegetable rice	Before Track Record Period	N.A.	17.90	595	134,276	299	4.43	2.0	12.3
15. 46–1 Commonwealth Drive #01-358 Singapore 140461											
	W67034L001	Mixed vegetable rice	Before Track Record Period	N.A.	13.47	435	100,521	299	4.33	1.5	18.3
16. 116 Bukit Merah View #01-211 Singapore 151116											
	W73026P002	Mixed vegetable rice	1 June 2017	N.A.	26.90	2,470	309,754	299	7.97	8.3	23.4
17. 56/58 Lorong 25A Geylang Singapore 388348											
	E45034X006	Mixed vegetable rice	1 June 2017	N.A.	17.34	1,391	337,119	299	4.13	4.7	13.9
18. Block 476 Tampines Street 44 #01-207/209 Singapore 520476											
	NE09048L001	Mixed vegetable rice	1 June 2017	N.A.	15.81	626	169,969	299	3.68	2.1	17.5
19. 21 Hougang Street 51#01-51 Singapore 538719											
	S97182P007	Mixed vegetable rice	1 June 2017	N.A.	17.55	345	82,941	299	4.16	1.2	16.1
20. Block 308 Clementi Avenue 4 #01-335 Singapore 120308											
	C78140J008	Mixed vegetable rice	1 June 2017	N.A.	22.60	310	77,910	299	3.98	1.0	9.6
21. Block 215 Jurong East Street 21 #01-541 Singapore 600215											
	C84313J001	Mixed vegetable rice	1 June 2017	N.A.	17.86	307	77,777	299	3.95	1.0	13.0
22. 1 Maritime Square, Harbourfront Centre, #03-19/20/21 Singapore 099253											
	SW08675V006	Mixed vegetable rice	1 June 2017	N.A.	13.51	661	157,692	299	4.19	2.2	20.6
23. Block 498 Jurong West Street 41#01-426 Singapore 640498											
	J8602JV001	Mixed vegetable rice	1 June 2017	N.A.	13.00	535	133,461	299	4.01	1.8	20.6
24. Block 505 Tampines Central 1 #01-351/353 Singapore 520505											
	S91117J002	Mixed vegetable rice	1 June 2017	N.A.	13.00	556	130,423	299	4.26	1.9	28.3
25. Block 419 Tampines Street 41 #01-80 Singapore 520419											
	S85224P008	Mixed vegetable rice	1 June 2017	N.A.	14.52	390	98,703	299	3.95	1.3	21.3
26. Block 69 Bedok South Avenue 3 #01-1468 Singapore 460069											
	E78131E007	Mixed vegetable rice	1 June 2017	27 August 2018	13.00	171	41,504	233	4.12	0.7	9.5
27. 101 Upper Cross Street People's Park Centre #B1/75/76 Singapore 059357											
	CE08622X000	Mixed vegetable rice	1 June 2017	N.A.	29.00	842	206,517	299	4.08	2.8	17.6
28. 26A Chai Chee Road #01-405, Singapore 461026											
	E91108E001	Mixed vegetable rice	13 August 2018	N.A.	25.10	231	60,023	77	3.85	3.0	18.8
Total:						**30,839**					

Notes:

(1) The commencement date is defined by the date our Group first operated the stall, regardless of whether our Group has subsequently rented the stall to other operator(s) and/or whether our Group has subsequently ceased and recommenced operation of the stall.

(2) Average spending per transaction is calculated by dividing the total revenue by the total number of transactions of the relevant stall.

(3) Average daily revenue is calculated by dividing the total revenue by the number of operation days of the relevant stall.

(4) The Food Shop Licence is maintained by an Independent Third Party food centre owner.

(5) The average spending per transaction at our Zi Char stalls are higher compared to those of other stall types as the dishes sold at our Zi Char stalls are more expensive.

(6) Operated as a food street. Each of the food and beverage kiosks in the food street has been issued a Food Shop Licence.

(7) The same stall as the stall with licence number B80078B006. Change of NEA floor plan of the food centre led to change in stall number and hence change in licence number.

(8) "N.A." denotes that the stall was still in operation as at the Latest Practicable Date.

(9) Operating profit margin is the difference between the revenue and operation costs directly related to revenue.

(2) ***Food offered at our stalls***

Beverage Stalls

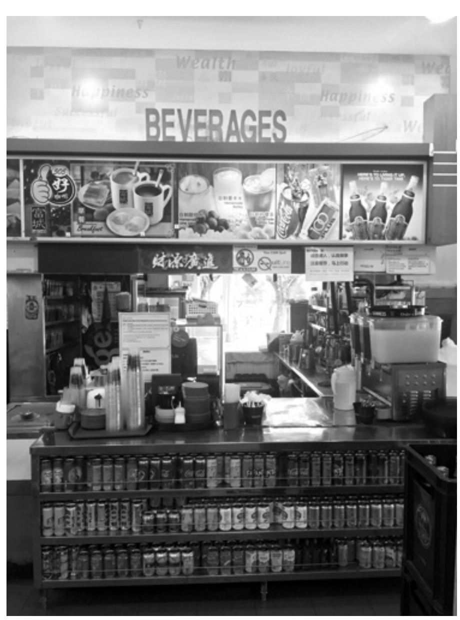
As at the Latest Practicable Date, we operate beverage stalls in all of the 13 food establishments (12 food centres and one food street) that we operate and manage under our Outlet Management and Leasing Business. Our beverage stalls sell beverages that are made upon order such as coffee and tea, which can be hot or iced, and also canned drinks and juices made from syrup such as calamansi and water chestnut. We also provide simple food such as kaya toast, soft-boiled eggs, and noodles at our beverage stalls.

In addition to the sale of beverages, we also sell alcohol and cigarettes from our beverage stalls. Beverage stalls are the lifeline of every food centre and food street as it provides daily cash flow and ensures viability of the entire food centre and food street. Sales from beverage stalls also help to mitigate potential loss of income where there are vacant stalls. Sales at our beverage stalls are done on a cash basis.

Inventories that are of higher value such as cigarettes are kept under lock and key. Our Area Managers conduct checks from time to time to verify that the stock take done by the food centre supervisor is accurate. Evaluating profit margin helps to monitor the performance of individual food centres and food street. Any unusual margin depletion will trigger closer monitoring of the activities and performance of the particular food centre and food street.

Each of our beverage stalls typically has three staff for each shift, being the runner, the coffeemaker and the cashier. The runner is responsible for approaching the customers and taking their orders. After receiving an order, the runner will place the order at the cashier. The coffeemaker will then be responsible for preparing the food and beverages depending on the order placed. The runner will then collect the order from the stall and deliver it to the relevant customer, and collect payment from such customer.

The following image shows one of our beverage stalls:



Food Stalls

As at the Latest Practicable Date, we operate 32 food stalls in Singapore offering the following food products:

(i) Mixed Vegetable Rice

Mixed Vegetable Rice, also known as economic rice, is a commonly found food stall in food centres in Singapore and a key food choice for many customers during lunch and dinner. A Mixed Vegetable Rice stall offers multiple dishes, including meat, vegetables and eggs, for customers to choose from. Customers can select any combination of these dishes, which are served together with a portion of steamed white rice.

Each of our Mixed Vegetable Rice stalls typically has about four staff for each shift, being the head chef, the kitchen staff, the server and the cashier. The head chefs, with the assistance of the kitchen staff, will prepare the dishes at our Mixed Vegetable Rice stalls just before the lunchtime and dinnertime peak hours. This ensures that our customers are served freshly cooked food. We usually offer approximately 30 dishes at our Mixed Vegetable Rice stalls for customers to choose from. We change the dishes offered at our Mixed Vegetable Rice stalls daily and the types of dishes to be prepared are decided by the head chefs of our Mixed Vegetable Rice stalls. However, certain popular dishes such as curry chicken, curry vegetables, sweet and sour pork, and stir fried vegetables are prepared daily.

The server is responsible for taking orders from customers and serving the food, while the cashier is responsible for collecting payment from customers based on what they have ordered.

The following image shows one of our Mixed Vegetable Rice stalls:

(ii) Roasted Meat and Chicken Rice

Our roasted meat and chicken rice stalls offer Hainanese chicken rice, which is an all-time favourite dish amongst Singaporeans, as well as other roasted delights such as roasted duck, roasted pork belly and char siew. Customers may also choose to have the roasted meat with noodles or rice.

Each of our roasted meat and chicken rice stalls typically has two to three staff for each shift, being the head chef, the server and/or the cashier. The head chef will prepare the dishes at our roasted meat and chicken rice stalls daily before the lunchtime and dinnertime peak hours to ensure that our customers are served freshly cooked food. The cashier is responsible for taking orders and collecting payments from our customers. The server will then prepare the food based on the customers' orders.

The following image shows one of our roasted meat and chicken rice stalls:

(iii) Zi Char

Zi Char refers to Chinese dishes that are cooked upon order, and is usually more popular during the evenings. We believe that having a good Zi Char stall will ensure that the food centre remains vibrant throughout the night.

Each of our Zi Char stalls typically has at least four staff for each shift, being the head chef, the kitchen staff, the servers and the cashier. The server is responsible for approaching our customers and taking their orders. The head chef, with the assistance of the kitchen staff, will cook the dishes upon order by our customers. Once the food is ready, the server will collect the food from the kitchen and deliver it to our customers. Our cashier is responsible for settling payment with customers at the end of their meal.

The following image shows one of our Zi Char stalls:

(iv) Others

Apart from the aforesaid, we also operate food stalls offering foods such as western food, Indian food and noodles during the Track Record Period.

Business Process of our F&B Retail Business

The following diagram illustrates the typical process of our F&B Retail Business during the Track Record Period.

(1) Purchases from suppliers

↓

(2) Storage and preservation

↓

(3) Food preparation

↓

(4) Order and settlement by customers

↓

(5) Cash management at and collection from our stalls

Details of our business process are set out below:

(1) Purchases from suppliers

We believe that the quality of food and service provided are critical factors in differentiating ourselves from our competitors in the highly competitive food and beverage industry. We place strong emphasis on maintaining the high standards of quality at our food stalls. In order to maintain the quality of food at our food stalls under our F&B Retail Business, we only purchase ingredients to be used at our food stalls from a list of approved suppliers. Our Group takes into account several factors when selecting suppliers. Our criteria include, amongst others, the type and quality of the ingredients, reliability of supply, cost, reputation, service and past performance.

The head chef at each of our food stalls is responsible for monitoring the level of supplies regularly and deciding the types and quantities of food ingredients to purchase. Perishable food ingredients such as meat or vegetables are purchased daily by our head chef to ensure the freshness of such ingredients. In respect of our beverage stalls, each food centre supervisor of our food centres and food street is responsible for monitoring the level of supplies regularly and deciding the types and quantities of beverages, alcohol and cigarettes to purchase. The food centre supervisor or head chef then places orders to the approved suppliers directly. When the ingredients are delivered to the stalls, the respective head chefs or food centre supervisors will check the delivery against the purchase order and the delivery note to ensure that the quantity and quality of the ingredients meet our requirements.

In the event that the ingredients supplied are damaged or not fresh and do not meet our quality requirements, the suppliers will either waive the charges in respect of such supplies or perform one-for-one exchange for us without incurring any additional charges. For perishable food ingredients, such replacements will be made by the suppliers within the next day.

(2) Storage and preservation

The head chef of each food stall is responsible for ensuring the proper processing and storage of our food ingredients according to their respective storage and temperature requirements. Inventory levels of food ingredients at each food stall are maintained and inspected on a daily basis to prevent overstocking of perishable food ingredients.

The food centre supervisor of each food centre and food street is responsible for ensuring proper storage of the beverages, alcohol and cigarettes. Cigarettes, which are of higher value, are kept under lock and key.

(3) Food preparation

Our kitchen staff at each of our food stalls will prepare the ingredients for the various dishes in accordance with the instructions and supervision of the head chef. The head chef of each of our food stalls is responsible for cooking the dishes to be sold at the respective food stalls. The head chef of each of the food stalls is also responsible for the overall operation of that food stall.

Under the coordination of the head chef, there is division of labour for different processes in food preparation in order to ensure efficiency and quality. Different kitchen staff are responsible for different parts of the food processing chain including washing, cutting, preparing, cooking, serving and dish cleaning.

(4) Order and settlement by customers

Save for our beverage and Zi Char stalls where the runners or servers will take the orders of our customers at their table, our customers under our F&B Retail Business will place their orders with the cashier or servers at the stall. Other than our Mixed Vegetable Rice stalls where the customers will select from a range of ready-to-eat dishes, our head chef and/or kitchen staff at our food stalls will cook the dishes based on the customers' orders. Once the dishes have been cooked, it will either be served to or collected by our customers.

Save for our Zi Char stalls which accept debit and credit cards, sales at our food stalls and beverage stalls are conducted on a cash basis. For payment by customers using debit or credit cards at our Zi Char stalls, we do not receive cash remittance from debit or credit card issuers immediately upon charging the debit or credit card but will normally receive remittance from the debit or credit card issuers, net of service charge of about 1.8% to 2.5%, on the second or third business day after the transaction was approved.

The following sets out an analysis of the settlement by our customers during the Track Record:

	Year ended 31 December						Ten months ended 31 October	
	2015		2016		2017		2018	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Debit and credit cards	34	0.11	25	0.09	17	0.05	13	0.04
Cash	30,987	99.89	28,605	99.91	35,183	99.95	30,826	99.96
Total	31,021	100	28,630	100	35,200	100	30,839	100

(5) Cash management at and collection from our stalls

All sales transactions are recorded in cash registers. At the end of each shift, the cashier of that shift, together with the cashier from the next shift, will tally the cash float of approximately S$500 to S$1,200 to be set aside at the stall and the amount of sales proceeds of the stall. Once these have been tallied, the amount of sales proceeds collected will be recorded in the cash register, and the cashier will generate the sales report from the cash register. All the sales proceeds collected during the shift will be sealed in a cash bag and deposited in a drop-safe at the food centre and food street for safekeeping. There will be a separate cash bag for the sales proceeds collected from each stall.

The Area Manager will visit the food and beverage stalls under his purview every day, save for Sundays and public holidays, to collect the cash bags from the drop-safe and bring them back to the headquarters together with all the sales report, receipts and invoices, for processing by our operation administrative department and accounts department, The Area Manager will also tally the cash collected against the sales records of each stall. All the cash collected will be consolidated and deposited into our bank account. As at the Latest Practicable Date, we have also engaged an Independent Third Party security company to provide four CashPoint machines at our headquarters and at two of our food centres. The cash collected will be deposited into such machines. The cash successfully accepted by the machines will be credited into our bank account the next working day, and the Independent Third Party security company shall be liable for the cash upon successful acceptance into the machines. The Independent Third Party security company will collect the cash deposited into the machines from time to time.

Our Group also maintains insurance in respect of cash in transit, cash kept at our food centres, food street and stalls, and employee fidelity to safeguard against misappropriation of cash by our employees.

In order to safeguard against cash mismanagement by our staff and to deter our staff from not recording sales in the cash register, we install at least one CCTV at each cash collection point in our food centres and food street to monitor cash collection. The footage can be played back for investigative purposes in cases where, for example, there is any discrepancy between the sales summary report and the cash in the cash register, or there is suspicion that there are sales not recorded in the cash register. Our Area Managers have remote access to the CCTVs and are able to view the CCTV footage from their mobile phones.

Save as disclosed in the section headed "Business — Business operations of our Outlet Management and Leasing Business — Business process of our Outlet Management and Leasing Business — (b) Collection of rental from stall tenants" of this prospectus, during the Track Record Period, there was no incident of any material cash misappropriation nor any claims for loss of cash from our insurance policies in respect of our F&B Retail Business.

BUSINESS OPERATIONS OF OUR OUTLET MANAGEMENT AND LEASING BUSINESS

Overview of our Outlet Management and Leasing Business

As at the Latest Practicable Date, we operate and manage a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. As at the Latest Practicable Date, the breakdown of the food establishments under our Outlet Management and Leasing Business by types of properties, is set out below.

	No. of food establishments operated and managed by our Group
On owned properties	5
On leased properties	7
In food centres managed on behalf of Independent Third Parties	1
TOTAL	13

Each of our food centre comprises five to 12 stalls, while our food street comprises four food and beverage kiosks, of which three are operated by us under our F&B Retail Business. As at the Latest Practicable Date, there are a total of 105 food and beverage stalls in the 13 food establishments (12 food centres and one food street) operated and managed by us, of which 29 are operated by us under our F&B Retail Business.

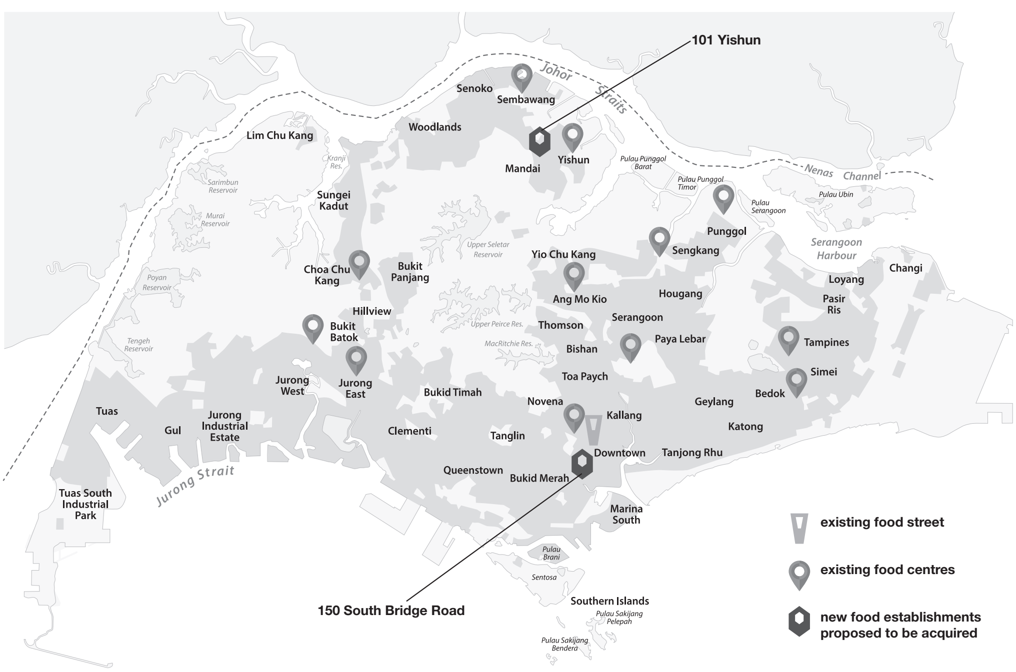
The following images show the design of our non-air-conditioned food centre, air-conditioned food centre and food street:

Non-air-conditioned food centre comprises individual food and beverage indoors stalls with both indoor and outdoor dining areas

Air-conditioned food centre comprises individual food and beverage indoors stalls with both indoor and outdoor dining areas

Food street is an outdoor food establishment comprising individual outdoor food and beverage kiosks with only outdoor dining area

The following map shows an overview of (i) the 13 food establishments (12 food centres and one food street) managed by us in Singapore under our Outlet Management and Leasing Business as at the Latest Practicable Date; and (ii) the properties intended to be acquired by our Group to operate as food establishments, being 150 South Bridge Road and 101 Yishun. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.



Food centres and food street managed by us

As at the Latest Practicable Date, our Group owned nine properties and leased eight properties. As at the Latest Practicable Date, we operated and managed 13 food establishments (12 food centres and one food street) under our Outlet Management and Leasing Business, of which: (i) seven are leased by our Group; (ii) five are owned by our Group; and (iii) one is managed by us on behalf of an Independent Third Party food centre owner. Six of these food centres and one food street which are owned/leased and leased by us are open for 24 hours a day, respectively.

We operate and manage our food centres and food street on either the fixed rental model or the gross sales model. Under the fixed rental model, we collect fixed monthly rentals from out stall tenants. Under the gross sales model, as opposed to collecting fixed monthly rentals, we charge stall tenants a monthly licence fee computed based on the higher of (1) a base rental fee or (2) a percentage of the monthly gross sales in the event the monthly gross sales exceeds a minimum amount. During the Track Record Period, such percentage was in the range of 16% to 25%. The percentage varies from one food establishment to another, depending on the location of the food establishment, our rental or operating costs and on the type of food sold. Out of the 13 food establishments (12 food centres and one food street), nine are operated and managed on the fixed rental model and four are on the gross sales model, respectively. The rental income from the lease of food establishments to Independent Third Parties only include the rental income/licence fees generated from the fixed rental model and gross sales model. The other fees collected from the Independent Third Parties are recognised as revenue of provision of management, cleaning and utilities services.

The following table sets out a brief overview of: (i) the 11 food centres owned/leased and one food street leased and managed by us; and (ii) one food centre managed by us on behalf of a third party food centre owner, as at the Latest Practicable Date, as well as the occupancy rate of each of these food centres and food street during the Track Record Period:

							Year ended 31 December						Ten months ended 31 October 2018			
							2015		2016		2017					
S/N	Location of food establishment	Air-conditioned/ Non-air-conditioned	Owned/ Leased	Open 24 hours	Gross floor area[1] (sq.m)	Number of stalls	Occupancy rate[2]	Annual revenue/ sq.m[3] (S$)	Occupancy rate[2]	Annual revenue/ sq.m[3] (S$)	Occupancy rate[2]	Annual revenue/ sq.m[3] (S$)	Occupancy rate[2]	Revenue-to-date/sq.m[3] (S$)	Occupancy rate as at Latest Practicable Date[4]	Year of commencement of operation
Food centres owned/leased by our Group																
1.	Block 101 Yishun Avenue 5 #01–93 Singapore 760101	Non-air-conditioned	Leased	✓	196.00	7	100%	745.93	100%	790.18	100%	717.19	95.28%	640	100%	2009
2.	Block 168 Bedok South Avenue 3 #01–471 Singapore 460168	Non-air-conditioned	Leased	✓	302.75	8	88.19%	233.88	90.63%	317.15	100%	349.72	100%	394	100%	2007
3.	Block 632 Ang Mo Kio Avenue 4 #01–948 Singapore 560632	Non-air-conditioned	Leased	✓	334.70	9	100%	261.29	100%	305.89	100%	310.24	100%	335	100%	2003[5]
4.	Block 134 Jurong Gateway Road #01–309 Singapore 600134	Non-air-conditioned	Owned		442.00	12	79.43%	469.99	84.32%	391.20	68.84%	361.39	54.78%	221	80.71%	2010
5.	Block 139 Tampines Street 11 #01–08 Singapore 521139	Non-air-conditioned	Owned		331.00	10	82.11%	200.16	86.56%	189.34	72.80%	151.58	66.46%	137	49.20%	2012

S/N	Location of food establishment	Air-conditioned/ Non-air-conditioned	Owned/ Leased	Open 24 hours	Gross floor area[1] (sq.m)	Number of stalls	Year ended 31 December 2015 Occupancy rate[2]	2015 Annual revenue/ sq.m[3] (S$)	2016 Occupancy rate[2]	2016 Annual revenue/ sq.m[3] (S$)	2017 Occupancy rate[2]	2017 Annual revenue/ sq.m[3] (S$)	Ten months ended 31 October 2018 Occupancy rate[2]	Ten months ended 31 October 2018 Revenue-to-date/sq.m[3] (S$)	Occupancy rate as at Latest Practicable Date[4]	Year of commencement of operation
6.	Block 145 Teck Whye Ave #01–151 Singapore 680145	Non-air-conditioned	Owned	✓	216.00	7	96.74%	407.31	100%	500.19	100%	523.02	100%	537	100%	2001[5]
7.	Block 491 Jurong West Ave 1 #01–173 Singapore 640491	Non-air-conditioned	Owned	✓	317.00	8	82.66%	136.18	95.54%	192.75	96.65%	313.20	91.97%	273	86.61%	2010
8.	220 Orchard Road #B1–10 & #B1–11 Singapore 238852	Air-conditioned	Owned		236.50	6	N/A	N/A	100%	694.44	83.33%	534.91	86.67%	488	100%	2016
9.	Block 301 Punggol Central #01–06 Singapore 820301	Air-conditioned	Leased		366.39	10	93.08%	1,162.85	86.16%	1,145.58	100%	1,376.51	100%	679	100%	2009
10.	Block 447A Jalan Kayu #01–01 Singapore 791447	Air-conditioned	Leased		281.00	8	91.30%	791.18	93.53%	947.94	94.50%	1,102.71	100%	823	78.23%	2012
11.	Block 505 Canberra Link #01–04 Singapore 750505	Non-air-conditioned	Leased	✓	324.00	10	100%	560.82	100%	691.81	100%	754.36	98.17%	714	100%	2003[5]
12.	Block 21 Toa Payoh Lorong 7#01-298 Singapore 310021[6]	Non-air-conditioned	*(Note 6)*	✓	222.30	6	94.44%	350.00	100%	230.77	91.67%	362.71	85.00%	277	100%	2004

S/N	Location of food establishment	Air-conditioned/ Non-air-conditioned	Owned/ Leased	Open 24 hours	Gross floor area[1] (sq.m)	Number of stalls	Year ended 31 December 2015 Occupancy rate[2]	2015 Annual revenue/ sq.m[3] (S$)	2016 Occupancy rate[2]	2016 Annual revenue/ sq.m[3] (S$)	2017 Occupancy rate[2]	2017 Annual revenue/ sq.m[3] (S$)	Ten months ended 31 October 2018 Occupancy rate[2]	Ten months ended 31 October 2018 Revenue-to-date/sq.m[3] (S$)	Occupancy rate as at Latest Practicable Date[4]	Year of commencement of operation
Food street leased by our Group																
13.	100 Orchard Road #01–02 Concorde Hotel Singapore 238840	Non-air-conditioned	Leased	✓	N/A[7]	4	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	2008

Note:

(1) The gross floor area excludes the outdoor refreshment area of the relevant food centre and food street.

(2) Occupancy rate represents the average end of month occupancy rate in each reporting period calculated based on the total floor area leased to Independent Third Parties as at the last day of a month divided by the total lettable floor area of the food centre which is not occupied by our Group.

(3) Annual revenue/revenue-to-date per square meter is calculated based rental income and revenue of provision of management, cleaning and utilities services collected from the stall space leased to Independent Third Parties divided by net lettable area not occupied by our Group during the corresponding period.

(4) Occupancy rate represents the occupancy rate as at the Latest Practicable Date calculated based on the total floor area leased to Independent Third Parties as at the Latest Practicable Date divided by the total lettable floor area of the food centre which is not occupied by our Group.

(5) The food centre first commenced operations under Fu Chan Food Paradise.

(6) The food centre is managed by us on behalf of an Independent Third Party food centre owner.

(7) This is a food street comprising four individual food and beverage kiosks with no fixed gross floor area.

Historical changes in the number of our food establishments

The following table sets forth the changes in the number of food establishments operated and managed by us for the periods stated below:

	Year ended 31 December			Ten months ended 31 October	Subsequent to the Track Record Period and up to the Latest Practicable Date
	2015	2016	2017	2018	Date
Number of food establishments as at the beginning of the financial year/period	18	16	14	13	13
Number of food centres newly opened during the financial year/period *(Note)*	—	1	—	—	—
Number of food centres closed during the financial year/period	2	3	1	—	—
Number of food establishments as at the end of the financial year/period	16	14	13	13	13

Note: For each of the years ended 31 December 2015 and 2017, our Group acquired one food centre, respectively. In 2015, the acquired food centre was originally a food centre managed by our Group, and as such, not indicated as a food centre newly opened during the financial year. In 2017, the acquired food centre was being operated by an Independent Third Party at the time of completion of acquisition and carrying an existing lease that will be terminated in February 2019. For the details of the expansion plan, please refer to the section headed "Business — Business strategy" of this prospectus for further details. Please also refer to Note 16 of the Accountants' Report in Appendix I of this prospectus, which illustrates the movement of investment properties during the Track Record Period.

During the Track Record Period, six food centres were closed due to expiry of the leases and assignment to Independent Third Parties. During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, there were one, three, one and Nil food establishments which were loss-making, respectively.

The following table sets out a brief overview of our food centres which have ceased operations during the Track Record Period:

					Occupancy rate[(1)]						
S/N	Location of food centre	Air-conditioned/ Non-air-conditioned	Gross floor area *(sq.m)*	Number of stalls	Year ended 31 December 2015	2016	2017	Ten months ended 31 October 2018	Year of commencement of operation	Month and year of cessation of operation	Reason for cessation
1.	Block 23 Kallang Avenue Singapore 339414	Non-air-conditioned	667.50	9	89.58%	90.00%	N.A.	N.A.	2005	October 2016	The lease of the food centre had expired and our Group had elected not to renew due to erosion of operating margin as a result of high operating costs.
2.	2 Lorong 29 Geylang Road Singapore 388058	Non-air-conditioned	210.16	7	68.28%	41.53%	N.A.	N.A.	2009	September 2016	The lease of the food centre had expired and our Group had elected not to renew due to erosion of operating margin as a result of low occupancy rate and high operating costs.
3.	Block 721 Clementi West Street 2 #01–100 Singapore 120721	Non-air-conditioned	152.44	9	67.85%	62.53%	N.A.	N.A.	2010	February 2016	The lease of the food centre had expired and our Group had elected not to renew due to erosion of operating margin as a result of low occupancy rate and high operating costs.
4.	3024A Ubi Road 1 Singapore 408718	Non-air-conditioned	598.31	3	45.54%	45.54%	36.43%	N.A.	2007	June 2017	The lease of the food centre had expired and our Group had elected not to renew due to erosion of operating margin as a result of low occupancy rate and high operating costs.
5.	Block 122 Bedok North Street 2 #01–140 Singapore 460122	Non-air-conditioned	268.11	8	36.66%	N.A.	N.A.	N.A.	2011	September 2015	Assigned to an Independent Third Party due to erosion of operating margin as a result of low occupancy rate.
6.	Block 631 Bedok Reservoir Road #01–982 Singapore 470631	Non-air-conditioned	133.75	9	88.94%	N.A.	N.A.	N.A.	2008	November 2015	Leased to an Independent Third Party

Note:

(1) Occupancy rate represents the average end of month occupancy rate in each reporting period calculated based on the total floor area leased to Independent Third Parties as at the last day of a month divided by the total lettable floor area of the food centre which is not occupied by our Group.

Food centre managed for third party food centre owner

As at the Latest Practicable Date, we also operate and manage one food centre located at Block 21 Toa Payoh Lorong 7 #01–298 Singapore 310021 for a third party food centre owner, which is open for 24 hours a day. We have entered into a management services agreement with such third party food centre owner for the management of this food centre, comprising one beverage stall and five food stalls.

The salient terms of the management services agreement are as follows:

Duration and termination	:	Three years from 1 May 2016 and shall automatically renew unless one of the following events occurs: (a) material breach by the service provider of its obligations under the management services agreement; (b) cessation of the business at the food centre; and (c) mutual termination of the management services agreement by the parties by giving the other party at least one (1) month's notice in writing, whichever is earlier.
Provision of management services	:	Managing and operating the food and beverage stalls located at the food centre and assisting the respective operators of the food and beverage stalls to apply for the necessary licences and/or approvals for purposes of the operations of the food and beverage stalls (the "**Management Services**").
Non-exclusivity	:	The Management Services provided by us are not exclusive to the third party food centre owner and we shall be entitled to render similar services to other third parties.
Monthly Management Fee	:	The total payments collected from the food and beverage stalls at the food centre less the fixed amount payable to the third party food centre owner.

Our Group generated profit from operating the food centre managed for the third party during the Track Record Period.

Others

Food centre managed by an Independent Third Party operator on behalf of our Group

As at the Latest Practicable Date, we have entered into a management agreement with an Independent Third Party operator for the management of our food centre located at 27 Pioneer Road North #01–01 Singapore 628740, comprising nine food and beverage stalls. Whilst our Group does not manage the food centre located at 27 Pioneer Road North #01–01 Singapore 628740, the management fee received by our Group is regarded and treated as rental income in our Group. Unlike the other food centres operated and managed by our Group which cater to customers in the neighbouring residential vicinities, the food centre located at 27 Pioneer Road North #01–01 Singapore 628740 caters to a different customer type and has different operating hours as it is an industrial canteen. As such, our Directors are of the view that it will be more commercially beneficial for our Group to engage an Independent Third Party to operate the food centre for us as our Group focuses more on operating food centres which cater to customers in the neighbouring residential areas.

The salient terms of the management agreement are as follows:

Duration and termination : From 1 January 2018 to 31 December 2020. The agreement will terminate in the event that we cease to hold the lease. The third party operator must first find a replacement operator to continue or enter into a new management agreement with our Group on the same terms and conditions if the third party wishes to terminate the management agreement before the expiry of the term. Such replacement is subject to our final approval, and the existing third party operator shall remain liable under the existing management agreement until the replacement operator has been appointed.

Responsibilities of the third party operator : The third party operator shall, *inter alia:*

(a) manage and operate the food centre in all days of the week in compliance with the relevant authority guidelines and regulations;

(b) apply and pay for all necessary approvals and permits and to keep these valid;

(c) ensure that all requirements of relevant regulatory agencies are strictly complied with;

(d) carry out all maintenance and repair works of the food establishment at their own cost; and

(e) carry out all cleaning work at the food centre.

Management Fee	:	The third party operator shall collect and retain all revenues of the food centre, and pay to our Group an agreed monthly amount in accordance with the management agreement.

Properties leased to Independent Third Parties

In addition, as at the Latest Practicable Date, we also lease three of our properties to Independent Third Parties to operate as food establishments. Please refer to the section headed "Business — Properties and other fixed assets" of this prospectus for more information on the properties leased by us to Independent Third Parties.

Business Process of our Outlet Management and Leasing Business

The following diagram illustrates the typical process of our Outlet Management and Leasing Business during the Track Record Period:

Details of each step of our business process are set out below:

(1) Site selection

As part of our Group's strategy to continue expanding and diversifying our network of food establishments, our Directors and senior management from time to time evaluate possible sites and opportunities for the establishment of new food centres. We may set up a completely new food centre or take over an existing food centre operated by other third parties.

The sources of new food centres comprise both private properties, HDB properties and JTC properties. Information on private properties available for sale or lease may be obtained through our network of property agents, suppliers, or by word of mouth.

The tender process for new HDB leases is available through HDB's official website "Place2Lease". Open tender is available through live-bidding conducted as and when newly constructed HDB commercial shops are ready to be occupied. In some instances, closed envelope tender is conducted for shops that require more information on the background, experience and financial standing of the bidder.

Before deciding whether to set up a new food centre or to take over an existing food establishment operated by other third parties, our Directors and senior management will take into consideration, among others, the following factors:

- **Accessibility:** the accessibility for pedestrians and proximity to public transport, carparks and schools, offices and amenities such as banks or markets, as these are key to ensuring strong foot traffic.

- **Population and demographics:** the population of the residents in the proposed location so as to determine the business potential of the site. We will also consider the demographics of the residents in the proposed location such as, among others, age groups and income levels, so as to determine their spending patterns and preferences.

- **Competition:** the existing and potential food establishments (including cannibalism from our own food establishments) within the neighbouring geographical area that may compete with us in terms of, among other things, the number, type and size.

- **Size of the premises:** the size and layout of the premises so as to ensure that we will be able to obtain an optimal number and mix of stall tenants based on the target customer base.

- **Rental costs:** our ability to operate profitably based on the rental costs.

Our Directors and senior management are involved in the site selection process, including the evaluation, inspection and approval of new food centre sites. Our Group selects each site strategically in order to increase our market penetration and hence maximise our revenue.

(2) New food centre development

If a location is determined as suitable to set up a new food centre, we typically follow the following process. The typical lead time from the delivery of the premises to the actual opening of a food centre is approximately four to six weeks.

(a) Fact finding

Once a potential site is identified, our Directors and senior management will conduct a detailed research on, among other things, accessibility, population and demographics, competition and rental costs to ascertain the suitability of the potential site as well as the types of food to offer to the target customer base.

(b) Negotiation with owner

Once our Directors and senior management have completed the above fact finding exercise and determined the feasibility of the potential site, we will commence negotiations with the owner. For sites which are available for lease, we will take into consideration factors such as rental costs, comparable rents of premises of similar size within the vicinity, rental increases and the lease duration. In respect of sites which are available for sale, we will take into consideration factors such as purchase price, comparable purchase prices of premises of similar size within the vicinity, and the remaining lease duration. If major factors cannot be agreed to our satisfaction, we will cease further negotiations.

(c) Deciding the tenant mix

We will look at the population and demographics of the surrounding area near the food centre, and also the types of food stalls offered in competing food centres in the neighbourhood, to assess the needs and preferences of the target customer base and determine the ideal mix of food stalls to include in our food centre to meet such needs and preferences. We avoid having similar food types sold at the same food centre to ensure that there is sufficient variety of food choices for our patrons and to avoid direct competition between the stall tenants. Based on our experience, the typical tenant mix of a food centre comprises food stalls selling food such as Mixed Vegetable Rice, Zi Char, roasted meat and chicken rice.

(d) Sourcing for stall tenants

Upon signing of a lease agreement or a sale and purchase agreement, we will start to approach our pool of food tenants and other food stall operators to rent the stalls in the new food establishment, based on our pre-determined tenant mix. We will usually first approach our existing pool of food stall operators as they will have economies of scale and a proven track record with us and are familiar with our business model.

In the event that our existing pool of food stall tenants chooses not to take up our offer, or if we do not have a suitable food stall operator to operate a particular type of food stall which we have identified for the new food centre, we will also look for other suitable food stall operators either through word of mouth or by placing advertisements in the local newspaper. Our leasing managers will also invite renowned food stall operators to join our food centre if suitable. Our leasing managers are responsible for shortlisting suitable food stall operators which are able to meet our quality requirements and rental terms for the approval of our Directors and senior management. Before entering into any agreements with such new food stall operators, our leasing manager, senior management and/or Directors may also conduct food tasting sessions in order to ensure that their food offerings meet our quality standards.

Upon identifying a potential stall tenant, our leasing managers will commence negotiations with the potential stall tenant on the key tenancy or licence terms. In respect of our food centres that operated and managed on the fixed rental model, the key tenancy terms typically include monthly rent, lease duration, food type and operating hours. In respect of our food centres and food street that operated and managed on the gross sales model, the key licence terms typically include the licence period, the monthly licence fee, including the base rental fee and the percentage on the monthly gross sales, the operation hours as well as the payment and billing procedure by our Group.

The proposed tenancy or licence terms will be set out in a letter of intent to be signed by the potential stall tenant. Upon signing of the letter of intent, the stall tenant will be required to pay a refundable deposit. The signed letter of intent will be submitted to our senior management and Directors for approval. A formal tenancy agreement, in the case of the fixed rental model, or a concessionaire agreement, in the case of the gross sales model, will be entered into with the stall tenant if the terms as set out in the letter of intent are approved by our senior management and Directors.

When taking over existing an food centre operated by other third parties, our Group will undertake an evaluation of the existing tenants and will not change the tenant composition of the food centre unless the performance of such tenants do not meet our requirements.

(e) Renovation

After signing a lease agreement or a sale and purchase agreement, we will commence the interior design for the new food centre. The food establishment is designed based on the target customer base, the location of the premises as well as any specific requirements of our stall tenants. Renovations are carried out by independent contractors engaged by us. Depending on the condition of the food centre and food street, the interior design and renovation generally require approximately two weeks to one month to complete.

(f) Licensing and permits

While the renovations are being carried out, we will apply for the various licences required for the operation of the food stalls, food centres and food street managed by us under our F&B Retail Business, including among others, the Food Shop Licence, Food Stall Licence, Liquor Licence and Tobacco Licence. The food stall operators who rent stalls from us in the food centre and food street are responsible for applying for and maintaining the Food Stall Licences required for their business operations. For more information on the licencing requirements, please refer to the section headed "Regulatory Overview" of this prospectus.

(g) Staffing

We will commence planning the number of staff that will be required and their respective positions. We may transfer our existing staff from other food centres, food street or hire new staff if required.

(3) Management of food establishments

Each of our food establishment is managed by a supervisor who is responsible for ensuring the smooth operation of the food and beverage stalls in that food establishment and the food establishment as a whole. The supervisors report to our Area Managers. Each Area Manager is responsible for three to five food establishments and is primarily responsible for the collection of cash from the food establishments under his purview. The Area Managers in turn report directly to our head of food centre operations, Ms. Koh Poy Poy.

We have implemented a system that requires our Area Managers to visit the respective food and beverage stalls at the food establishment under their care on a daily basis. With their presence, they are able to communicate with the ground staff to ensure operational efficiency and address feedbacks and complaints directly. In addition to doing daily cash collections at each of the food establishment, our Area Managers monitor inventory and also conduct checks to ensure overall cleanliness of the premises.

Any issues will then be communicated to the relevant food centre supervisors to ensure that relevant follow up action is taken. Our Area Managers, together with our leasing managers, are also tasked to ensure full occupancy of stalls and are responsible to fill any vacant stalls. As at the Latest Practicable Date, we have an approximately 88.5% occupancy rate over a total of 105 stalls in the food establishments under our management.

(a) Cleaning Services

As operators of food establishments, we are responsible for the cleanliness of the common areas and toilets in every food establishment. Apart from the basic rental charged to each stall holder, there is also a monthly administrative charge which is paid by each stall holder to us. These charges are generally in respect of the collection and/or washing of used dishes. The administrative fee charged to each food stall varies from one food establishment to another.

We manage the cleaning services of all the 13 food establishments (12 food centres and one food street) we currently operate. In addition to managing the cleaning services of these food establishments internally, from time to time, we also engage external service providers to support our cleaning team for our 24-hour food establishments or during peak periods. The cleaning services provided comprise (i) the clearing of dishes and distribution and sorting of these dishes back to each stall, and (ii) general cleaning and upkeep of the food establishments.

(4) Management of stall tenants

In addition to ensuring the ideal mix of food stalls that are able to meet the needs and preferences of the target customer base, the continuous patronage of customers at a food establishment during its operating hours is also crucial to its success. In order to ensure the continuous patronage of customers, it is essential for the food centres and food street to have food offerings available for its customers throughout its operating hours.

Five of the food centres operated and managed by us under our Outlet Management and Leasing Business are opened for 18-hours a day, from 5:00 a.m. to 11:00 p.m.. In addition to these 18-hour food centres, seven of the food centres and one food street under our Outlet Management and Leasing Business are open for 24-hours a day. In order to ensure that there are food options available to our customers throughout the operating hours of our food centres and food street, we typically require our stall tenants at our 18-hour food centres to operate for at least 12 hours per day, and our stall tenants at our 24-hour food centres and food street to operate for at least 18 hours a day.

In addition, under the terms of the agreements with our stall tenants, the stall tenants must not close the stall without our prior consent. Each stall tenant must notify us of the intended closure in advance. The food centre supervisor is responsible for coordinating the various closure dates amongst the stall tenants within the food centre and food street, so as to ensure that there is no or minimal overlaps in such closures. All our stall tenants are required to comply with such off-day plan prepared by the relevant food centre supervisors.

(a) Collection of Rental from Stall Tenants

For the non-air-conditioned food centres operated and managed on the fixed rental model, we issue rental invoices to our stall tenants on a monthly basis and payments are made via cash or cheques. Our food centre supervisors are primarily responsible for collecting the monthly rentals from stall tenants in the food centres under their purview. The rental invoices include the following fees which are typically collected from each food stall:

(i) Monthly stall rental

(ii) Plate collection fees

(iii) Conservancy fees

(iv) Outdoor refreshment area charges

(v) Pest control fees

(vi) Maintenance fees including utilities fees

(vii) Applicable government taxes

For the food centres and food street operated and managed on the gross sales model, at the end of each shift, the food centre supervisor will collect all the sales proceeds from each of the stall tenants at the food establishment and keep a proper account of such sales proceeds. The food centre supervisor will issue a report confirming the total amount of sales proceed collected from the particular stall and such report shall be binding and conclusive on the total amount of sales from the stall. We will transfer to the stall tenants under our gross sales model the balance of the sales proceeds collected twice monthly after deducting the certain fees due to our Group, such as:

(i) Monthly licence fees

(ii) Plate collection fees

(iii) Conservancy fees

(iv) Outdoor refreshment area charges

(v) Pest control fees

(vi) Insurance

(vii) Maintenance fees

(viii) CCTV fees

In order to ensure that the cash register of each stall accurately captures the sales from the stall, and to deter stall tenants from not recording sales in the cash register, we install at least one closed circuit television (CCTVs) at each cash collection point in our food centres and food street to monitor cash collection. The footage can be played back for investigative purposes in cases where, for example, there is any discrepancy between the sales summary report and the cash in the cash register, or there is suspicion that there are sales not recorded in the cash register. Our Area Managers have remote access to the CCTVs and are able to view the CCTV footage from their mobile phones regularly. The regular remote supervision through the CCTVs by our Area Managers serves as an additional check to our POS system. Supervision through the CCTVs, together with the daily sales report, could ensure that all sales proceeds from each stall has been collected at the end of each shift.

Cash collected by our food centre supervisors, whether being the monthly rentals for food centres under the fixed rental model or sales proceeds for food centres and food street under the gross sales model, will be sealed in a cash bag. The cash collected from each stall will be sealed in separate cash bags and deposited into a drop-safe at the food centres and food street for safekeeping. Only the corporate headquarters and Area Managers have access to the keys to the drop-safe, and each drop-safe is monitored by CCTV. The Area Manager will visit the food establishments under his purview every day, save for Sundays and public holidays, to collect the cash bags containing the rentals and sales proceeds and bring them back to the headquarters, where it will be consolidated and deposited into our bank account.

As at the Latest Practicable Date, we have also engaged an Independent Third Party security company to provide four CashPoint machines at our headquarters and at two of our food centres. The cash collected will be deposited into such machines. The cash successfully accepted by the machines will be credited into our bank account the next working day, and the Independent Third Party security company shall be liable for the cash upon successful acceptance into the machines. The Independent Third Party security company will collect the cash deposited into the machines from time to time. Our Group also maintains insurance in respect of cash in transit, cash kept at our stalls, food centres, food street, and employee fidelity to safeguard against misappropriation of cash by our employees.

In January 2018, we discovered that one of our food centre supervisors had misappropriated rental collected from our stall tenants and sales proceeds from our food stall amounting to a sum of S$15,269.16. This was reported to the police once it was discovered and the employment of the food centre supervisor was terminated as an employee of our Group. We had also filed a claim for the misappropriated amount from our employee fidelity insurance and such amount was fully paid to us in June 2018 as it was fully covered by our employee fidelity insurance.

In March 2018, our then head of food centre operations had misappropriated rental collected from our stall tenants and sales proceeds from our food and beverage stalls amounting to a sum of approximately S$91,692. The ex-head of food centre operations had turned himself in to the police, and his employment was terminated with immediate effect. We had also filed a claim for the misappropriated amount from our employee fidelity insurance. As at the Latest Practicable Date, the claim was concluded and a compensation amount of S$82,169 was paid to us in November 2018. The compensation amount paid to us was less than the claim amount due to the extent of the fidelity insurance coverage. This amount of approximately S$9,523 had to be written off by our Group and did not have a material impact on our Group.

In light of the abovementioned incidents, our Group has enhanced its internal control measures as follows:

(a) Cash count will be conducted by cashier together with the food centre supervisor at the end of each shift. Both of them will sign on the daily sales report which states the total amount received during that shift. The total amount will be placed into the cash bag which will be deposited into a drop-safe at the food centres and food street for safekeeping.

(b) CCTVs are installed at all cash collection points and are used to monitor cash collections. The footage has a playback period of 15 to 30 days for investigative purposes.

(c) Collection of cash bags from our stalls to the corporate headquarter at 11 a.m. every day by the Area Manager and if the Area Manager does not show up before 11 a.m., the police will be alerted.

(d) As mentioned above, our Company has also engaged an Independent Third Party security company to provide four machines which will be placed at the headquarters and two other food centres. In respect of the food centres and food street, the cash collected will be deposited into such machines by the food centre supervisor at the end of each shift and the receipt and sales report would be sent to the corporate headquarters for checks and record-keeping. In respect of the corporate headquarters, the cash collected will be deposited into such machines by the Area Manager and the receipt and sales report would be provided to the back office for checking and record-keeping.

The cash successfully accepted by the machines will be credited into our bank account on the next working day and the Independent Third Party security company shall be liable for the cash upon successful acceptance into these machines. The Independent Third Party security company will collect the cash deposited into the machines from time to time.

Save as disclosed above, during the Track Record Period, there was no incident of any material cash misappropriation nor any claims for loss of cash from our insurance policies in respect of our Outlet Management and Leasing Business.

(5) Renovation and upgrading

Depending on the profitability and performance of a food establishment, we will upgrade and refurbish our food centres and food street from time to time. Our Area Managers are responsible for supervising such upgrading and renovation of food centres and food street from time to time, in order to improve the aesthetic appeal and ensure the vibrancy of our food centres and food street.

Others

We may also on an ad hoc basis where the terms are favourable, engage third party operators to manage our food centres on our behalf, or lease our properties to Independent Third Parties to operate as food establishments.

As at the Latest Practicable Date, we have engaged an Independent Third Party operator to manage our food centre located at 27 Pioneer Road North #01–01 Singapore 628740 on our behalf, and also leased three of our properties to Independent Third Parties to operate as food establishments. Please refer to the section headed "Business — Business operations of our Outlet Management and Leasing Business — Others" of this prospectus for more information.

CUSTOMERS

Customers

During the Track Record Period, our Group's customers for our F&B Retail Business were mainly individual customers who patronise our food and beverage stalls, and customers for our Outlet Management and Leasing Business were mainly stall tenants who rent food stalls in our food centres and food street. There was no single customer that accounted for more than 5% of our total revenue for each of the periods during the Track Record Period. Our Directors further believe that our five largest customers accounted for less than 30% of our total revenue for each of the periods during the Track Record Period.

Under our Outlet Management and Leasing Business, we typically enter into tenancy agreements with stall tenants for the rental of food stalls for terms ranging from one to two years. Generally, such tenancy agreements we enter into with stall tenants contain key terms such as the licence or lease period and commencement date, the monthly licence fees or rental and the minimum daily operating hours by the tenant.

As at the Latest Practicable Date, we had maintained business relationships with our top five customers under our Outlet Management and Leasing Business for more than two years. The revenue generated by our Group's five largest customers, during the Track Record Period, were approximately S$3,130,000, S$3,007,000, S$3,093,000 and S$1,582,000, which accounted for approximately 38.1%, 37.7%, 35.2% and 23.9% of our Group's revenue generated from our Outlet Management and Leasing Business respectively. The revenue generated by our Group's largest customer, during the Track Record Period, were approximately S$1,765,000, S$1,196,000, S$1,349,000 and S$369,000 which accounted for approximately 21.5%, 15.0%, 15.4% and 5.6% of our Group's revenue generated from our Outlet Management and Leasing Business, respectively.

The table below sets out the details of our top five largest customers during the Track Record Period:

For the year ended 31 December 2015

Customer	Principal activities	Approximate number of years of relationship	Credit terms	Payment method	Revenue	Approximate % of total revenue of our Group generated from our Outlet Management and Leasing Business	Approximate % of total revenue of our Group
					S$'000		
Zubedah Bee Binte Mohamed[1]	Restaurants and manufacture of other food products (except food chemicals and additives) (bakery confectionery)	9	N.A.[2]	Gross sales model [2]	1,765	21.5	4.5
Customer A	Stalls selling cooked food and prepared beverages (including stalls at food courts and mobile food hawkers) (food centre, restaurant, hawker, food court, outdoor catering), and processing, curing and preserving (other than canning) of fish and other seafood	10	N.A.[2]	Gross sales model [2]	400	4.9	1.0
Customer B	Manufacture of cooked-food preparations (example frozen dinners) and food caterers	9	N.A.[2]	Gross sales model [2]	378	4.6	1.0
Customer C	Fast food establishment	4	7 days	Bank transfer	355	4.3	0.9
Chang Cheng Food Paradise Pte. Ltd.	Cafes and coffee houses	15	7 days	Cheque	232	2.8	0.6
Total					3,130	38.1	8.0

For the year ended 31 December 2016

Customer	Principal activities	Approximate number of years of relationship	Credit terms	Payment method	Revenue	Approximate % of total revenue of our Group generated from our Outlet Management and Leasing Business	Approximate % of total revenue of our Group
					S$'000		
Best Cafe Group Pte. Ltd.[1]	Restaurants and manufacture of other food products (except food chemicals and additives) (bakery confectionery)	9	N.A.[2]	Gross sales model [2]	1,196	15.0	3.3
Customer A	Stalls selling cooked food and prepared beverages (including stalls at food courts and mobile food hawkers) (food centre, restaurant, hawker, food court, outdoor catering), and processing, curing and preserving (other than canning) of fish and other seafood	10	N.A.[2]	Gross sales model [2]	494	6.2	1.3
Customer D[3]	Food courts and food centre (with mainly food and beverage income); and wholesale on a fee or contract basis (example commission agents)	3	7 days	Cheque	483	6.1	1.3
Customer B	Manufacture of cooked-food preparations (example frozen dinners) and food caterers	9	N.A.[2]	Gross sales model [2]	447	5.6	1.2
Customer C	Fast food establishment	4	7 days	Bank transfer	387	4.8	1.1
Total					3,007	37.7	8.2

For the year ended 31 December 2017

Customer	Principal activities	Approximate number of years of relationship	Credit terms	Payment method	Revenue S$'000	Approximate % of total revenue of our Group generated from our Outlet Management and Leasing Business	Approximate % of total revenue of our Group
Best Cafe Group Pte. Ltd.(1)	Restaurants and manufacture of other food products (except food chemicals and additives) (bakery confectionery)	9	N.A.(2)	Gross sales model (2)	1,349	15.4	3.1
Customer B	Manufacture of cooked-food preparations (example frozen dinners) and food caterers	9	N.A.(2)	Gross sales model (2)	529	6.0	1.2
Yong Yun Pte. Ltd.(3)	Food courts and food centres (with mainly food and beverage income), and wholesale on a fee or contract basis (example commission agents)	3	7 days	Cheque/ Bank transfer	444	5.1	1.0
Customer A	Stalls selling cooked food and prepared beverages (including stalls at food courts and mobile food hawkers) (food centre, restaurant, hawker, food court, outdoor catering), and processing, curing and preserving (other than canning) of fish and other seafood	10	N.A.(2)	Gross sales model (2)	410	4.7	0.9
Customer C	Fast food establishment	4	7 days	Cheque/Bank transfer	361	4.0	0.8
Total					3,093	35.2	7.0

For ten months ended 31 October 2018

Customer	Principal activities	Approximate number of years of relationship	Credit terms	Payment method	Revenue S$'000	% of total revenue of our Group generated from our Outlet Management and Leasing Business	Approximate % of total revenue of our Group
Yong Yun Pte. Ltd.(3)	Food courts and food centres (with mainly food and beverage income), and wholesale on a fee or contract basis (example, commission agent)	3	7 days	Cheque/Bank transfer	369	5.6	1.0
Customer A	Stalls selling cooked food and prepared beverages (including stalls at food courts and mobile food hawkers) (food centre, restaurant, hawker, food court, outdoor catering), and processing, curing and preserving (other than canning) of fish and other seafood	10	N.A.(2)	Gross sales model	332	5.0	0.9
Customer C	Fast food establishment	4	7 days	Bank transfer	320	4.8	0.9
Customer E	Operation of stalls and food centre	5	N.A.(2)	Cheque	303	4.6	0.8
Customer F	Operation and management of industrial canteens	1	7 days	Cheque	258	3.9	0.7
Total					1,582	23.9	4.3

Notes:

(1) Zubedah Bee Binte Mohamed/Best Cafe Group Pte. Ltd. Zubedah Bee Binte Mohamed has been employed as an Area Manager of our Group since 9 June 2011, and is also a major shareholder and director of Best Cafe Group Pte. Ltd. Zubedah Bee Binte Mohamed/Best Cafe Group Pte. Ltd. was no longer the top five customers for the ten months ended 31 October 2018 because they have ceased renting from our Group on or around late 2017.

(2) Under the gross sales model, our food centre supervisor will collect all the sales proceeds from the stall tenant. We will refund the stall tenant the balance of the sales proceeds collected twice monthly after deducting certain fees due to our Group. Please refer to the section headed "Business — Business operations of our Outlet Management and Leasing Business — Business process of our Outlet Management and Leasing Business — (b) Collection of rental from stall tenants" of this prospectus for more details.

(3) Tan Chong Sing is an Independent Third Party who is associated with Customer D and is the director of project management of the ultimate parent company of Yong Yun Pte. Ltd.

To the best of our Directors' knowledge, having made reasonable enquiries, none of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital has had any interest in our five largest customers during the Track Record Period.

Zubedah Bee Binte Mohamed, the controlling shareholder and a director of Best Cafe Group Pte. Ltd., one of the top five customers under our Outlet Management and Leasing Business during the Track Record Period, has also been employed as an Area Manager of our Group since 9 June 2011. In addition, Best Cafe Group Pte. Ltd. is also a supplier of semi-finished food products for our Indian food stalls. For the three years ended 31 December 2017 and ten months ended 31 October 2018, Best Cafe Group Pte. Ltd. accounted for approximately Nil, Nil, 0.1% and 1.3% of our Group's total purchases respectively. Our Directors believe that the terms of the transactions between our Group and Best Cafe Group Pte. Ltd. and Zubedah Bee Binte Mohamed were conducted on an arm's length basis and on normal commercial terms to our Group.

Save as disclosed above, none of our customers during the Track Record Period was also a supplier and none of our top five customers during the Track Record Period was also an employee of our Group.

Credit terms

We typically provide a 7-day credit term to our customers under our F&B Retail Business and Outlet Management and Leasing Business as our transactions are conducted by way of cash, cheque or bank transfer, save for our Zi Char stalls which accepts debit and credit cards payments in addition to cash payment.

Our trade receivables turnover days during the Track Record Period were as follows:

	Year ended 31 December			Ten months ended 31 October
	2015	2016	2017	2018
Trade receivables turnover days*(Note)*	7.6	6.0	7.2	6.2

Note: Trade receivables turnover days are calculated based on the average of beginning and ending balance of trade receivables (net of allowance for doubtful debt) of the given year/period divided by revenue (excluding sale of cooked food, beverages and tobacco products) for the corresponding year/period and multiply by the number of calendar days of year/period.

MARKETING

Sales and Marketing

Our customers for our Outlet Management and Leasing Business comprise mainly food stall tenants who rent stalls at our food centres and food street. We will also look for other food stall operators either through word of mouth or by placing advertisements in the local newspaper. Our leasing managers will also invite renowned food stall operators to join our food centres and food street if suitable. In respect of our F&B Retail Business, during festive seasons such as Chinese New Year, our Zi Char stalls will also introduce special menus to attract customers during this period. Such menus are proposed by the head chef of the Zi Char stall and approved by the Directors or senior management.

During the Track Record Period, our “”, “” and “” brands are mainly used for the food and beverage stalls which we operate under our F&B Retail Business, and we do not have any branding or advertising strategies involving our “”, “” and “” brands for the food centres and food street under our Outlet Management and Leasing Business. As at the Latest Practicable Date, among the 45 food and beverage stalls under our F&B Retail Business, 29 are operated by us under either our “”, “” or “” brands. To develop our Group’s image and brand awareness, we have also registered and/or applied for several trademarks in Singapore to protect our “”, “” and “” brands. For more information on our trademarks, please refer to the section headed “Business — Intellectual properties” in this prospectus.

Save for the foregoing, we do not conduct any sales and marketing activities in respect of our business as it is generally not in the nature of our business to engage in such activities.

Pricing Policy

The food centre management market in Singapore is highly competitive and fragmented, with each food centre offering similar food and beverages. Accordingly, the prices of food and beverages sold in our food centres and food street are generally standard and will not vary much from one food establishment to another.

The price of food and beverages sold in our stalls are generally in line with market standards and are comparable to those of our competitors. However, we may adjust our pricing depending on factors such as the competition, demographic, the target customer base and purchasing power of the target customer base in the area in which the food establishment is located, as well as operating costs such as rental costs and utility expenses. Food and beverages sold at our air-conditioned food centres and food street are generally priced slightly higher than those sold at our non-air-conditioned food centres due to the higher operating costs and spending power of the target customer base of our air-conditioned food centres as compared to our non-air-conditioned food centres.

The prices of food and beverages sold at our food centres and food street may also be affected by major festivals such as Chinese New Year. During major festive seasons such as Chinese New Year, most food and beverage operators in Singapore will be closed for the holidays. Most of our food centres and food street will similarly be closed for three days to allow our employees to take a break for the holidays. Nevertheless, some of our stall tenants, especially our non-Chinese stall tenants, prefer to stay open so as to take full advantage of the reduced competition and increased demand. In addition, some of our employees also prefer to work during the Chinese New Year break so as to make extra income. In such cases, we may open our food centres and food street to allow those stall tenants and our employees who wish to continue working during Chinese New Year to work. In view of the reduced competition and increased demand, as well as the higher manpower costs during the Chinese New Year period, we may increase the prices of food and beverages sold at our food centres and food street.

In respect of alcohol and cigarettes sold at our beverage stalls, we generally follow the recommended retail prices set by our suppliers. However, we may also deviate from the retail prices set by our suppliers depending on factors such as the prices set by our competitors and the purchasing power of the target customer base.

SUPPLIERS AND RAW MATERIALS

Suppliers

We aim to serve delicious, safe and fresh food of high quality to our customers. Accordingly, we place strong emphasis on purchasing food ingredients of high quality from our suppliers for use in our F&B Retail Business.

In order to maintain the quality of food at our food stalls under our F&B Retail Business, we only purchase ingredients to be used for our food stalls from a list of approved suppliers. We source our food ingredients from local suppliers, who are carefully selected based on a set of selection criteria, which includes, among other things, the type and quality of the ingredients, reliability of supply, cost, reputation, service and past performance. Potential suppliers are assessed and approved by our purchase manager based on their backgrounds and business operations. We also rely on word of mouth to obtain feedback and recommendations on the quality of potential suppliers and their products. In order to secure continuous supply of food ingredients with consistent quality and to prevent over-reliance on any single supplier, we will try to find more than one supplier for our food ingredients.

As at the Latest Practicable Date, we had over 70 approved suppliers under our F&B Retail Business for the supply of food ingredients, beverages, alcohol, and tobacco products.

In respect of our Outlet Management and Leasing Business, we generally procure or acquire the properties from the relevant statutory boards in Singapore. Further, the utilities from the day-to-day maintenance and/or operations are supplied by a government related entity in Singapore.

As at the Latest Practicable Date, we have maintained business relationships with our top five suppliers for approximately eight years. For the three years ended 31 December 2017 and ten months ended 31 October 2018, our Group's five largest suppliers accounted for approximately 43.5%, 43.9%, 36.8% and 37.3% of our Group's total purchases, respectively, and our largest supplier accounted for approximately 13.2%, 12.7%, 10.0% and 10.3% of our Group's total purchases, respectively. The table below sets out details of our top five largest suppliers during the Track Record Period:

For the year ended 31 December 2015

Supplier	Principal activities	Approximate number of years of relationship	Ingredient/ Product supplied	Credit terms	Payment method	Purchase amount	% of total purchase of our Group
						S$'000	
Supplier A	Wholesale of tobacco products	10	Tobacoo	30 days	Cheque	3,153	13.2
Supplier D	Statutory Board of Singapore	12	Property	N.A.	Cheque	2,919	12.2
Supplier E	Government related entity	6	Utilities services	15 days	Cheque	1,810	7.6
Supplier B	Retail sale of beverages (distributors and dealers in liquor and soft drinks)	10	Alcohol	60 days	Cheque	1,464	6.1
Khai Huat Trading (1975) Pte. Ltd.	General warehousing (logistics and warehousing), and other transportation support activities N.E.C. (crating and transportation providers)	5	Alcohol	60 days	Cheque	1,090	4.4
Total						10,436	43.5

For the year ended 31 December 2016

Supplier	Principal activities	Approximate number of years of relationship	Ingredient/ Product supplied	Credit terms	Payment method	Purchase amount *S$'000*	% of total purchase of our Group
Supplier D	Statutory Board of Singapore	12	Property	N.A.	Cheque	2,594	12.7
Supplier A	Wholesale of tobacco products	10	Tobacoo	30 days	Cheque	2,575	12.6
Supplier B	Retail sale of beverages (distributors and dealers in liquor and soft drinks)	10	Alcohol	60 days	Cheque	1,449	7.1
Supplier E	Government related entity	6	Utilities services	15 days	Cheque	1,423	6.9
Supplier C	Wholesale of liquor and soft drinks	10	Alcohol	60 days	Cheque	967	4.6
Total						9,008	43.9

For the year ended 31 December 2017

Supplier	Principal activities	Approximate number of years of relationship	Ingredient/ Product supplied	Credit terms	Payment method	Purchase amount *S$'000*	% of total purchase of our Group
Supplier D	Statutory Board of Singapore	12	Property	N.A.	Cheque	2,464	10.0
Supplier A	Wholesale of tobacco products	10	Tobacoo	30 days	Cheque	2,327	9.5
JP Food Processing Pte. Ltd.	Processing and preserving of meat and meat products N.E.C. (processing and preserving of meat and meat products), and general wholesale trade (including general importers and exporters and importer and exporter of frozen food)	3	Frozen food	60 days	Cheque	1,921	7.8
Supplier B	Retail sale of beverages (distributors and dealers in liquor and soft drinks)	10	Alcohol	60 days	Cheque	1,370	5.6
Supplier E	Government related entity	6	Utilities services	15 days	Cheque	954	3.9
Total						9,036	36.8

For the ten months ended 31 October 2018

Supplier	Principal activities	Approximate number of years of relationship	Ingredient supplied	Credit terms	Payment method	Purchase amount *S$'000*	% of total purchase of our Group
JP Food Processing Pte. Ltd.	Processing and preserving of meat and meat products N.E.C. (processing and preserving of meat and meat products), and general wholesale trade (including general importers and exporters and imported and exported of frozen food	3	Frozen food	60 days	Cheque	2,152	10.3
Supplier D	Statutory Board of Singapore	12	Property	N.A.	Cheque	1,918	9.2
Supplier A	Wholesale of tobacco products	10	Tobacco	30 days	Cheque	1,722	8.2
Supplier C	Wholesale of alcohol and soft drinks	10	Alcohol	60 days	Cheque	1,045	5.0
Sengkang Trading Enterprise	Wholesale and distribution of rice and eggs	5	Ingredients	60 days	Cheque	970	4.6
Total						7,807	37.3

Save as disclosed below, we generally do not enter into any long-term contract with our major suppliers. During the Track Record Period, none of our major suppliers ceased, or indicated that it would cease, its supply to us, and we did not experience any material delay or interruption in securing the supply of food ingredients from any major suppliers nor any difficulty or failure in securing sufficient quantities of food ingredients.

In 2017, FCG entered into a merchandising agreement (the "**Merchandising Agreement**") with a supplier of tobacco products (the "**Tobacco Supplier**"), an Independent Third Party, to supply tobacco products to our Group. The salient terms of the Merchandising Agreement are as follows:

Term	:	The Merchandising Agreement shall be effective from 1 June 2017 to 31 May 2019
Obligations of our Group	:	To the extent it is legally permissible under the laws, we are required to, among others: (a) grant the Tobacco Supplier the exclusive right for the sale and display of their tobacco products at all food centre owned, operated or franchised by our Group during the term of the Merchandising Agreement (the "**Participating Outlets**"); and (b) comply with all applicable laws and regulations as determined by the relevant authorities with respect to tobacco and the sale thereof. The Tobacco Supplier is entitled to carry out regular compliance audit on the Participating Outlets to determine whether a Participating Outlet is compliant with the Merchandising Agreement.
Payment by the Tobacco Supplier	:	Subject to satisfactory completion of the compliance audit, the Tobacco Supplier shall pay to FCG, among others, a sum of money per Participating Outlet each year to defray costs incurred towards payment of Tobacco Licences, and a non-incremental amount calculated based on the total purchase volume of our Group for a certain period.
Termination	:	The Tobacco Supplier has the right to terminate the Merchandising Agreement if: (a) any Participating Outlet is determined by the Tobacco Supplier to be involved, directly or indirectly, in the purchase, distribution or sale of contraband of the Tobacco Supplier (including both contraband genuine products and counterfeit products); (b) FCG or any of the Participating Outlets fails, neglects and/or refuses to comply with or is in breach of, any of its obligations under the Merchandising Agreement and does not rectify such breach within 10 working days of being given written notice of such breach;

(c) more than 20% of the Participating Outlets at any time fail to comply with any of the terms and conditions of the Merchandising Agreement; or

(d) the Tobacco Licence of any of the Participating Outlet is revoked, terminated or no longer valid due to any reason whatsoever.

In addition, each party may terminate the Merchandising Agreement by serving to the other party three (3) months' notice.

We have entered into supply agreements ("**Liquor Supply Agreements**") with a manufacturer of alcoholic beverages and its distributors (collectively, the "**Liquor Supplier**"), which are Independent Third Parties, to supply beer to our Group. The salient terms of the Liquor Supply Agreements are as follows:

Term	:	The Liquor Supply Agreements are effective from 1 February 2018 with no fixed term of expiry.
Supply of products	:	We are required to purchase the products of the manufacturer from the distributors only.
Price and payment term	:	The products are purchased at the prevailing wholesale cost price. We are required to pay the respective distributors directly within the period agreed with the respective distributors.
Risk of loss	:	The risk of loss or damage to the products are passed to us upon delivery.
Consumption/Retail on-premise	:	We shall under no circumstances re-distribute or sell the products to any third party whether for retail/consumption outside the food centres, food street or otherwise, unless the manufacturer had specifically agreed in writing.
Termination	:	The manufacturer may terminate the Liquor Supply Agreements by written notice if we are insolvent, any writ of distress or execution or other process is levied or issued against any of our properties, we are in breach of the Liquor Supply Agreements and/or any term agreed between us and the distributors and fail to remedy such breach and/or we cease or threaten to cease to carry on business.

Our Directors confirm that there is no rebate arrangement with our major suppliers and to the best of our Directors' knowledge, we had not encountered any incidents that any of our Directors or employees was involved in any bribery or kickback arrangements with our suppliers during the Track Record Period. To prevent any kickback arrangements with our suppliers, we ensure that there is segregation of duties. The list of approved suppliers are determined by the procurement team, which is also responsible for negotiating the pricing and other supply terms with the suppliers, while the actual ordering including the quantity are decided by the head chefs and food centre supervisors. The pricing offered by our suppliers for food ingredients are given and updated on a monthly basis or as and when there are changes. The settlement of purchases are handled by our head office.

To the best of our Directors' knowledge, having made reasonable enquiries, none of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital has had any interest in any of our five largest suppliers during the Track Record Period. During the Track Record Period, we have not had any material disagreement nor dispute with any of our suppliers.

Raw materials

The food ingredients such as meat, vegetables, eggs, seafood and seasonings and beverages, both alcoholic and non-alcoholic, are major raw materials purchased by our F&B Retail Business. To the best knowledge of our Directors, our suppliers take into account factors such as quality, specifications, seasonal factor, source of supply and relationship with our Group when determining the prices of the food ingredients and the beverages. Our Directors are of the view that the prices of the raw materials obtained by our Group during the Track Record Period were consistent with the then prevailing market prices.

Credit and payment terms

We generally enjoy a credit term of 30 days from our suppliers. During the Track Record Period, our purchases from our suppliers were denominated and settled in Singapore dollars by way of GIRO arrangement, cash or cheque.

INVENTORY MANAGEMENT, FOOD SAFETY AND QUALITY CONTROL

Inventory Management

Our purchases for our F&B Retail Business comprise mainly food ingredients such as fresh and frozen meat, seafood, vegetables, eggs, dried food, canned food and seasonings, as well as beverages, coffee powder and cigarettes. Our fresh food ingredients typically have a shelf life of several days; frozen food have a shelf life of approximately three months; dried food have a shelf life of approximately three months; canned food and seasonings have a shelf life of approximately six to 12 months; beverages have a shelf life of approximately seven to eight months and cigarettes have a shelf life of approximately ten months.

We generally do not maintain a significant level of inventory. For perishable food ingredients, we maintain inventory on a daily basis to ensure freshness of the ingredients; for dried goods used in our food stalls, we generally maintain two to three days' worth of inventory; for ingredients and supplies used in our beverage stalls, such as coffee powder, tea powder, canned drinks and alcohol, we stock two to three days' worth of inventory; and for cigarettes, we generally maintain a week's worth of inventory. Our inventory is managed on a first-in, first-out basis. Our head chefs or food centre supervisors will, on a daily basis, check the availability of materials and, if any are insufficient, place orders to our suppliers.

Quality Control

We believe that the quality of food and service provided is critical in differentiating ourselves from our competitors in the highly competitive food and beverage industry. As such, we have implemented the following quality control measures at our food and beverage stalls, food centres and food street to ensure the quality of our food and service.

Food quality

To ensure the quality of food at our food stalls under our F&B Retail Business, all ingredients purchased for our food stalls are only to be purchased from a list of approved suppliers. Our Group takes into account several factors when selecting our suppliers, including but not limited to, the type and quality of the ingredients, reliability of supply, cost, reputation, service and past performance.

The head chef at each of our food stalls is responsible for monitoring the level of supplies regularly and deciding the types and quantities of food ingredients to purchase. For food ingredients such as fresh meat or vegetables that are perishable, the head chef would control each quantity of order to ensure the freshness and quality of such ingredients, and to reduce food wastage.

When the ingredients are delivered to the food stalls, the respective head chefs will check the delivery against the purchase order and the delivery note to ensure that the quantity and quality of the ingredients meet our requirements. In the event that the ingredients supplied do not meet our quality requirements, our suppliers will either waive the charges in respect of such supplies or perform one-for-one exchange for us without additional charges. For perishable food ingredients, such replacements will be made by the suppliers within the same day.

Storage and preservation

The head chef at each of our food stalls is responsible for ensuring the proper processing and storage of our food ingredients according to their respective storage and temperature requirements. Inventory levels of food ingredients at each food stall are inspected on a daily basis to prevent overstocking of perishable food ingredients.

Food preparation

Our kitchen staff at each of our food stalls will prepare the ingredients for the various dishes in accordance with the instructions and supervision of the head chef. The head chef of each of our food stalls is responsible for cooking the dishes to be sold at the respective food stalls. The head chefs in all of our food stalls are required to adhere strictly to internal control procedures when preparing dishes to ensure consistency in the taste and presentation of the food.

All of our chefs and kitchen staff involved in the food preparation processes at our food stalls are trained in food handling, cooking and hygiene control and must maintain a high standard of personal hygiene. All our staff at our food stalls who handle and prepare food have successfully completed the Basic Food Hygiene Course. For more information on the Basic Food Hygiene Course, please refer to the section headed "Regulatory Overview" of this prospectus.

Dining environment

Our Group is committed to providing a comfortable dining environment for our customers. Each of our food and beverage stalls, food centres and food street is thoroughly cleaned daily by our staff. Our Group also engages professional pest control service providers to conduct monthly pest control at all our food centres and food street. In addition, we require our tenants and their staff to maintain a high standard of personal hygiene and cleanliness both inside and outside of their respective stalls in accordance with the standards required by the NEA.

AWARDS AND CERTIFICATIONS

The following table sets out the various awards or certifications obtained by our Group during the Track Record Period:

Year of Award	Date of Expiry	Award/Certification	Recipient	Awarding Body
2015	—	Singapore Heartland Enterprise Star Award — Best Customer Service (Prominent Enterprise)	FCG	The Federation Merchants' Associations, Singapore
2016	30 April 2019	Singapore Service Class	FCG	SPRING Singapore

COMPETITION

The food and beverage industry is highly competitive, fragmented and diverse with a significant number of competitors of different scale and position, ranging from food centre to restaurants, targeting customer groups with different demand and spending power, and offering a variety of cuisines and dishes. Competition in the food and beverage industry is generally based on, among other factors, quality of food, quality of services, price, location, dining environment and reputation. We believe that our competitive strengths distinguish us from our competitors.

For further information on our competitive strengths and industry in which we operate, please refer to the sections headed "Business — Our competitive strengths" and "Industry Overview" of this prospectus respectively.

INSURANCE

As at the Latest Practicable Date, we maintained the following insurance policies to cover, amongst others, our risks relating to operations, human resource and fixed assets:

(a) fire insurance for our corporate headquarters and food centres owned/leased and food street leased and managed by us;

(b) property all risks insurance;

(c) burglary insurance;

(d) money insurance to cover any loss of money in transit or money kept at our food centres, food street and corporate headquarters;

(e) liability insurance to cover any liability arising from food poisoning;

(f) work injury compensation for our employees at our food and beverage stalls, food centres and food street;

(g) directors and officers liability insurance; and

(h) key man insurance for our executive Directors.

Our Directors believe that the aforesaid insurance coverage is adequate and in line with industry practice.

PROPERTIES AND OTHER FIXED ASSETS

Owned properties

As at the Latest Practicable Date, our Group owned nine properties, of which one is used as our corporate headquarters, five are used as our food centres, and three are leased to Independent Third Parties to operate as food establishments.

Details of the properties owned by our Group as at the Latest Practicable Date are set out below:

S/N	Location	Owner	Approximate GFA (sq.m)	Lease Duration	Use of property
1.	83 Genting Lane #08–00 Singapore 349568	CKC	252.00	Nil[(1)]	Corporate headquarters
2.	Block 134 Jurong Gateway Road #01–309 Singapore 600134	UPH	446.00	91 years commencing on 1 April 1993	Non-air-conditioned food centre
3.	Block 139 Tampines Street 11 #01–08 Singapore 521139	UPH	406.00	90 years commencing on 1 July 1993	Non-air-conditioned food centre

S/N	Location	Owner	Approximate GFA (sq.m)	Lease Duration	Use of property
4.	Block 145 Teck Whye Ave #01–151 Singapore 680145	UPH	216.00	92 years commencing on 1 July 1992	Non-air-conditioned food centre
5.	Block 491 Jurong West Ave 1 #01–173 Singapore 640491	UPH	379.00	88 years commencing on 1 March 1996	Non-air-conditioned food centre
6.	220 Orchard Road #B1–10 & #B1–11 Singapore 238852	CKC	246.00	Nil[(1)]	Air-conditioned food centre
7.	Block 744 Bedok Reservoir Road #01–3019 Singapore 470744	CKC	353.00	90 years commencing on 1 August 1995	Leased to one of our top five customers during the Track Record Period to operate as fast food establishment
8.	Block 631 Bedok Reservoir Road #01–982 Singapore 470631	CKC	358.00	88 years commencing on 1 October 1993	Leased to one of our top five customers during the Track Record Period to operate as food centre
9.	51 Ubi Avenue 1 #01–17 & #02–17 Singapore 408933	FC 883	622.00	60 years commencing on 10 March 1997	Leased to an Independent Third Party to operate as food centre

Note:

(1) The property is an estate in fee simple

For further details of the leasehold properties owned by us, please refer to the property valuation reports set out in Appendix IV to this prospectus.

Leased properties

As at the Latest Practicable Date, our Group leased eight properties from Independent Third Parties, among which seven are used as our food centres and food street, and one is managed by an Independent Third Party operator on behalf of our Group.

Details of the properties leased by our Group as at the Latest Practicable Date are set out below:

S/N	Location	Lessee	Approximate GFA (sq.m)	Rental type	Lease Commencement Date	Lease Expiry Date	Optional Renewal Term	Use of property
1.	Block 301 Punggol Central #01–06 Singapore 820301	FCG	366.39	Basic rent	1 October 2018	30 September 2019	Nil	Air-conditioned food centre
2.	Block 447A Jalan Kayu #01–01 Singapore 791447	FCG	281.00	Basic rent	1 November 2018	31 October 2019	Nil	Air-conditioned food centre
3.	Block 505 Canberra Link #01–04 Singapore 750505	FCG	324.00	Basic rent	1 September 2017	31 August 2019	Nil	Non-air-conditioned food centre
4.	100 Orchard Road #01–02 Concorde Hotel Singapore 238840	FCG	N/A(1)	Basic rent	1 June 2018	31 May 2021	Nil	Food street
5.	Block 101 Yishun Avenue 5 #01–93 Singapore 760101	FCG	196.00	Basic rent	1 November 2018	30 April 2019(2)	3 years	Non-air-conditioned food centre
6.	Block 168 Bedok South Avenue 3 #01–471 Singapore 460168	FCG	302.75	Basic rent	1 April 2016	31 March 2019	Nil	Non-air-conditioned food centre
7.	Block 632 Ang Mo Kio Avenue 4 #01–948 Singapore 560632	FCG	334.70	Basic rent	1 May 2016	30 April 2019	Nil	Non-air-conditioned food centre
8.	27 Pioneer Road North #01–01 Singapore 628470	FCG	812.52	Basic rent	11 August 2018	10 August 2021	Nil	Industrial Canteen

Notes:

(1) This is a food street comprising four individual food and beverage kiosks with no fixed gross floor area.

(2) We have, on 30 November 2018, exercised an option to purchase for the food centre located thereon. For further details, please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus for further details. We have been informed by our property agent that the landlord of 101 Yishun intends to sell 101 Yishun and that there were potential buyers at that material time who indicated their intention to purchase and we cannot confirm whether we can continuously lease 101 Yishun on a reasonable rent if 101 Yishun was sold to others. As such, there is an imminent need to acquire 101 Yishun so as to implement our future plan.

LICENCES AND PERMITS

Our Group's principal business activities are located in Singapore and we are subject to regulation by applicable laws, regulations and government agencies in Singapore. These regulations require us to obtain various licences for our business operations.

In respect of the food centre which we operate and manage for a third party food centre owner, the relevant Food Shop Licences were obtained and maintained by the third party food centre owner. Save for such food centre that we operate and manage for a third party food centre owner, our Directors confirmed that, as at the Latest Practicable Date, we had obtained (i) the Food Shop Licences required for all of the food centres owned/leased and food street leased, operated and managed by our Group, (ii) the Food Stall Licences required for all of the food and beverage stalls we operate, (iii) the Liquor Licences in respect of our beverage stalls which sell alcoholic beverages, and (iv) the Tobacco Licences in respect of our beverage stalls which sell tobacco products.

Our Group will apply to renew the relevant licences as and when applicable. To ensure that such renewals are carried out in a timely manner, we have designated two persons from our operations department to keep track of the expiry dates and renewal of all the aforementioned licences in respect of our operations.

The following tables set out a summary of the material licences and certificates material to our operations that we held as at the Latest Practicable Date:

S/N	Location	Licencee	Licence Type and No.	Purpose	Licence Expiry Date
Food centres and stalls located in food centres managed by our Group					
1.	Block 101 Yishun Avenue 5 #01–93	FCG	Food Shop Licence B80078B000	Licence to operate food shop	24 October 2019
2.	Singapore 760101		Food Stall Licence B80078B008	Licence to operate beverage stall	27 June 2019
3.			Food Stall Licence B80078B001	Licence to operate Mixed Vegetable Rice stall	10 March 2019(1)
4.		FCG	Food Stall Licence B80078B005	Licence to operate Zi Char stall	4 November 2019
5.		FCG	Liquor Licence L/LL/016925/2018/P	Licence to sell liquor	13 November 2019
6.		FCG	Tobacco Licence TOB1100527	Licence to sell cigarettes	15 August 2019

S/N	Location	Licencee	Licence Type and No.	Purpose	Licence Expiry Date
7.	Block 168 Bedok South Avenue 3	FCP	Food Shop Licence E85205A000	Licence to operate food shop	18 June 2019
8.	#01–471 Singapore	FCG	Food Stall Licence E85205A001	Licence to operate beverage stall	17 May 2019
9.	460168	FCP	Liquor Licence L/LL/ 004497/2018/P	Licence to sell liquor	12 April 2019
10.		FCG	Tobacco Licence TOB1200095	Licence to sell cigarettes	17 February 2020
11.	Block 632 Ang Mo Kio Avenue 4	FCP	Food Shop Licence B80118B000	Licence to operate food shop	17 June 2019
12.	#01–948 Singapore		Food Stall Licence B80118B009	Licence to operate beverage stall	25 August 2019
13.	560632	FCG	Food Stall Licence B80118B002	Licence to operate Mixed Vegetable Rice stall	28 October 2019
14.		FCG	Liquor Licence L/LL/ 022046/2018/P	Licence to sell liquor	10 January 2020
15.		FCG	Tobacco Licence TOB1000237	Licence to sell cigarettes	23 March 2019
16.	Block 134 Jurong Gateway Road	FCG	Food Shop Licence C89200E000	Licence to operate food shop	20 January 2020
17.	#01–309 Singapore		Food Stall Licence C89200E002	Licence to operate beverage stall	9 October 2019
18.	600134	FCG	Liquor Licence L/LL/ 018904/2018/P	Licence to sell liquor	31 December 2019
19.		FCG	Tobacco Licence TOB0901005	Licence to sell cigarettes	30 December 2019
20.	Block 139 Tampines Street 11	FCG	Food Shop Licence S83177C000	Licence to operate food shop	1 May 2019
21.	#01–08 Singapore		Food Stall Licence S83177C004	Licence to operate beverage stall	2 May 2019
22.	521139		Food Stall Licence S83177C001	Licence to operate Mixed Vegetable Rice stall	16 May 2019
23.		FCG	Liquor Licence L/LL/ 005786/2018/P	Licence to sell liquor	24 May 2019
24.		FCG	Tobacco Licence TOB1200269	Licence to sell cigarettes	6 May 2019
25.	Block 145 Teck Whye Ave #01–151	FCP	Food Shop Licence J88135N000	Licence to operate food shop	28 September 2019
26.	Singapore 680145		Food Stall Licence J88135N007	Licence to operate beverage stall	26 January 2020
27.		FCG	Liquor Licence L/LL/ 021084/2018/P	Licence to sell liquor	17 January 2020
28.		FCG	Tobacco Licence TOB1000827	Licence to sell cigarettes	27 September 2019
29.	Block 491 Jurong West Ave 1	FCP	Food Shop Licence J84137N000	Licence to operate food shop	8 June 2019
30.	#01–173 Singapore	FCG	Food Stall Licence J84137N009	Licence to operate beverage stall	26 April 2019
31.	640491	FCG	Liquor Licence L/LL/ 022048/2018/P	Licence to sell liquor	10 January 2020
32.		FCG	Tobacco Licence TOB1000229	Licence to sell cigarettes	22 March 2019

S/N	Location	Licencee	Licence Type and No.	Purpose	Licence Expiry Date
33.	220 Orchard Road #B1–10 & #B1–11	FCP	Food Shop Licence CE10I89E000	Licence to operate food shop	30 October 2019
34.	Singapore 238852		Food Stall Licence CE10I89E002	Licence to operate beverage stall	15 December 2019
35.			Food Stall Licence CE10I89E001	Licence to operate Mixed Vegetable Rice stall	14 December 2019
36.			Food Stall Licence CE10I89E003	Licence to operate roasted meat and chicken rice stall	18 December 2019
37.			Food Stall Licence CE10I89E006	Licence to operate roasted meat and chicken rice stall	22 July 2019
38.		FCG	Tobacco Licence TOB1600673	Licence to sell cigarettes	23 December 2019
39.	Block 301 Punggol Central #01–06	FCP	Food Shop Licence NE09315L000	Licence to operate food shop	1 November 2019
40.	Singapore 820301		Food Stall Licence NE09315L009	Licence to operate beverage stall	29 November 2019
41.			Food Stall Licence NE09315L001	Licence to operate Mixed Vegetable Rice stall	29 November 2019
42.			Food Stall Licence NE09315L008	Licence to operate Indian food stall	29 November 2019
43.		FCG	Liquor Licence L/LL/ 015465/2018/P	Licence to sell liquor	23 October 2019
44.		FCG	Tobacco Licence TOB1100526	Licence to sell cigarettes	15 August 2019
45.	Block 447A Jalan Kayu #01–01	FCG	Food Shop Licence CE12J20C000	Licence to operate food shop	10 December 2019
46.	Singapore 791447		Food Stall Licence CE12J20C007	Licence to operate beverage stall	12 December 2019
47.			Food Stall Licence CE12J20C001	Licence to operate Mixed Vegetable Rice stall	16 January 2020
48.			Food Stall Licence CE12J20C006	Licence to operate Zi Char stall	22 December 2019
49.		FCG	Liquor Licence L/LL/ 021079/2018/P	Licence to sell liquor	3 January 2020
50.		FCG	Tobacco Licence TOB1200789	Licence to sell cigarettes	23 December 2019
51.	Block 505 Canberra Link #01–04	FCG	Food Shop Licence B00025V000	Licence to operate food shop	10 July 2019
52.	Singapore 750505		Food Stall Licence B00025V008	Licence to operate beverage stall	5 April 2019
53.		FCG	Liquor Licence L/LL/ 022047/2018/P	Licence to sell liquor	10 January 2020
54.		FCG	Tobacco Licence TOB1000238	Licence to sell cigarettes	23 March 2019

S/N	Location	Licencee	Licence Type and No.	Purpose	Licence Expiry Date
55.	Block 21 Toa Payoh Lorong 7 #01–298 Singapore 310021	FCG	Food Stall Licence S70019L001	Licence to operate beverage stall	22 March 2019[(1)]
56.			Food Stall Licence S70019L006	Licence to operate Mixed Vegetable Rice stall	12 March 2019[(1)]
57.			Food Stall Licence S70019L004	Licence to operate roasted meat and chicken rice stall	1 July 2019
58.			Food Stall Licence S70019L002	Licence to operate Zi Char stall	20 February 2020
59.		FCG	Liquor Licence L/LL/ 022045/2018/P	Licence to sell liquor	10 January 2020
60.		FCG	Tobacco Licence TOB1100523	Licence to sell cigarettes	15 August 2019
Stalls located in food centres managed by Independent Third Parties					
61.	46–1 Commonwealth Drive #01–358 Singapore 140461	FCP	Food Stall Licence W67034L001	Licence to operate Mixed Vegetable Rice stall	8 January 2020
62.	Block 631 Bedok Reservoir Road #01–982 Singapore 470631	FCP	Food Stall Licence S84186K008	Licence to operate Mixed Vegetable Rice stall	23 March 2019[(1)]
63.	116 Bukit Merah View #01–211 Singapore 151116	FCP	Food Stall Licence W73026P002	Licence to operate Teochew porridge stall	1 June 2019
64.	56/58 Lorong 25A Geylang Singapore 388248	FCP	Food Stall Licence E45034X006	Licence to operate Mixed Vegetable Rice stall	3 January 2020
65.	Block 476 Tampines Street 44 #01–207/209 Singapore 520476	FCG	Food Stall Licence NE09048L001	Licence to operate Mixed Vegetable Rice stall	19 September 2019
66.	21 Hougang Street 51 #01–51 Singapore 538719	FCG	Food Stall Licence S97182P007	Licence to operate Mixed Vegetable Rice stall	19 October 2019
67.	Block 308 Clementi Avenue 4 #01–335 Singapore 120308	FCG	Food Stall Licence C78140J008	Licence to operate Mixed Vegetable Rice stall	18 October 2019
68.	Block 215 Jurong East Street 21 #01–541 Singapore 600215	FCP	Food Stall Licence C84313J001	Licence to operate Mixed Vegetable Rice stall	21 January 2020
69.	1 Maritime Square, Harbourfront Centre, #03–19/20/21 Singapore 099253	FCG	Food Stall Licence SW08675V006	Licence to operate Mixed Vegetable Rice stall	11 January 2020

S/N	Location	Licencee	Licence Type and No.	Purpose	Licence Expiry Date
70.	Block 498 Jurong West Street 41 #01–426 Singapore 640498	FCP	Food Stall Licence J86021V001	Licence to operate Mixed Vegetable Rice stall	21 January 2020
71.	Block 505 Tampines Central 1 #01–351/353 Singapore 520505	FCG	Food Stall Licence S91117J002	Licence to operate Mixed Vegetable Rice stall	25 February 2020
72.	Block 419 Tampines Street 41 #01–80 Singapore 520419	FCP	Food Stall Licence S85224P008	Licence to operate Mixed Vegetable Rice stall	13 February 2020
73.	101 Upper Cross Street, People's Park Centre #B1/75/76 Singapore 059357	FCG	Food Shop Licence CE08622X000	Licence to operate Mixed Vegetable Rice stall	13 February 2020
74.	27 Pioneer Road North #01–01 Singapore 628470	FCP	Food Shop Licence C86220P000	Licence to operate a food shop	29 January 2020
75.	26A Chai Chee Road #01–405, Singapore 461026	FCP	Food Stall Licence E91108E001	Licence to operate Mixed Vegetable Rice stall	13 August 2019
76.	12 Verdun Road Singapore 207278	FCG	Food Stall Licence E98055A001	Licence to operate Mixed Vegetable Rice stall	2 December 2019
77.	Block 681 Hougang Avenue 8 #01–809 Singapore 530681	FCG	Food Stall Licence S88225C001	Licence to operate Mixed Vegetable Rice stall	13 January 2020
Food street and kiosks located in food street managed by our Group					
78.	100 Orchard Road #01–02 Concorde Hotel Singapore 238840	FCP	Food Shop Licence W03201C000	Licence to operate food shop	26 October 2019
79.			Food Shop Licence W03416A000	Licence to operate beverage stall	27 April 2019
80.			Food Shop Licence W03285J000	Licence to operate roasted meat and chicken rice stall	27 June 2019
81.		FCG	Liquor Licence L/LL/ 007075/2018/P	Licence to sell liquor	25 June 2019
82.		FCG	Liquor Licence L/LL/ 019503/2018/E	Licence to sell liquor beyond the stipulated trading hours of the Liquor Licence	5 June 2019
83.		FCG	Tobacco Licence TOB1000505	Licence to sell cigarettes	20 June 2019

Note:

(1) We have, on 14 February 2019, paid the renewal fee for the renewal of this licence. The renewal of the licence is being processed by NEA.

Our Group has to obtain (i) Food Shop Licence for the food centres and food street operated and managed by our Group; and (ii) Food Stall Licence for the stalls operated by our Group. As such, whilst our Group only has 13 food establishments (12 food centres and one food street), our Group held licences for 30 locations as the licences for 30 locations would include both food shop and Food Stall Licences. Please refer to the section headed "Regulatory Overview" in this prospectus for further details.

During the Track Record Period, we failed to renew the Food Shop Licences for three of our food centres on time on three occasions. As at the Latest Practicable Date, our Group has already obtained all necessary Food Shop Licences for all of our food centres and food street and our Group had not received any notice of prosecution from the NEA. Our Singapore legal advisers advise that in the event there is prosecution for these non-compliances, it is highly unlikely that the respective directors will receive an imprisonment sentence but they may face a fine for each infringement.

During the Track Record Period, 24 of our food stalls and beverage stalls operated without a licence for certain periods on 25 occasions. As at the Latest Practicable Date, our Group has already obtained all necessary Food Stall Licences for all of our food centres and food street and our Group had not received any notice of prosecution from the NEA. Our Singapore legal advisers advise that in the event there is prosecution for these non-compliances, it is highly unlikely that the respective directors will receive an imprisonment sentence but they may face a fine for each infringement.

During the Track Record Period, FCP failed to renew its Liquor Licence on time and therefore, it failed to obtain a licence for the supply of liquor on one occasion. As at the Latest Practicable Date, our Group has already obtained all necessary Liquor Licences for all of our food centres and food street which supply liquor and our Group had not received any notice of prosecution from the SPF. Our Singapore legal advisers advise that the risk of prosecution against our Group, our Directors and/or officers for the past non-compliance in respect of the supply of liquor without a relevant licence is remote given that it is a sole instance of breach under the Liquor Control Act, and that the breach took place over a brief period of five days, more than 2.5 years ago in 2016.

SEASONALITY

Due to the nature of our business, we have not observed any significant seasonal trends during the Track Record Period. Our Directors believe that there is no apparent seasonality factor affecting our business.

ENVIRONMENTAL MATTERS

Our Group's operations are subject to environmental laws and regulations in Singapore. Please refer to the section headed "Regulatory Overview" of this prospectus for further details. Save as disclosed in the section headed "Non-compliance matters" in this section of this prospectus, our Group had not come across any material non-compliance issues in respect of any applicable environmental laws and regulations during the Track Record Period and as at the Latest Practicable Date.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 356 employees, of which 214 were Singapore citizens and permanent residents, and 142 were foreigners. The employees are not unionised. The following table sets out the breakdown of our employees by function as at 31 December 2015, 31 December 2016, 31 December 2017, 31 October 2018 and the Latest Practicable Date.

	As at 31 December			As at 31 October	As at Latest Practicable
	2015	**2016**	**2017**	**2018**	**Date**
Management	2	2	4	4	4
Finance	5	4	7	8	7
Administration	33	36	39	21	20
Food Stall Operations	155	155	162	164	161
Beverage Stall Operations	183	162	146	156	164
Total	378	359	358	353	356

Employee relations

We believe that we have a strong working relationship with our employees. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant employee turnover, nor was there any incidence of strikes, work stoppages or significant labour disputes which significantly affected our Group's operations.

Recruiting

During the Track Record Period, we mainly recruited our staff through referrals, advertisements in newspapers and online job portals. We also recruit foreign employees from China through recruitment agencies.

Our management personnel are usually recruited through online job portals. Potential candidates for a management role are required to go through interviews. Staff at food and beverage stalls, food centres and food street are interviewed and employed by the food centre supervisors. The food centre supervisors have the discretion to determine the terms of employment of the staff at food and beverage stalls, food centres and food street in accordance with the range of employment terms set by our Group.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant difficulty in recruiting new employees which significantly affected our Group's operations.

Staff retention, award and encouragement

Recruitment in the food and beverage industry is highly competitive, especially with respect to chefs and kitchen staff. We believe that our business is service-oriented and our success is, to some extent, dependent on our ability to attract, motivate and retain a sufficient number of qualified employees, including chefs, food centre supervisors and staff. We intend to do so through offering attractive remuneration packages which recognise the employees' contribution and dedication to our Group, as well as staff training and career development.

Staff training and development

We believe that training is necessary to ensure that all employees possess the required knowledge on our service standards as well as work and safety procedures. We may, from time to time, require our food centre supervisors and management personnel to attend management training courses provided by external providers.

Our staff at our food and beverage stalls, food centres and food street are trained by the respective food centre supervisors in accordance with an employee service manual adopted by our Group. Our kitchen staff are also trained by the respective head chefs. In addition, all our staff at our food stalls who handle and prepare food are required to attend and complete the Basic Food Hygiene Course.

Promotion of safe working environment

We strive to create and ensure a safe working environment for our employees. Workplace safety guidelines have been implemented for our employees which state the work place safety policies and promote on-site work safety. Each of our food and beverage stalls, food centres and food street is equipped with a first-aid kit, which is checked from time to time by the food centre supervisors to ensure that there are sufficient first-aid supplies. In addition, as stated in the paragraph headed "Insurance" in this section of the prospectus, we also maintain insurance policies in respect of work injury compensation for our employees and hospitalisation for our foreign employees.

Our Directors confirm that, during the Track Record Period, we were, and currently are, in compliance with all applicable work safety laws and regulations, including in particular, the WSHA as referred to in the section headed "Regulatory Overview — Singapore — Workplace Safety and Health Act" of this prospectus.

During the Track Record Period, we did not face any material claims for personal injuries or other significant incidents in relation to work safety. During the Track Record Period, one of our employees was knocked down by a person passing through our food centres on a motorised bike. This was a one-off accident caused by the act of a third party and did not have a material impact on our Group. The accident was reported to our insurer and fully covered under our work injury compensation insurance.

CPF contributions

Under the CPF Act, we are required to pay to CPF monthly in respect of each employee, who is either a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed in the CPF Act. Our Directors confirm that, our Group did not have any material non-compliance with the CPF contribution requirements during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY RIGHTS

Our Directors believe that brand awareness is important to our business. As at the Latest Practicable Date, our Group had registered three trademarks, “”, “” and in Singapore. In addition, we are also the registrant of the domain name **www.fuchangroup.com**. Please see the section headed “Statutory and General Information — 8. Intellectual property rights of our Group” in Appendix VI to this prospectus for further details on our Group’s trademarks.

Save as aforesaid, there are no other trade or service marks, patents, copyright, other intellectual or industrial property rights which are material in relation to our Group’s business. As at the Latest Practicable Date, we have not received any material claim against us for infringement of any trademark nor were we aware of any pending or threatened claim in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activities.

LEGAL PROCEEDINGS AND CLAIMS

As at the Latest Practicable Date, there were no litigation or arbitration proceedings or claims of material importance pending or threatened against any member of our Group or any of our Directors which could have a material adverse effect on our Group’s financial condition or results of operations.

NON-COMPLIANCE MATTERS

During the Track Record Period, our Group had failed to comply with certain laws and regulations. Save for the incidents of non-compliance set forth below, our Directors are not aware of any material non-compliance of our Group under the applicable laws and regulations during the Track Record Period and as at the Latest Practicable Date.

Our Directors are of the view that (i) no provision is necessary to be made in respect of the non-compliance incidents set out below and (ii) these non-compliance incidents, whether individually or collectively, have not caused and will not have a material adverse effect on our business, results of operations and financial condition.

The following table summarises the material non-compliance incidents in relation to our Group's operations during the Track Record Period and up to the Latest Practicable Date:

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Section 32 of the EPHA	During the Track Record Period, our Group failed to renew the Food Shop Licences for three of its food centres for the following periods: 1. 3024A Ubi Road 1 Singapore 408718: 1 January 2015 to 19 January 2015; 2. Block 505 Canberra Link #01-04 Singapore 750505: 29 June 2017 to 10 July 2017; and 3. Block 721 Clementi West Street 2 #01-10 Singapore 120721: 11 August 2015 During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total revenue attributed to the above periods by three food centres was approximately HK$118,000 (equivalent to S$21,000), Nil, approximately HK$406,000 (equivalent to S$72,000) and Nil respectively. During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total net profit attributed to the above periods by three food centres was Nil, Nil, approximately HK$79,000 (equivalent to S$14,000) and Nil respectively.	The omission was due to the inadvertent oversight of the employees who were in charge of the licensing matters relating to its business operations.	Pursuant to Section 41A of the EPHA, a person contravenes Section 32 of the EPHA, the person shall be liable on conviction to a fine not exceeding S$10,000. Further, where the person is a repeat offender, the person shall be liable on conviction to a fine not exceeding S$20,000 or to imprisonment for a term not exceeding 3 months or to both. For a first-time offence, our Group's maximum exposure to the penalty in respect of each non-compliance amounts to S$10,000. Our Singapore legal advisers advise that in the event there is prosecution for these non-compliances, it is highly unlikely that the respective directors will receive an imprisonment sentence but they may face a fine for each infringement. As at the Latest Practicable Date, our Group has not received any notice of prosecution from the NEA.	As at the Latest Practicable Date, our Group has already obtained all necessary Food Shop Licences for all of its food centres and food street and our Group had not received any notice of prosecution from the NEA. Our Group has taken steps to establish arrangements for auto-renewal of our Group's licences. Further, our Group has designated one personnel to handle the licensing matters of our Group, which will in turn be supervised by the Internal Control Compliance Committee.
Section 33 of the EPHA	During the Track Record Period, 24 of our Group's food and/or beverages stalls operated without a licence for the following periods: 1. Block 21 Toa Payoh Lorong 7 #01-298 Singapore 310021 (Licence No. S70019L006): (i) 13 January 2016; (ii) 14 January 2017 to 12 March 2017; 2. 632 Ang Mo Kio Avenue 4 #01-948 Singapore 560632 (Licence No. B80118B009): 1 July 2016 to 25 August 2016; 3. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence No. E85205A001): 17 May 2017; 4. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence No. J88135N007): 9 December 2016 to 26 January 2017; 5. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence No. S83177C004): 2 May 2016; 6. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence No. S83177C005): 10 January 2018 to 22 January 2018; 7. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence No. S83177C001): 8 May 2017 to 16 May 2017; 8. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence No. CE12J20C001): 11 January 2018 to 16 January 2018; 9. Block 301 Punggol Central #01-06 Singapore 820301 (Licence No. NE09315L008): 3 June 2016 to 2 October 2016; 10. Block 301 Punggol Central #01-06 Singapore 820301 (Licence No. NE09315L004): 5 February 2016 to 10 March 2016;	The omission was due to the inadvertent oversight of the employees who were in charge of the licensing matters relating to its business operations.	Pursuant to Section 41A of the EPHA, a person contravenes Section 33 of the EPHA, the person shall be liable on conviction to a fine not exceeding S$5,000. Further, where the person is a repeat offender, the person shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 3 months or to both. For a first-time offence, our Group's maximum exposure to the penalty in respect of each non-compliance amounts to S$5,000. Our Singapore legal advisers advise that in the event there is prosecution for these non-compliances, it is highly unlikely that the respective directors will receive an imprisonment sentence but they may face a fine for each infringement. As at the Latest Practicable Date, our Group has not received any notice of prosecution from the NEA.	As at the Latest Practicable Date, our Group has already obtained all necessary Food Shop Licences for all of its food centres and food street and our Group had not received any notice of prosecution from the NEA. Our Group has taken steps to establish arrangements for auto-renewal of our Group's licences. Further, our Group has designated one personnel to handle the licensing matters of our Group, which will in turn be supervised by the Internal Control Compliance Committee.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
	11. 1010 Taiseng Avenue: 3 May 2017 to 8 June 2017 (Licence No. S87060A009): 3 May 2017 to 8 June 2017;			
	12. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence No. S83177C002): 1 April 2016 to 13 April 2016;			
	13. Block 139 Tampines Street 11 #01-08 Singapore 521139 (Licence No. S83177C007): 14 December 2016 to 30 December 2016;			
	14. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence No. E85205A006): 19 December 2015 to 18 January 2016;			
	15. Block 145 Teck Whye Ave #01-151 Singapore 680145 (Licence No. J88135N003): 3 December 2016 to 27 December 2016;			
	16. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence No. C89200E004): 3 October 2017 to 26 October 2017;			
	17. Block 134 Jurong Gateway Road #01-309 Singapore 600134 (Licence No. C89200E011): 6 April 2016 to 11 April 2016;			
	18. Block 168 Bedok South Avenue 3 #01-471 Singapore 460168 (Licence No. E85205A004): 15 May 2015 to 7 June 2015;			
	19. 220 Orchard Road #81-108 #B1-11 Singapore 238852 (Licence No. CE10I89E003): 10 December 2016 to 18 December 2016;			
	20. 220 Orchard Road #81-108 #B1-11 Singapore 238852 (Licence No. CE10I89E003): 10 December 2016 to 14 December 2016;			
	21. Block 101 Yishun Avenue 5 #01-93 Singapore 760101 (Licence No. B80078B004): 24 September 2016 to 6 October 2016;			
	22. 820 Tampines Street 82 #01-506 Singapore 520820 (Licence No. S84193J001): 5 November 2017 to 16 November 2017;			
	23. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence No. CE12J20C001): 5 January 2017 to 10 January 2017; and			
	24. Block 447A Jalan Kayu #01-01 Singapore 791447 (Licence No. CE12J20C002): 1 December 2015 to 8 December 2015.			
	During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total revenue attributed to the above periods by 24 food stalls was approximately HK$276,000 (equivalent to S$49,000), approximately HK$4,407,000 (equivalent to S$784,000), approximately HK$2,253,000 (equivalent to S$399,000) and approximately HK$106,000 (equivalent to S$18,000) respectively.			

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
	During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total net profit attributed to the above periods by 24 food stalls was approximately HK\$56,000 (equivalent to S\$10,000), HK\$714,000 (equivalent to S\$127,000), HK\$412,000 (equivalent to S\$73,000) and HK\$53,000 (equivalent to S\$9,000) respectively.			
EPHR	During the Track Record Period and up to the Latest Practicable Date, on 64 occasions, we have been found in breach of the EPHR in relation to, among other things, failure to register food handlers with the NEA; failure to keep our premises clean; selling food which was not clean; failure to keep the air cleaning system or hood and flue system of the licenced premises clean, properly maintained and in good working order; failure to keep adequate number of refuse bins (which shall be kept closed) and of sufficient capacity to receive all refuse, rubbish or other waste produced upon the licenced premises; failure to maintain toilet facilities clean and in good working condition; failure to keep licenced premises free of infestation by rodent and cockroaches; and failure to ensure that appliances or utensils used for or in connection with the sale or preparation of food were kept clean.	The breaches were not wilful and were due to administrative oversight.	Pursuant to regulation 33 of the EPHR, any person who contravenes or fails to comply with any of the provisions of the EPHR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$2,000 and, in the case of a continuing offence, to a further fine not exceeding S\$100 for every day or part thereof during which the offence continues after conviction. In respect of the non-compliances with the EPHR during the Track Record Period, we have received the following: (a) for the financial year ended 31 December 2015, six composition fines amounting to S\$1,900, and 10 demerit points under the PDS; (b) for the financial year ended 31 December 2016, 16 composition fines amounting to S\$5,300, and 64 demerit points under the PDS; (c) for the financial year ended 31 December 2017, 18 composition fines amounting to S\$6,400, and 76 demerit points under the PDS; and (d) for the ten months ended 31 October 2018, eight composition fines amounting to S\$2,700 and 38 demerit points under the PDS; and (e) from 1 November 2018 up to the Latest Practicable Date, two composition fines amounting to a S\$600 and eight demerit points under the PDS. In March 2017 and July 2017, respectively, we have been found in breach of the EPHR for failing to register our staff at our food stall at 139 Tampines Street 11, #01–08, Singapore 521139 as food handler with the NEA. For each of these non-compliances, we had received 6 demerit points. As a result, the food stall was suspended for two weeks in September 2017 for accumulating 12 demerit points within a 12-month period under the PDS. The above composition fines have been fully settled. Accordingly, our Singapore legal advisers advise that the likelihood of prosecution is remote and it is highly unlikely that the respective directors will receive an imprisonment sentence for such breach in the event an action is instituted.	We have implemented various guidelines and checklists, including cleaning checklists for our cleaners and food centre supervisors, to ensure that our premises and the food supplied to our customers are clean. Our food centre supervisors are required to conduct checks on the food centres and food street to ensure their cleanliness. We have also put in place measures to ensure that our staff who is involved in food handling and preparation is registered with NEA and has obtained the Statement of Attainment.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Section 4 of the Liquor Control Act	During the Track Record Period, FCP failed to renew its Liquor Licence on time and therefore, it failed to obtain a licence for the supply of liquor at Block 145 Teck Whye Ave #01-151 Singapore 680145 between 12 January 2016 to 17 January 2016. During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total revenue attributed to the above period was Nil, approximately HK$45,000 (equivalent to S$8,000), Nil and Nil. During the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018, the total net profit attributed to the above period was Nil, approximately HK$17,000 (equivalent to S$3,000), Nil and Nil.	The omission was due to the inadvertent oversight of the employees who were in charge of the licensing matters relating to its business operations.	Pursuant to Section 4(3) of the Liquor Control Act, a person who supplies any liquor without a Liquor Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$20,000. Our Singapore legal advisers advise that the risk of prosecution against our Group, its Directors and/or officers for the past non-compliance in respect of the supply of liquor without a relevant licence is remote given that it is a sole instance of breach under the Liquor Control Act, and that the breach took place over a brief period of five days, more than 2.5 years ago in 2016.	As at the Latest Practicable Date, our Group has already obtained all necessary Liquor Licences for all of its food centres and food street which supply liquor and our Group had not received any notice of prosecution from the SPF.
Section 6 of the Liquor Control Act	During the Track Record Period, on four occasions, FCG had failed to prevent consumption of alcohol at certain of our food centres and food street after trading hours.	We cease the sales of beer at our food centres and food street after trading hours and display notices to remind customers not to consume alcohol after trading hours. The breaches were due to the refusal of our customers to cease consumption of alcohol after trading hours.	Pursuant to Section 6 of the Liquor Control Act, a licencee who allows any liquor to be consumed within the licenced premises outside of the trading hours specified in the licencee's Liquor Licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000. During the Track Record Period, the following fines have been imposed on FCP: (a) for the financial year ended 31 December 2015, two fines amounting to S$1,600; (b) for the financial year ended 31 December 2016, one fine amounting to S$1,600; and (c) for the financial year ended 31 December 2017, one fine amounting to S$800. We have fully settled the foregoing fines. Accordingly, the likelihood of prosecution is remote and it is unlikely that the respective directors will receive imprisonment sentence for such breach in the event an action is instituted.	We have put in place a policy for our staff to give frequent reminders to our customers. Once the trading hours end, our staff are required to keep all alcohol out of sight and patrol the food centres and food street to ensure that no customers are consuming alcohol after trading hours. Our Group has put in place more signs at our food centres and food street to remind customers not to consume alcohol after trading hours.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Sections 5 and 6 of the Smoking (Prohibition In Certain Places) Act (Chapter 310 of Singapore) ("**Smoking Prohibition Act**")	(a) During the Track Record, on two occasions, FCP have been found in breach of the Smoking Prohibition Act for, among other things, failing to display prohibition of smoking signs. (b) During the Track Record Period, on eight occasions, we have been found in breach of the Smoking Prohibition Act for failing to inform smokers to cease smoking immediately in a prohibited area on the premises or to leave the premises if the person refuses.	In respect of (a), the breaches were not wilful and were due to administrative oversight. In respect of (b), the breaches were due to the refusal of our customers to cease smoking in the prohibited area.	In respect of (a), under Section 5(1) of the Smoking Prohibition Act, the manager shall cause to be displayed suitable and sufficient number of notices of an adequate size or sizes in conspicuous positions in the specified place stating to the effect that smoking is prohibited by law. A manager who contravenes this provision shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$1,000. The NEA had issued two warning letters to FCP in the financial year ended 31 December 2017. As at the Latest Practicable Date, no fine had been imposed on FCP. In respect of (b), under Section 6(1) of the Smoking Prohibition Act, the manager of any specified place shall inform any person who smokes in a prohibited area on the premises to cease smoking immediately or to leave the premises if the person refuses. If the manager fails or neglects to comply with these provisions, the manager shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$1,000 and, in the case of a second or subsequent conviction, to a fine not exceeding S$2,000. During the Track Record Period, the following composition amounts have been imposed on us: (a) for the financial year ended 31 December 2015, two composition amounts of S$400; (b) for the financial year ended 31 December 2016, one composition amounts of S$500; and (c) for the financial year ended 31 December 2017, two composition amounts of S$1,000. We have fully settled the foregoing composition amounts. Accordingly, our Singapore legal advisers advise that the likelihood of prosecution is remote and it is highly unlikely that the respective directors will receive an imprisonment sentence for such breach the event an action is instituted.	Our Group has put in place more non-smoking signs at our food centres and food street. We have also provided training and written policies to our staff to improve their awareness on the smoking prohibitions and to ensure that our customers do not smoke in the prohibited areas.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Section 62 of the Income Tax Act (Chapter 134 of Singapore) ("**Income Tax Act**")	(a) FCP failed to submit Form C under the Income Tax Act, accounts and tax computation for the year of assessment 2014 due on 30 November 2014. (b) FCG failed to submit Form C under the Income Tax Act for the year of assessment 2017 due on 30 November 2017.	The omissions were not willful and were due to inadvertent oversight of the administrative staff responsible for making the relevant tax filings. In particular, in respect of (a), the omission was due to a change in FCP's financial year end to 31 December.	Any person who fails or neglects without reasonable excuse to comply with, inter alia, any provision of Section 62 of the Income Tax Act in relation to the filing of returns shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$1,000 and in default of payment to imprisonment for a term not exceeding 6 months. In respect of (a), IRAS first issued a notice to FCP to file the Form C, accounts and tax computation by 4 February 2015 and to pay the composition fee of S$450.00 by 4 February 2015. As FCP had paid the aforesaid composition fee but not filed the Form C, accounts and tax computation by the stipulated deadline, IRAS issued a notice to FCP to attend court for the breach, unless their FCP filed the Form C, accounts and tax computation and paid a composition fee of S$675 by 1 June 2015. The Form C, accounts and tax computation were filed on 12 March 2015 and the relevant composition fee were settled on 6 May 2015. In respect of (b), IRAS issued a notice to FCG to file the Form C and to pay the composition fee of S$200.00 by 7 February 2018. The Form C was filed on 22 January 2018 and the relevant composition fee were settled on 24 January 2018.	In order to prevent further instances of such non-compliances with the Income Tax Act, we have put in place a system whereby email reminders will be sent to our finance team to remind them to make tax filings before the relevant filing deadlines.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Section 3 of the Skills Development Levy Act (Chapter 306 of Singapore) (the "**SDLA**") and Regulation 12 of the Skills Development Levy Regulations (the "**SDLR**")	(a) In July 2015, the Singapore Workforce Development Agency issued a final reminder to Fu Chan Food Paradise, a sole proprietorship owned by FCP, to pay the skills development levy in respect of the period from January 2009 to April 2015. Fu Chan Food Paradise was required to declare its skills development levy liabilities and pay for such unpaid skills development levy. (b) In February 2015, pursuant to an audit conducted on FCP for the period of January 2013 to December 2013, the Singapore Workforce Development Agency ascertained that FCP had underpaid the skills development levy for the period of January 2013 to December 2013. The skills development levy and penalty for the underpayment for the specified period are S$2,333.00 and S$357.13 respectively. (c) In July 2015, FCP had outstanding skills development levy liabilities as per Singapore Workforce Development Agency's records. FCP was required to declare its skills development levy liabilities and pay for such unpaid skills development levy.	In respect of (a) and (c), the omission to pay the skills development levy for the relevant periods was because we were not aware of the requirement to make such payments. In respect of (b), the underpayment of skills development levy for the period of January 2013 to December 2013 was not wilful and was due to inadvertent miscalculations by the human resource staff responsible for making payment of the skills development levy.	Pursuant to Section 3 of the SDLA, every employer shall pay a skills development levy at the rate of 0.25% of the remuneration in any month of that employee up to the first S$4,500 of the employee's remuneration in any month or S$2, whichever is the greater. Under Regulation 12(2) of the SDLR, a penalty if the levy is not paid within the time specified in the SDLR or such further time as may be allowed, a penalty at the rate of 10% per annum of the amount outstanding shall be imposed from the expiration of such time or further times, as the case may be. Pursuant to Section 11(2) of the SDLA, any person who willfully with intent to evade payment of the levy or to aid or abet any other person to evade payment of the levy, *inter alia*, omits from a form or return any remuneration which ought to be included, give any false answer, or prepares or maintains of any false books of accounts or other records or falsifies any books of account or records shall be guilty of an offence and shall be liable on conviction to a penalty equal to double the amount of the levy due and unpaid and to a fine not exceeding S$5,000 or to imprisonment for a term not exceeding 3 years or to both. The Singapore Workforce Development Agency may abate any penalty or compound any offence under the SDLA for a sum not exceeding S$1,000. In respect of (a), Fu Chan Food Paradise had declared and paid the outstanding skills development levy liabilities for the period from January 2009 to April 2015 of S$2,844 in July 2015. No further action was taken by the WDA against Fu Chan Food Paradise. In respect of (b), FCP had declared and paid the skills development levy and penalty for the underpayment for the period from January 2013 to December 2013 amounting to S$2,690.13 in February 2015. As at the Latest Practicable Date, no fine had been imposed on FCP. In respect of (c), FCP had declared and paid the outstanding skills development levy liabilities for the period from January 2009 to April 2015 amounting to S$15,594 in July 2015. As at the Latest Practicable Date, no fine had been imposed on FCP.	We have entered into a direct debit arrangement through GIRO with the Singapore government for direct debiting of the relevant levy. In addition, we have automated the calculation of such levies which were previously done manually.

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
Goods and Services Tax Act	GST Incident *(Note)*	Errors in relation to GST returns of FCG and FCP in respect of certain prior years which led to the previous omission of total output tax and the related penalties to be recorded in the respective years The errors were not wilful and were due to the inadvertent oversight of the administrative staff responsible for making the relevant tax filings.	FCG and FCP were required to account for GST output tax on the salaries recharged to the related entities notwithstanding that there was no mark-up for the service rendered and no invoices were issued for the recharges prior to September 2017. The assessment of FCP have been finalised by IRAS as at 12 July 2018. The grand total of approximately S$376,000 has been settled as of the Latest Practicable Date. For FCG, an initial assessment was raised by the IRAS on 31 May 2018, which only relates to the financial period of 1 March 2013 to 31 May 2013, where a total of approximately S$4,000 was raised as output tax payable to the IRAS, with an additional 5% late payment penalty of approximately S$200 for the aforementioned output tax. The total of approximately S$4,000 has been settled by FCG. Subsequent to the above, the IRAS raised the final assessment of FCG on 26 July 2018 for the financial periods beginning from 1 March 2013 to 31 August 2017 (including the financial period of 1 March 2013 to 31 May 2013) on a totality basis. The grand total of approximately S$239,000 has been settled as of the Latest Practicable Date.	Our Group has engaged a tax adviser in Singapore in January 2018 to perform an ASK Review with the objective to (a) assist our Group to review current internal processes to ensure overall GST compliance and to recommend/assist to put in place (if required) such internal processes if they are found to be inadequate/lacking during the course of the ASK review; (b) ensure accuracy/completeness of our Group's GST returns before submission by performing a comprehensive quality check on all GST returns via a pre-filing checklist; and (c) early detect any error(s) committed by reviewing past GST returns. In addition, in order to avoid similar incident happening, our Group has adopted the following measures: (a) The management accounts and financial information prepared by our Group's accounting staff are required to be reviewed by Mr. Cui before approval by the Directors. Mr. Cui will also be responsible for reviewing the GST tax returns to be filed with IRAS, and if necessary, tax adviser would be consulted to ensure tax related laws and requirements are complied with;

Relevant regulations	Particulars of non-compliance	Reasons for non-compliance	Potential/actual consequences of non-compliance	Rectification actions and internal control measures taken
				(b) Our Group has adopted a manual detailing the accounting standards and tax requirements applicable to our Group, describing the flow of process and the relevant approvals to be obtained; (c) Our Group will engage reputable audit firms to help us enhance the accuracy of our accounting and tax matters; (d) Our Group continuously reviews and monitors the updates on the accounting standards and tax requirements from time to time in order to adopt the best practice in accounting and tax; (e) Our Group's accounting staff is required to attend training courses organised by accounting and tax professionals from time to time to enhance their accounting and tax knowledge and to ensure compliance with applicable accounting standards and tax requirements; (f) Our Group's audit committee will oversee the financial reporting and internal control procedures in accounting and tax matters and review such procedures on an annual basis; and (g) Our Group's IC Committee will oversee, inter alia, compliance matters as regards our operations going forward.

Note: For the detailed background and particulars of the GST Incident, rectification measures for the GST Incident and the internal control measure to prevent recurrence of the GST Incident, please refer to the section headed "Financial Information — Summary of results of operations — Taxation" of this prospectus.

Notwithstanding the abovementioned non-compliance incidents during the Track Record Period, our Directors are of the view, and the Sole Sponsor concurs, that such non-compliance incidents do not affect our Directors' suitability to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules and our Company's suitability for listing under Rule 8.04 of the Listing Rules on the following bases:

(a) none of the abovementioned non-compliance incidents suggested any dishonesty or fraud that would (i) affect our Directors' ability to fulfil their fiduciary duties in addition to their duties of skill, care and diligence towards our Shareholders; or (ii) raise any issue regarding the integrity of our Directors;

(b) our executive Directors and our senior management have attended a refresher training course on the Singapore laws in respect of the abovementioned non-compliance incidents. Having attended the course, our Group would be able to prevent the recurrence of the abovementioned non-compliance incidents and ensure due compliance with applicable law and regulation going forward;

(c) our Directors have attended trainings conducted by our Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the Listing Rules and our Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;

(d) our Group has taken measures to enhance its internal control system before the Listing, including the engagement of an independent internal control consultant (the "**Internal Control Consultant**") to perform a comprehensive evaluation of our Group's internal control system. For details of the measures recommended by the Internal Control Consultant which we have adopted, please refer to the paragraph headed "Business — Internal Control and Risk Management" of this prospectus. With the adoption of its recommended measures and policies before the Listing, our Group would be able to prevent the recurrence of the abovementioned non-compliance incidents and ensure due compliance with applicable laws and regulations going forward;

(e) we have appointed HeungKong Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;

(f) our Group has appointed Mr. Chu Chee Keong as our compliance officer. The role of the compliance officer includes advising on and assisting our Board in implementing procedures to ensure that our Group complies with the Listing Rules and other relevant laws and regulations applicable to our Group, and responding promptly and efficiently to all enquiries directed at him by the Stock Exchange. Our compliance officer, being the chairman and chief executive officer of our Company, is therefore able to raise sensible and appropriate queries on compliance issues and to expect prompt responses thereto from members of staff and external advisers;

(g) our Group has established an audit committee with written terms of reference in accordance with Rule 3.22 of the Listing Rules to review the internal control system and procedures for compliance with the requirements of the Listing Rules, the Companies Ordinance and other applicable laws, rules and regulations;

(h) our Group has appointed Mr. Hwang Hau-zen Basil as our company secretary to oversee the company secretarial matters of our Group;

(i) our Directors' knowledge and experience are invaluable to the operations of our Group to achieve sustainable growth;

(j) the abovementioned incidents were not particularly serious considering their possible operational and financial impact;

(k) our Company has appointed our Singapore legal advisers, with effect from Listing for the period of one full financial year, to advise us on compliance matters in respect of the renewal of Food Shop Licences, Food Stall Licences and Liquor Licences. on an ongoing basis; and

(l) our Company will, from time to time, appoint external legal advisers in Hong Kong and Singapore (as the case may be) to provide us with updates on the Listing Rules and applicable laws, rules and regulations to see if any change is required to be made with our operation and internal control system.

Internal control compliance committee

Our Company will establish an internal control compliance committee (the "**IC Committee**") to oversee our Group's legal and compliance matters relating to our operations going forward in order to ensure compliance with the relevant Singapore laws and regulations as well as to prevent recurrence of our historical non-compliances. The functions of the IC Committee include (i) monitoring and ensuring our Group's compliance with Singapore laws, rules and regulations as applicable to our Group's operations; (ii) providing status reports to the Board of Directors on a regular basis; (iii) engaging external advisers where necessary; and (iv) taking all necessary measures as it thinks appropriate to ensure the aforesaid measures are properly implemented.

The IC Committee comprises three members including (i) Mr. Chu Chee Keong, the chairman of our Company, an executive Director and our compliance officer, (ii) Mr. Cui Kewei Joshua ("**Mr. Cui**"), our senior management; and (iii) Mr. Loh Eu Tse, Derek ("**Mr. Loh**"), our independent non-executive Director. Mr. Loh was designated as the chairman to lead the IC Committee.

Indemnity from the Controlling Shareholders

All of the non-compliance issues that occurred during the Track Record Period have been settled or rectified. Our Controlling Shareholders have entered into a Deed of Indemnity with our Company (for itself and members of our Group) to provide indemnities in respect of monetary fines, settlements payments and any associated costs and expenses which would be incurred or suffered by them in connection with the aforesaid non-compliances occurred on or before the Listing Date.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are responsible for formulating and overseeing the implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

With a view to strengthening the internal control procedures of our Group, we have engaged an independent internal control adviser (the "**Internal Control Consultant**"), to perform a review over selected areas of our internal controls (the "**Internal Control Review**"). The selected areas of review included risk assessment, control activities, information and communication, monitoring, financial reporting procedures, revenue and accounts receivable, procurement, accounts payable and payment, inventory management, treasury operations, fixed assets, tax expenses, information technology, insurance, intellectual property, food handling, production and quality control.

The table below sets out the more significant findings and recommendations raised by the Internal Control Consultant in their Internal Control Review:

Major findings	Recommendations
Internal control over licence management	
• Renewal of licences before expiry	• Assign an officer to communicate with the relevant government bodies on the renewal of licences • Engage a professional licencing agent in handling the licences on behalf of our Group • Establish an internal control compliance committee to supervise the responsible officer for licence renewal and oversee our Group's licencing status on a regular basis

Major findings	**Recommendations**
Internal control over revenue and accounts receivable	
• Daily sales receipts are printed from the point of sales or cash register machine and any discrepancy above S$100 will be documented and the staff involved will have to explain the shortfall in a coaching session with the Area Manager. However, that cannot minimise the potential risk that such daily sales receipts may not be authentic.	• Our Group should change the operation method from cash basis to a cashless payment method to minimise the potential risk by implementing mobile payment or NETS to replace cash payment on at least one of the food stalls. Mobile payment or NETS can ensure the existence of transaction, provide sufficient data for backup, and reduce the risk of cash-count error by cash payment. Testing of the function of mobile payment or NETS should be performed to evaluate the efficiency and accuracy of the transaction recording process. As it is the long-term plan of our Group to eventually convert the payment method from cash to cashless mode, our Group had selected one of the food centres to experiment with both cash and cashless (mobile or NETS) payments. Having considered the efficiency, cost effectiveness and accuracy of the transaction recording process at this food centre, the management will then consider the feasibility of extending such cashless payment methods to other food centres.

Major findings	Recommendations
Internal control over quality control	
• No regular checklist for each of the food centre including as follows: (1) Working & toilet environment (2) Licenced premises is it clean (3) Free of cockroach infestation checking (4) Check the plates used for is kept clean	• A checklist should be introduced and performed by the food centre supervisor few times per daily. The checklist should include the basic cleaning items and the safety reminders.
• Sale of unclean food	• Our Company should provide an internal guideline to ensure all dishes provided to customers are clean.
• Failure to register food handlers	• All staff who is involved in food handling and preparation need to be registered with NEA and obtain the Statement of Attainment (SOA) of Food and Beverage Safety and Hygiene Policies and Procedures. The SOA is valid for five calendar years from date of issuance.
• Prevention of smoking in non-smoking area	• Sufficient non-smoking regulation should be implemented by disclosing non-smoking signs in the food stall. Training and policy should be provided to staff to improve their non-smoking awareness and ensure customers are not smoking in the food stall at any time.

Major findings	Recommendations
• Prevention of alcohol consumption before and after the regulated period	• Frequent and continuous reminder of government's alcohol control deadline should be performed by the staff to the customers in the food stall within one hour before the deadline. Once the regulated period is effective, all alcohol should be kept out of sight and a patrol with the food stall should be performed to ensure no customers are drinking alcohol during the regulated period.

Based on the findings from the Internal Control Review and the recommendations of the Internal Control Consultant, our Group has adopted measures and policies to improve our internal control measures to prevent future non-compliance. The Internal Control Consultant performed follow-up reviews from 4 June 2018 to 8 June 2018 (the "**Follow-up Review**"). After the Follow-up Review, the Internal Control Consultant concluded that we have fully implemented their recommendations.

OVERVIEW

Our Board of Directors consists of two executive Directors, one non-executive Director and three independent non-executive Directors. Our senior management team consists of two individuals (excluding our executive Directors). The following table sets out the information concerning our Directors and senior management:

Directors

Name	Age	Date of joining our Group	Present position within our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s)/ senior management (other than that through or relating to our Group)(1)
Executive Directors						
Mr. Chu Chee Keong (Mr. Zhu Zhiqiang)	47	29 January 2004	Executive Director, Chief Executive Officer and Chairman	13 March 2018	Overall strategic planning, management and operation of our Group	Spouse of Ms. Leow
Ms. Leow Poh Hoon (Ms. Liao Baoyun)	48	29 January 2004	Executive Director	13 March 2018	Overseeing day-to-day operation, budget and strategic planning and administration of our Group	Spouse of Mr. Chu
Non-executive Director						
Ms. Chu Pek Si (Ms. Zhu Peishi)	22	1 December 2012	Non-executive Director	30 August 2018	Providing strategic advice to our Group	Daughter of Mr. Chu and Ms. Leow

Name	Age	Date of joining our Group	Present position within our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s)/ senior management (other than that through or relating to our Group)[(1)]
Independent non-executive Directors						
Mr. Wong Loke Tan	63	1 February 2019	Independent non-executive Director	1 February 2019	Providing independent judgment on issues of policy, accountability, resources and standard of conduct	Nil
Mr. Loh Eu Tse Derek	52	1 February 2019	Independent non-executive Director	1 February 2019	Providing independent judgment on issues of policy, accountability, resources and standard of conduct	Nil
Mr. Mah Seong Kung	51	1 February 2019	Independent non-executive Director	1 February 2019	Providing independent judgment on issues of policy, accountability, resources and standard of conduct	Nil

Note:

(1) This refers to spouse; any person cohabiting with a Director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

Senior Management

Name	Age	Date of joining our Group	Present position within our Group	Roles and responsibilities	Relationship with other Director(s)/ senior management (other than that through or relating to our Group)[1]
Mr. Cui Kewei Joshua	34	1 May 2017	Chief Finance Officer	Supervising the overall accounting and financial management, project management, strategic planning and internal control of our Group	Nil
Ms. Koh Poy Poy	40	25 February 2008	Head of Food Centre Operations	Business development, managing the operations and overseeing the costs and income of all food centres and food street of our Group	Nil

Note:

(1) This refers to spouse; any person cohabiting with a Director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

DIRECTORS

Executive Directors

Mr. Chu Chee Keong (朱志強) ("**Mr. Chu**"), aged 47, is the founder of our Group and has been serving as a director of Fu Chan F&B Pte. Ltd. since 2004. He was redesignated as an executive Director and appointed as the chairman of our Board and chief executive officer of our Group on 30 August 2018. He is primarily responsible for the overall strategic planning, management and operation of our Group.

Mr. Chu is an entrepreneur. Mr. Chu has over 16 years of experience in the food and beverage industry. Since May 1993, Mr. Chu has been the sole proprietor of E Teng What Fisheries, a business that is principally engaged in wholesale import and export and retail of fishes, and he was primarily responsible for the overall management of the business. Since July 2002, Mr. Chu has been working in Fu Chan Food Paradise, a sole-proprietor business that is principally engaged in food and beverage.

Mr. Chu completed secondary 3 education in Changkat Changi Secondary School in 1986.

Below is a list of companies which has been struck off when Mr. Chu was a director of such company or within 12 months after his cessation to act as a director of such company:

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Location of food and beverage stalls/ food establishments/ principal place of business during the Track Record Period	Reason of striking off
Easternway Marine International Pte Ltd	Singapore	General Wholesale Trade (including general importer and exporters)	21 November 2003	Struck off	21 November 2003	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Chan (998) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	09 June 2011	Struck off	09 June 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Chan (145) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	11 February 2011	Struck off	11 February 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Chan (505) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	08 August 2012	Struck off	08 August 2012	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Chan (632) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	11 February 2011	Struck off	11 February 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
CK (MP80) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	09 June 2011	Struck off	09 June 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
CK (491) F&B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	11 February 2011	Struck off	11 February 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
CK (168) F&B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	11 February 2011	Struck off	11 February 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
CK (744) F&B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	11 February 2011	Struck off	11 February 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*
Ai Mian Zi F&B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	09 June 2011	Struck off	09 June 2011	N/A *(Note 1)*	Cessation of business *(Note 2)*

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Location of food and beverage stalls/ food establishments/ principal place of business during the Track Record Period	Reason of striking off
Fu Chan (10) F & B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	07 June 2013	Struck off	07 June 2013	N/A *(Note 1)*	Cessation of business *(Note 2)*
TP125 Coffee Station Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	04 July 2016	Struck off	04 July 2016	Blk 125 Toa Payoh Lorong 1, #01-523, Singapore 310125	Cessation of business *(Note 2)*
CK Chu Management Pte. Ltd.	Singapore	Business and Management Consultancy Services (General)	06 February 2017	Struck off	06 February 2017	3 Lorong Bakar Batu #08-03 Brightway Building Singapore 348741	Cessation of business *(Note 2)*
Yshan Pte. Ltd.	Singapore	Retail Sale of Beverages	16 April 2014	Struck off	16 April 2014	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Chan (CT5) Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	19 February 2016	Struck off	19 February 2016	Blk 5 Banda Street #01-52 Singapore 050005	Cessation of business *(Note 2)*
Geylang Serai One Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	10 October 2017	Struck off	10 October 2017	Blk 727 Ang Mo Kio Avenue 6 #01-4236 Singapore 560727	Cessation of business *(Note 2)*
						Blk 631 Bedok Reservoir Road #01-982 Singapore 470631	Transferred to our Group and cessation of business *(Note 2)*
LD (168) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 447A Fernvale Lodge Jalan Kayu #01-01 Singapore 791447	Transferred to our Group and cessation of business *(Note 2)*
						Blk 1 Geylang Serai 1 #01-210 Singapore 402001	Cessation of business *(Note 2)*
Fu Chan (744 BR) Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	24 November 2015	Struck off	24 November 2015	Blk 744 Bedok Reservoir Road #01-3019 Singapore 470744	Cessation of business *(Note 2)*
LD (100 FS) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	100 Orchard Road #01-02 Concorde Hotel & Shopping Mall Singapore 238840	Transferred to our Group and cessation of business *(Note 2)*
Fu Chan (27 Pioneer) Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	06 June 2016	Struck off	06 June 2016	27 Pioneer Road North Singapore 628470	Cessation of business *(Note 2)*
MV (21) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 139 Tampines St 11 #01-08 Singapore 521139	Transferred to our Group and cessation of business *(Note 2)*
SF (631) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 101 Yishun Avenue 5 #01-95 Singapore 760101	Cessation of business *(Note 2)*

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Location of food and beverage stalls/ food establishments/ principal place of business during the Track Record Period	Reason of striking off
MV (13) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 13 Old Airport Road #01-49 Singapore 390013	Cessation of business *(Note 2)*
						Blk 21 Toa Payoh Lorong 7 #01-298 Singapore 310021	Transferred to our Group and cessation of business *(Note 2)*
SF (721) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 46–1 Commonwealth Drive #01-358 Singapore 140461	Transferred to our Group and cessation of business *(Note 2)*
MV (101) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 101 Yishun Avenue 5 #01-93 Singapore 760101	Transferred to our Group and cessation of business *(Note 2)*
						Blk 744 Bedok Reservoir Road #01-3019 Singapore 470744	Cessation of business *(Note 2)*
SF (727) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 10 Telok Blangah Crescent #01-141 Singapore 090010	Transferred to our Group and cessation of business *(Note 2)*
RD (100 FS) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	100 Orchard Road #01-02 Concorde Hotel & Shopping Mall Singapore 238840	Transferred to our Group and cessation of business *(Note 2)*
MV (168) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 168 Bedok South Avenue 3 #01-471 Singapore 460168	Transferred to our Group and cessation of business *(Note 2)*
RD (L29) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	No. 2 Lorong 29 Geylang Road Singapore 388058	Transferred to our Group and cessation of business *(Note 2)*
MV (301) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 301 Punggol Central #01-06 Singapore 820301	Transferred to our Group and cessation of business *(Note 2)*

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Location of food and beverage stalls/ food establishments/ principal place of business during the Track Record Period	Reason of striking off
RD (727) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 727 Ang Mo Kio Avenue 6 #01-4236 Singapore 560727	Cessation of business *(Note 2)*
						Blk 505 Canberra Link #01-04 Singapore 750505	Transferred to our Group and cessation of business *(Note 2)*
						Blk 134 Jurong East Street 13 #01-309 Singapore 600134	Cessation of business *(Note 2)*
MV (631) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 631 Bedok Reservoir Road #01-982 Singapore 470631	Transferred to our Group and cessation of business *(Note 2)*
						Blk 134 Jurong East Street 13 #01-309 Singapore 600134	Transferred to our Group and cessation of business *(Note 2)*
RD (631) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	100 Orchard Road #01-02 Concorde Hotel & Shopping Mall Singapore 238840	Transferred to our Group and cessation of business *(Note 2)*
						Blk 744 Bedok Reservoir Road #01-3019 Singapore 470744	Transferred to our Group and cessation of business *(Note 2)*
						Blk 447A Fernvale Lodge Jalan Kayu #01-01 Singapore 791447	Transferred to our Group and cessation of business *(Note 2)*
RD (301) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 301 Punggol Central #01-06 Singapore 820301	Transferred to our Group and cessation of business *(Note 2)*
RD (101) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 101 Yishun Avenue 5 #01-93 Singapore 760101	Transferred to our Group and cessation of business *(Note 2)*
						Blk 139 Tampines St 11 #01-08 Singapore 521139	Transferred to our Group and cessation of business *(Note 2)*

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Location of food and beverage stalls/ food establishments/ principal place of business during the Track Record Period	Reason of striking off
AMZ (100 FS) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	100 Orchard Road #01-02 Concorde Hotel & Shopping Mall Singapore 238840	Transferred to our Group and cessation of business *(Note 2)*
AMZ (145) Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 June 2016	Struck off	06 June 2016	Blk 301 Punggol Central #01-06 Singapore 820301	Transferred to our Group and cessation of business *(Note 2)*
						Blk 145 Teck Whye Avenue #01-151 Singapore 680145	Transferred to our Group and cessation of business *(Note 2)*
K31 F&B Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	09 March 2017	Struck off	09 March 2017	Blk 31 Kelantan Lane #01-12 Singapore 200031	Cessation of business *(Note 2)*
Fu Chan (122) Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	20 November 2014	Struck off	20 November 2014	N/A *(Note 1)*	Cessation of business *(Note 2)*
Absolute Food Solutions Pte. Ltd.	Singapore	Restaurants	07 January 2014	Struck off	07 January 2014	N/A *(Note 1)*	Cessation of business *(Note 2)*
Good Day Supermart Pte. Ltd.	Singapore	Supermarkets	13 June 2014	Struck off	13 June 2014	N/A *(Note 1)*	Cessation of business *(Note 2)*
Fu Xiang Coffee Station Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	13 October 2015	Struck off	13 October 2015	2 Lorong 29 Geylang Road Singapore 388058	Cessation of business *(Note 2)*
Hoe Kee (1978) Noodle House Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	06 April 2017	Struck off	06 April 2017	Blk 301 Punggol Central #01-06 Singapore 820301	Cessation of business *(Note 2)*
U5 Investment Pte. Ltd.	Singapore	Other Holding Companies	04 April 2016	Struck off	04 April 2016	3 Lorong Bakar Batu #08-03 Union Industrial Center Singapore 348741	Cessation of business *(Note 2)*

Notes:

1. The companies were struck off before the commencement of the Track Record Period.

2. The companies ceased business due to restructuring reasons, which led to their striking off. For further details of such striking off, please refer to the paragraph "Companies excluded from our Group" under the section headed "History, Reorganisation and Group Structure" of this prospectus.

Regarding the companies listed in the table above, Mr. Chu confirmed that (i) all companies were struck off because they became dormant and the striking offs were merely to close down dormant companies; (ii) all companies were solvent at the time of striking off; (iii) none of these companies was involved in any claims or litigation; and (iv) there was not any wrongful act on the part of Mr. Chu in his capacity as the director of these companies.

Save as disclosed, Mr. Chu has not held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date. Save as being the spouse of Ms. Leow and the father of Ms. Chu, Mr. Chu does not have any relationship with other Directors and senior management.

Ms. Leow Poh Hoon (廖宝云) (''**Ms. Leow**''), aged 48, joined our Group in January 2004 as operations manager. She was appointed as a director of Fu Chan F&B Group Pte. Ltd. in April 2010. She was appointed as an executive Director on 30 August 2018. She is primarily responsible for the day-to-day operation, budget and strategic planning and administration of our Group.

Ms. Leow has over 16 years of experience in the food and beverage industry. Prior to joining our Group, from October 1992 to July 2000, Ms. Leow worked in E Teng What Fisheries as operation assistant, being primarily responsible for operation of business. Since April 2003, Ms. Leow began working in Fu Chan Food Paradise together with Mr. Chu, being primarily responsible for operation of business. Ms. Leow has been an operations manager of Fu Chan F&B Pte. Ltd. since its incorporation in January 2004.

Ms. Leow completed secondary 2 education in Changkat Changi Secondary School in 1985.

Below is a list of companies which has been struck off when Ms. Leow was a director of such company or within 12 months after her cessation to act as a director of such company:

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Approval date for striking off	Reason of striking off
Easternway Marine International Pte Ltd	Singapore	General Wholesale Trade (including general importer and exporters)	21 November 2003	Struck off	21 November 2003	Cessation of business *(Note 1)*
Ai Mian Zi F&B Pte. Ltd.	Singapore	Stalls Selling Cooked Food And Prepared Beverages (including stalls at food courts and mobile food hawkers)	09 June 2011	Struck off	09 June 2011	Cessation of business *(Note 1)*

Note:

1. The companies ceased business due to restructuring reasons, which led to their striking off. For further details of such striking off, please refer to the paragraph ''Companies excluded from our Group'' under the section headed ''History, Reorganisation and Group Structure'' of this prospectus.

Regarding the companies listed in the table above, Ms. Leow confirmed that (i) all companies were struck off because they became dormant and the striking offs were merely to close down dormant companies; (ii) all companies were solvent at the time of striking off; (iii) none of these companies was involved in any claims or litigation; and (iv) there was not any wrongful act on the part of Ms. Leow in her capacity as the director of these companies.

Save as disclosed, Ms. Leow has not held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date. Save as being the spouse of Mr. Chu and the mother of Ms. Chu, Ms. Leow does not have any relationship with other Directors and senior management.

Non-executive Director

Ms. Chu Pek Si (朱佩诗) (“**Ms. Chu**”), aged 22, was appointed as our non-executive Director on 30 August 2018. Ms. Chu is the daughter of Mr. Chu and Ms. Leow. She is responsible for providing strategic advice to our Group.

Ms. Chu joined our Group in December 2012 and worked as an administrative assistant until June 2017 during which she was responsible for providing administrative support to the business operations and assisting daily operation and co-ordination of the food centres and food street. Ms. Chu rejoined our Group in April 2018 and has been working as a part-time administrative assistant of our Group where she is mainly responsible for payrolls and operations.

Ms. Chu obtained a Certificate in Supervise Construction Work in Workplace Safety and Health (formerly known as Building Construction Supervisors Safety Course) and a Diploma in Civil Engineering with Business, in January 2015 and March 2016, both from Singapore Polytechnic respectively. She is currently pursuing a Bachelor Degree of Engineering with Honours in Civil Engineering at the Singapore Institute of Technology.

Save as disclosed, Ms. Chu has not held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date. Save as being the daughter of Mr. Chu and Ms. Leow, Ms. Chu does not have any relationship with other Directors and senior management.

Independent non-executive Directors

Mr. Wong Loke Tan (“**Mr. Wong**”), aged 63, was appointed as our independent non-executive Director on 1 February 2019. He is responsible for providing independent judgment on issues of policy, accountability, resources and standard of conduct.

Mr. Wong has over 30 years of banking experience. His experience and expertise span across syndicated loans, project financing, structured trade financing and merger and acquisitions. Before joining our Group, Mr. Wong worked in various international banks including OCBC Bank where he worked from 1989 to 2003 and was responsible to handle various portfolios of corporate clients. From July 2003 to his retirement in June 2016, he worked at Maybank, with his last position held as Senior Vice President and Head of Singapore Main Branch Business Centre in the bank’s commercial banking unit, where he built a strong SME portfolio consisting of many established players in their respective industries in Singapore.

The details of directorship held in public listed companies by Mr. Wong are set out as follows:

Company name	Principal business activities of the company	Stock code	Stock Exchange	Position	Duration
Union Steel Holdings Limited	Providing the recycling of ferrous and non-ferrous scrap metals, the trading of steel products and the provision of other services, comprising waste collection and management, demolition works, rental of steel plates and car scrapping	BLA.SI	Main Board of Singapore stock exchange	Non-executive independent director	November 2016 to present
Adventus Holdings Limited	Providing property investment and development activities	5EF.SI	Catalist market of Singapore stock exchange	Non-executive independent director	May 2017 to present
Koyo International Limited	Providing mechanical and engineering services	KOYO.SI	Catalist market of Singapore stock exchange	Non-executive independent director	August 2016 to February 2017
				Non-executive independent chairman	February 2017 to present

Mr. Wong is dedicated to contribute to civic organisations such as the Saint Gabriel's School Management Committee. In 2013, he was awarded the Bronze Medallion Service Award by the Ministry of Education of Singapore in recognition of his contributions and services.

Mr. Wong obtained his Master of Business Administration degree from Brunel University London in the United Kingdom in May 1996. He later obtained an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors in March 2013.

Save as disclosed above, Mr. Wong has not held any directorship in any listed companies, the listed securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date.

Mr. Loh Eu Tse Derek (盧有志) ("**Mr. Loh**"), aged 52, was appointed as our independent non-executive Director on 1 February 2019. He is responsible for providing independent judgment on issues of policy, accountability, resources and standard of conduct.

Mr. Loh is a practising lawyer in Singapore. He graduated from the University of Cambridge in the United Kingdom in June 1990. He then obtained his Postgraduate Practical Course in Law Certificate from the Board of Legal Education in Singapore in December 1992. Mr. Loh was admitted as a fellow of the Singapore Institute of Arbitrators in August 2011 and was appointed as an adjudicator of the Singapore Mediation Centre in April 2016. Mr. Loh joined his current firm, TSMP Law Corporation, in September 2001; he is currently a partner and his practice focuses on construction and engineering law.

Mr. Loh is also a member of the Board of Governors of St Joseph's Institution International of Singapore and a trustee and member of the management committee of SJI Foundation, a charitable institution.

The details of directorship held in public listed companies by Mr. Loh are set out as follows:

Company name	**Principal business activities of the company**	**Stock code**	**Stock Exchange**	**Position**	**Duration**
Vibrant Group Limited	Providing logistics, real estate and financial services	BIP.SI	Main Board of Singapore stock exchange	Non-executive independent director	November 2003 to present
Metech International Limited	Providing e-waste management solutions	QG1.SI	Catalist market of Singapore stock exchange	Non-executive independent director	February 2010 to November 2011
				Independent non-executive director	November 2011 to November 2018
Vietnam Enterprise Investments Limited	Investing in public equity markets of Vietnam	VEIL	London stock exchange	Independent non-executive director	March 2011 to present
Adventus Holdings Limited	Providing property investment and development activities	5EF.SI	Catalist market of Singapore stock exchange	Non-executive independent director	July 2014 to present

Company name	Principal business activities of the company	Stock code	Stock Exchange	Position	Duration
DISA Limited	Investing, building and revolutionising supportive ecosystem technologies and applications to raise productivity in advanced manufacturing, e-commerce, and omni-channel retailing sectors	532.SI	Catalist market of Singapore stock exchange	Non-executive independent director	May 2017 to present
Federal International (2000) Limited	Providing procurement in the oil and gas, energy, utilities and infrastructure industries	BDU.SI	Main Board of Singapore stock exchange	Independent non-executive director	November 2018 to present

Below is a list of companies which has been struck off when Mr. Loh was a director of such company or within 12 months after his cessation to act as a director of such company:

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Status date
Always International Private Limited	Singapore	Shipping Agencies	6 March 2004	Struck off	6 March 2004
Byzantium Pte. Ltd.	Singapore	Other holding companies	3 June 2007	Struck off	3 June 2007

Regarding the companies listed in the table above, Mr. Loh confirmed that (i) all companies were struck off because they became dormant and the striking offs were merely to close down dormant companies; (ii) all companies were solvent at the time of striking off; (iii) none of these companies was involved in any claims or litigation; and (iv) there was not any wrongful act on the part of Mr. Loh in his capacity as the director of these companies.

Save as disclosed above, Mr. Loh has not held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date.

Mr. Mah Seong Kung (马雄刚) ("**Mr. Mah**"), aged 51, was appointed as our independent non-executive Director on 1 February 2019. He is responsible for providing independent judgment on issues of policy, accountability, resources and standard of conduct.

Before joining our Group, Mr. Mah has over 20 years of experience in investment and corporate finance advisory. Mr. Mah started his career in KPMG Peat Marwick (now known as KPMG) in Singapore and had worked with the firm from June 1991 to November 1994 with his last position as audit senior, carrying out the planning control and co-ordination of audit assignments allocated to him. From September 1994 to November 1997, Mr. Mah then joined the corporate planning department of United Overseas Bank Limited and in November 1997 he worked as an investment manager at Transpac Capital Pte. Ltd., a venture capital and private equity firm. From November 2000 to October 2003, Mr. Mah worked as the general manager at TMC Education Corporation Limited (formerly known as TMC International Holdings Limited) whose issuer name has now changed to Global Dragon Limited (stock code: 586.SI) in the Singapore Stock Exchange. Afterwards, from November 2003 to July 2009, he joined Omega Capital Pte. Ltd., a licenced capital market advisory firm where he was responsible for business development, supervision and execution of corporate finance projects including initial public offerings and was promoted to the position of executive director.

In December 2012, Mr. Mah joined Sum Cheong Global Pte. Ltd. as a director where he assisted in developing its food commercial hub in Dongguan, PRC and establishing a food trading platform. Later, in January 2016, he joined as a director (designate) of Biztrack Consultants Pte Ltd which is a nominated adviser of the National Stock Exchange of Australia.

Mr. Mah obtained his Bachelor Degree of Accountancy from the National University of Singapore in July 1991. Mr. Mah was admitted as a chartered accountant in Singapore by the Institute of Singapore Chartered Accountants in July 2013.

Below is a list of companies which has been struck off or dissolved (as the case may be) when Mr. Mah was a director of such company or within 12 months after his cessation to act as a director of such company:

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Status date
Omega Capital Pte. Ltd.	Singapore	Corporate finance advisory, investment holdings, etc.	15 July 2009	Dissolved by members' voluntary winding up	22 December 2015
Banko Intelligence Equipment Pte. Limited	Singapore	Other holding companies	10 November 2004	Dissolved by members' voluntary winding up	11 July 2012
Agro-Terra Palm Products Pte. Ltd.	Singapore	Wholesale of mineral fuels and lubricant	9 April 2013	Struck off	9 May 2016
Mobile Payment Gateway Pte. Ltd.	Singapore	Other telecommunications activities N.E.C. (e.g. provision of VOIP (voice over internet protocol services) and cyber 'cafes' (offering internet access only))	6 April 2018	Struck off	6 April 2018
Pisces Assets Management Pte. Ltd.	Singapore	Business and management consultancy services (general)	8 October 2011	Struck off	8 October 2011
Commodity Trade Capital Pte. Ltd.	Singapore	Business and management consultancy services N.E.C.	10 September 2013	Struck off	10 September 2013
Agro Pacific Pte. Ltd.	Singapore	General wholesale trade (including general importers and exporters)	23 December 2012	Struck off	9 May 2016
EFH Myoutlets Pte. Ltd.	Singapore	General wholesale trade (including general importers and exporters)	5 July 2018	Struck off	5 July 2018
Singamip Enterprise Private Limited	Singapore	Wholesale of industrial, construction and related machinery and equipment N.E.C.	15 October 2000	Dissolved by members' voluntary winding up (insolvency)	19 June 2013

Regarding the companies listed in the table above, Mr. Mah confirmed that (i) all companies were struck off because they became dormant and the striking offs were merely to close down dormant companies; (ii) all companies were solvent at the time of striking off or dissolution, as the case maybe; (iii) none of these companies was involved in any claims or litigation; and (iv) there was not any wrongful act on the part of Mr. Mah in his capacity as the director of these companies.

The details of directorship held in public listed companies by Mr. Mah are set as follows:

Company name	Principal business activities of the Company	Stock code	Stock Exchange	Position	Duration
Mecurius Capital Investment Limited	Investment holding company operating through different segments, namely original design manufacturing business, bedding and bed linen retail business, and sourcing and procurement business.	MERC.S1	Catalist market on Singapore Stock Exchange	Independent Non-Executive Director	September 2012 to present
I M Quarries Limited	Engaging in exploration and mining of natural resources	NSX.IM1	National Stock Exchange of Australia	Director	March 2015 to present

Save as disclosed above, Mr. Mah has not held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date.

Disclosure under Rule 13.51(2) of the Listing Rules

Except as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Mr. Cui Kewei Joshua (崔珂维) (''**Mr. Cui**''), aged 34, joined our Group in May 2017 as financial controller. He was promoted to chief finance officer in August 2018. He is primarily responsible for the overall accounting and financial management, project management, strategic planning and internal control of our Group.

Mr. Cui has over 10 years of work experience in accounting and finance. From October 2007 to December 2009, Mr. Cui worked in Foo Kon Tan GT as an audit assistant where he was primarily responsible for carrying out statutory audit works. From December 2009 to November 2010, Mr. Cui worked in Ernst & Young LLP, with his last position as an audit senior, where he worked as a team leader in various audit assignments. From March 2011 to February 2012, Mr. Cui worked in Mapletree Logistics Trust Management Ltd. as an accountant where he was primarily responsible for preparing reports related to the compliance of reporting requirements under the rules of the Singapore Stock Exchange. From February 2012 to September 2015, Mr. Cui then worked at Cogent Holdings Limited with his last position as assistant finance manager and he was primarily responsible for the group's financial reporting, forecast and budget, SGX-ST compliance and preparation of annual report. From September 2015 to April 2017, Mr. Cui worked as financial controller in Conversant Solutions Pte. Ltd. where he was primarily responsible for managing the company's accounts, strategic planning and internal control.

Since June 2017, Mr. Cui has been a director of Capital Asia Investments Pte. Ltd. where he is primarily responsible for project financing and cash flow planning.

Mr. Cui graduated from Oxford Brookes University with a Degree of Bachelor of Science in applied accounting in July 2007. Mr. Cui has been a member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) since December 2010.

Ms. Koh Poy Poy (辜宝宝) ("**Ms. Koh**"), aged 40, joined our Group in February 2008 as an accounts assistant where she was initially responsible for accounts related work and assisting in day to day business operations. In May 2015, Ms. Koh was promoted to the position of operation assistant and began to also oversee human resource and operation matters of our Group. She is now primarily responsible for business development and managing the operations and overseeing the costs and income of all food centres and the food street of our Group.

In June 2018, Ms. Koh was further promoted to head of food centre operations of our Group. Ms. Koh is responsible for the overall management and oversight of all food centres and food street and the operations managers, including the setting up of new food centres as well as coordinating and monitoring compliance with applicable laws, regulations and licencing requirements across our Group.

Before joining our Group in February 2008, Ms. Koh worked in various industries in Malaysia.

Ms. Koh completed Form 5 of the Sijil Pelajaran Malaysia examinations.

Below is a list of companies which has been struck off when Ms. Koh was a director of such company or within 12 months after her cessation to act as a director of such company:

Name of company	Place of incorporation	Nature of business	Date of cessation of being a director	Status	Status date
New Food City Pte. Ltd.	Singapore	Food courts and Food centres (with mainly food and beverage income)	7 January 2018	Struck off	7 January 2018

Regarding the company listed in the table above, Ms. Koh confirmed that (i) the above company was struck off because it became dormant and the striking off was merely to close down the dormant company; (ii) the above company was solvent at the time of striking off; (iii) the above company was not involved in any claims or litigation; and (iv) there was not any wrongful act on the part of Ms. Koh in her capacity as the director of the above company.

None of our senior management has held any directorship in any listed companies, the securities of which are or have been listed on any securities market in Hong Kong, Singapore or overseas in the last three years immediately preceding the Latest Practicable Date.

COMPANY SECRETARY

Mr. Hwang Hau-zen Basil (黃浩宸) ("**Mr. Hwang**"), aged 47, was appointed as company secretary of our Company on 30 August 2018.

Mr. Hwang has been the managing partner of Hwang Hauzen LLP since January 2018. He was previously a partner of Zhong Lun Law Firm from February 2015 to January 2016 and was the managing partner of the Hong Kong office of Dechert LLP from November 2007 to January 2014. Mr. Hwang was the general counsel and joint company secretary of China Shandong Hi-Speed Financial Group Limited (Stock code: 412), a company listed on the Main Board of the Stock Exchange, from May 2017 to September 2017. He was an executive director, general counsel and head of development and investments and member of the executive committee of Daohe Global Group Limited (Stock code: 915), a company listed on the Main Board of the Stock Exchange, from February 2015 to January 2017. He was also an independent director of First Sponsor Group Limited (Singapore Stock Exchange: ADN), a company listed on the Singapore Stock Exchange, from May 2014 to February 2017.

Mr. Hwang obtained a LLB (Honours) degree from the National University of Singapore in July 1997, and a Master of Science degree in Global Finance jointly granted by New York University's Stern School of Business and the Hong Kong University of Science and Technology in June 2013. Mr. Hwang was admitted as an advocate and solicitor in Singapore in 1998, as a solicitor in England and Wales in 2000 and as a solicitor in Hong Kong in 2004. He holds a solicitor's practising certificate with the Law Society of Hong Kong. Mr. Hwang is a board member of The Singapore Chamber of Commerce (Hong Kong) since 2007.

BOARD COMMITTEES

We have established an Audit Committee, a Remuneration Committee and a Nomination Committee. Each committee operates in accordance with its terms of reference established by the Board.

Audit Committee

The Audit Committee was established on 1 February 2019 and comprises three independent non-executive Directors, namely Mr. Mah Seong Kung, Mr. Loh Eu Tse Derek and Mr. Wong Loke Tan. The chairperson of the Audit Committee is Mr. Mah Seong Kung.

The role of the Audit Committee includes reviewing and monitoring our Group's external auditor's independence and objectivity and the effectiveness of the audit process, monitoring the integrity of our Group's financial information and reviewing significant financial reporting judgements and overseeing our Group's financial reporting system and risk management and internal control systems.

Remuneration Committee

The Remuneration Committee was established on 1 February 2019 and comprises one executive Director and three independent non-executive Directors, namely, Mr. Chu Chee Keong, Mr. Loh Eu Tse Derek, Mr. Wong Loke Tan and Mr. Mah Seong Kung. The chairperson of the Remuneration Committee is Mr. Loh Eu Tse Derek.

The role of the Remuneration Committee includes making recommendations to the Board on our Group's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing our Group's remuneration policy, reviewing and approving management's remuneration proposals, determining or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the remuneration of Directors, reviewing and approving compensation payable to executive Directors and senior management for loss of office, reviewing and approving compensation arrangements relating to the dismissal or removal of Directors and ensuring that no Director or his or her associate is involved in deciding his or her own remuneration.

Nomination Committee

The Nomination Committee was established on 1 February 2019 and comprises three independent non-executive Directors, namely, Mr. Wong Loke Tan, Mr. Mah Seong Kung and Mr. Loh Eu Tse Derek. The chairperson of the Nomination Committee is Mr. Wong Loke Tan.

The role of the Nomination Committee includes conducting an annual review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board, identifying suitably qualified individuals to become Board members and making recommendations to the Board on the selection of individuals nominated for Board membership, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Internal Control Compliance Committee

We have also established an Internal Control Compliance Committee for the purposes of overseeing our Group's legal and compliance matters relating to our operations. Please see page 201 of this prospectus for further details.

REMUNERATION

Our Directors and members of our senior management receive compensation in the form of fees, salaries, allowances, benefits in kind, discretionary performance-linked bonuses and defined contribution, and their respective remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities, workload, the time devoted to our Group, individual performance and the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Group or executing their functions in relation to the operations of our Group.

Our Group regularly reviews and determines the remuneration packages of our Directors and senior management. After Listing, the Remuneration Committee will assist the Board in reviewing and determining the remuneration packages.

During the three years ended 31 December 2017 and ten months ended 31 October 2018, the aggregate amount of compensation paid by our Group to our Directors were approximately S$542,000, S$566,000, S$645,000 and S$603,000, respectively.

During the three years ended 31 December 2017 and ten months ended 31 October 2018, the aggregate amount of compensation paid by our Group to our five highest paid individuals (including our executive Directors) were approximately S$783,000, S$755,000, S$1,011,000 and S$1,049,000, respectively.

Under the arrangements currently in force, we estimate that the aggregate amount of compensation payable by our Group to our Directors for the financial year ended 31 December 2018 will be approximately S$750,000.

Please refer to the section headed ''Further Information About Our Directors and Substantial Shareholders — 9. Particulars of Directors' service contracts and letters of appointment'' in Appendix VI of this prospectus for details of the terms of our Directors' service contracts.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company complies or intends to comply with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with the exception for code provision A.2.1.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chu currently holds both positions. Since the establishment of our Group, Mr. Chu has been the key leadership figure who has been deeply involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our Directors (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-executive Directors) consider Mr. Chu is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the ''comply or explain'' principle in our corporate governance report which will be included in our annual reports after the Listing.

Our Directors have a balanced mix of experiences and industry background, including but not limited to experiences in food and beverage, engineering, banking, legal and accounting industries. The three independent non-executive Directors, who have different industry backgrounds, represent more than one third of our Board members.

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity of perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed HeungKong Capital Limited as our compliance adviser to provide advisory services to our Company. Pursuant to Rule 3A.23 of the Listing Rules, it is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following circumstances:

(i) before the publication of any regulatory announcements, circulars or financial reports;

(ii) where a transaction, which might be discloseable or being a notifiable or connected transaction under Chapters 13, 14 and/or 14A of the Listing Rules, is contemplated including shares issues and share repurchases;

(iii) where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry to us regarding unusual movements in the price or trading volume of our Shares or other issues under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), 75% of the issued share capital of our Company will be owned by Strong Oriental which is a company wholly-owned by Mr. Chu. In this regard, Mr. Chu, together with Strong Oriental, are our Controlling Shareholders within the meaning of the Listing Rules. For the background of Mr. Chu, please refer to section headed "Directors and Senior Management" of this prospectus.

Save as disclosed above, there is no other person who will, immediately following the completion of the Share Offer and Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors consider that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than the members of our Group) upon the Listing.

Financial independence

We are financially independent of our Controlling Shareholders and their respective close associates. We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. In addition, our Group makes financial decisions according to our own business needs.

Operational independence

We have sufficient operational capacity in terms of capital, facilities, premises and employees to operate our business independently. We also have independent access to suppliers and customers and our Group has established our own organisational structure made up of individual departments, each with specific area of responsibilities, to handle our day-to-day operations.

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group had not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their close associates during the Track Record Period. Our Group has also established a set of internal controls procedures to facilitate the effective operation of our business. In particular, we are led by a management team with extensive experience in the food and beverage industry. Mr. Chu, our executive Director, has been with our Group since incorporation. Our Ms. Koh Poy Poy, who responsible for business development and managing the operations and overseeing the costs and income of all food centres and food street of our Group has approximately 10 years of experience in the food and beverage industry.

Our suppliers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers for the provision of services and materials.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

Management independence

Although our Controlling Shareholders will maintain controlling interests in our Company upon completion of the Share Offer, the day-to-day management and operations of our Group will be the responsibility of all our executive Directors and senior management of our Company. The Board has six Directors comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The Board and senior management operate as a matter of fact independently from our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing without reference to our Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing our Group's business independently from our Controlling Shareholders.

RULE 8.10 OF THE LISTING RULES

Save as disclosed in this prospectus, our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") executed the Deed of Non-competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries) under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for each of our subsidiaries) that:

(a) he/it will not, and will procure any Covenantor and his/its close associates (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) (the "**Controlled Company**") not to, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, participate in, hold, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business presently carried on or contemplated to be carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether directly or through any body corporate, partnership, joint venture or other contractual or other arrangement) in any territory that our Group carries on its business from time to time (the "**Restricted Business**");

(b) when any Controlled Person and/or any Controlled Company is offered or becomes aware of any new project or business opportunity ("**New Business Opportunity**") directly or indirectly to engage or become interested in a Restricted Business, he/it (i) shall promptly notify our Company of such New Business Opportunity in writing, refer the same to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons or Controlled Company shall not invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by our Company in writing and the principal terms of which he/it and/or his/its close associates invest or participate in are no more favourable than those made available to our Company.

The restrictions which each of the Covenantors has agreed to undertake pursuant to the non-competition undertakings will not apply to such Covenantors in the circumstances where the holding of or interests in shares or other securities by any of the Covenantors and/or his/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:

(a) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant combined turnover or combined assets of the company in question, as shown in the latest audited accounts of the company in question; or

(b) the total number of the shares held by any of the Covenantors and his/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and his/its close associates together hold.

The non-competition undertakings will take effect from the date on which dealings in the Shares first commence on the Stock Exchange and the obligations of a Covenantor under the Deed of Non-competition will cease to have any effect whatsoever, with respect to a party or parties (as the case may be) on the earliest of the date on which:

(i) a Covenantor, being a Controlling Shareholder, and his/its associates and/or successor, individually and/or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the issued share capital of our Company, or otherwise ceased to be regarded as Controlling Shareholder (as defined under the Listing Rules from time to time) of our Company; or

(ii) the Shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange except for temporary suspension of Shares due to any reason.

General undertakings

To ensure the performance of the above non-competition undertakings given under the Deed of Non-competition, each of the Covenantors has further jointly and severally undertaken to our Company (for ourselves and as trustee for each the subsidiaries), among others:

(a) he/it will provide our Company and our Directors (including the independent non-executive Directors) (from time to time), if requested by our Company, with all information necessary for their annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-competition; and

(b) he/it will procure that the decisions reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition shall be disclosed either through the annual report of our Company or by way of announcements published by our Company to the public.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

(a) the independent non-executive Directors will review, on an annual basis, the compliance with the non-compete undertaking by our Controlling Shareholders under the Deed of Non-competition;

(b) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(c) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company;

(d) our Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company;

(e) our Company has appointed HeungKong Capital as our compliance adviser to advise on compliance matters in accordance with the Listing Rules;

(f) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to be involved in or participate in a Restricted Business and if so, any conditions to be imposed;

(g) the independent non-executive Directors may appoint an independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company; and

(h) in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

Authorised share capital:		*HK$*
10,000,000,000	Shares	100,000,000
Shares in issue or to be issued, fully paid or credited as fully paid:		
100	Shares in issue	1
599,999,900	New Shares to be issued pursuant to Capitalisation Issue	5,999,999
200,000,000	New Shares to be issued pursuant to the Share Offer	2,000,000
Total		
800,000,000	Shares	8,000,000

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all time thereafter, our Company must maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the Listing Rules).

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions in writing of the sole Shareholder passed on 1 February 2019, subject to the share premium account of our Company being credited as a result of the Listing, our Directors were authorised to allot and issue a total of 599,999,900 new Shares to the existing Shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$5,999,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the Shares in issue (save for the right to participate in the Capitalisation Issue).

CIRCUMSTANCES WHERE MEETING OF OUR COMPANY IS REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles, details of which is set out in paragraph headed "2. Articles of Association — (e) Meetings of members — (iv) Notices of meetings and business to be conducted" in Appendix V to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in paragraph headed "Further information about our Directors and Substantial Shareholders — 14. Share Option Scheme" in Appendix VI to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and Conditions of the Share Offer" being fulfiled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

(a) 20% of the number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and

(b) the number of Shares repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed "General Mandate to Repurchase Shares" below.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Group — 4. Written resolutions of the sole Shareholder" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus being fulfiled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent an aggregate nominal amount of not exceeding 10% of the aggregate number of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Further information about our Group — 6. Repurchase by our Company of its own securities" in Appendix VI to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required the Articles or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Group — 6. Repurchase by our Company of its own securities" in Appendix VI to this prospectus.

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to any options which may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/ Nature of interest	Number of Shares held as at the date of the application proof of this document	Approximate percentage of shareholding as at the date of the application proof of this document	Number of Shares held immediately after the Share Offer *(Note 1)*	Approximate percentage of shareholding immediately after the Share Offer
Strong Oriental	Beneficial owner *(Note 2)*	100	100%	600,000,000 (L)	75%
Mr. Chu	Interest of controlled corporation *(Note 2)*	100	100%	600,000,000 (L)	75%
Ms. Leow	Deemed interest by virtue of interest held by spouse *(Note 3)*	100	100%	600,000,000 (L)	75%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued share capital of Strong Oriental is beneficially owned by Mr. Chu who is deemed to be interested in all the Shares held by Strong Oriental by virtue of the SFO. Mr. Chu is a Controlling Shareholder and executive Director of our Company.

3. Ms. Leow is the spouse of Mr. Chu and is deemed to be interested in all the Shares owned or interested in by Mr. Chu through Strong Oriental.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Stock Exchange, details of which are set out in the section headed "Underwriting" in this prospectus. Our Controlling Shareholders and our Company have also given undertakings in respect of the Shares and the Stock Exchange as required by Rules 10.07(1) and 10.08 of the Listing Rules, respectively.

*You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (''**IFRSs**''). You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section ''Risk Factors'' of this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a food and beverage group based in Singapore with more than 15 years of experience in the ownership and operation of food centres and food street in Singapore. Currently, our business can be categorised into the (1) F&B Retail Business and (2) Outlet Management and Leasing Business.

As at the Latest Practicable Date, we operated and managed a total of 13 food establishments, being (i) 12 food centres, comprising nine non-air-conditioned food centres and three air-conditioned food centres; and (ii) one food street, under our Outlet Management and Leasing Business. Our food street is leased by our Group from an Independent Third Party, and comprises four food and beverage kiosks, of which three are operated by us under our F&B Retail Business. Of the 13 food establishments (12 food centres and one food street) managed by us under our Outlet Management and Leasing Business, one is managed on behalf of an Independent Third Party food centre owner. In addition, we have engaged an Independent Third Party operator to manage one of the food centres leased by us on our behalf, and we also leased three properties to Independent Third Parties.

During the Track Record Period, we derived revenue mainly from (i) sale of cooked food, beverages and tobacco products; (ii) rental income from lease of premises to tenants; and (iii) provision of management, cleaning and utilities services.

BASIS OF PRESENTATION AND PREPARATION

The financial information has been prepared by our Directors based on accounting policies that conform with IFRSs which includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board, on the basis of presentation as set out in Note 2 of the Accountants' Report contained in Appendix I to this prospectus, and no adjustments have been made in preparing the financial information.

Our Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers consistently throughout the Track Record Period. Our Group considers that the adoption of IFRS 9 and IFRS 15 does not have any significant impact on our financial position and performance of our Group compared to the requirements of IAS 18 Revenue and IAS 39 Financial Instruments: Recognition and Measurement. For details of IFRS 9 and IFRS 15, please refer to Note 3 to the Accountants' Report set out in Appendix I to this prospectus.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant accounting policies, judgments and estimates are those that require management to exercise judgments, estimates and assumptions that may yield materially different financial results if the management were to apply different conditions and/or assumptions or make different estimates. Actual results may differ from these estimates. During the Track Record Period, our Directors confirm that there were no significant changes in the assumptions and estimates, and continuous assessment will be made to these assumptions and estimates going forward. For details of the significant accounting policies and estimates and judgements, please refer to Notes 4 and 5 of the Accountants' Report in Appendix I to this prospectus. The following paragraphs summarises significant accounting policies and estimates and judgements applied in preparing our Group's financial information:

Significant accounting policies

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

(a) Food and beverages income

Revenue arising from the sale of food and beverages is recognised in profit or loss at the point of sale to customers. Revenue is after deduction of any sale discount.

(b) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned.

(c) Provision of management, cleaning and utilities services

Revenue from the rendering of outlet management services and utilities services to the tenants are recognised upon the completion of the services rendered.

Revenue from the provision of cleaning services is recognised on a straight-line basis over the terms of the service agreements upon rendering of services.

(d) Interest income

Interest income is recognised as it accrues using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Our Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Our Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they are actually arise.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Freehold land is stated at cost and not depreciated.

The property, plant and equipment are depreciated over their estimated useful lives or amortised over the lease period on a straight-line basis as follow:

Freehold building	50 years
Furniture and fittings	3 years
Food establishment and office equipment	3 years
Motor vehicles	3 to 5 years

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year in which the item is derecognised.

Critical accounting estimates and judgements

The areas involving higher degree of judgement or complexity or where estimates and assumptions used are significant to the historical financial information of our Group for the Track Record Period are described below:

Impairment of trade and other receivables

When there is objective evidence of impairment loss, our Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Upon adoption of IFRS 9, our management estimates the amount of loss allowance for expected credit loss ("ECL") on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments and counterparty. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the trade and other receivables. The assessment of the credit risk of the trade and other receivables involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Impairment of property, plant and equipment

Our Group reviews its property, plant and equipment for indications of impairment at each reporting period. In analysing potential impairments identified, our Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Income tax expense

Our Group has exposure to income taxes in Singapore. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and applicable tax incentives. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Our Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax recognised in the period in which such determination is made. The carrying amounts of our Group's current income tax liabilities as at 31 December 2015, 2016 and 2017 and 31 October 2018 were S$221,000, S$259,000, S$636,000 and S$685,000 respectively.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets, after taking into account the estimated residual value. Our Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on our Group's historical experience with similar assets and taking into account anticipated technological changes. The deprecation expenses for future period is adjusted if there are significant changes from previous estimates.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those discussed below and in the section headed "Risk Factors" of this prospectus, some of which are beyond our control.

(i) Fluctuation of staff costs

We place emphasis on our customers' dining experiences in our stalls, food centres and food street. In order to achieve this goal, we have to maintain sufficient number of staff both on the floor and in the kitchen for each of our stalls, food centres and food street. Human resources management is the key to our success. During the Track Record Period, we retained a management team with extensive industry experiences and a responsive workforce that contributed to the stability and expansion of our Group's operations. The loss of any of our key personnel and other experienced and competent staff can be detrimental to our ongoing operations as we may be unable to replace them in a timely or effective manner. Our success is also dependent on our ability to attract and retain experienced and competent personnel in order to manage our existing operations as well as our future growth. We offer competitive remuneration packages, career development and promotion opportunities to our staff with a target to reduce the employee turnover levels.

Our staff costs were one of the largest components of our operating expenses, and were approximately S$10.4 million, S$9.5 million, S$10.7 million, S$8.8 million and S$9.2 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 respectively, and accounted for approximately 26.5%, 26.0%, 24.3%, 24.6% and 24.4% of our revenue for the respective years/periods.

The table below sets forth the sensitivity analysis of our staff costs on our profit before income tax and profit for the years/periods during the Track Record Period with all other variables held constant for illustrative purpose.

For year ended 31 December 2015

	Changes in percentage of staff cost			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,038	519	(519)	(1,038)
Change in profit for the year	861	431	(431)	(861)

For year ended 31 December 2016

	Changes in percentage of staff cost			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	952	476	(476)	(952)
Change in profit for the year	790	395	(395)	(790)

For year ended 31 December 2017

(S$'000)	Changes in percentage of staff cost			
	–10%	**–5%**	**5%**	**10%**
Change in profit before tax	1,070	535	(535)	(1,070)
Change in profit for the year	888	444	(444)	(888)

For ten months ended 31 October 2017

(S$'000)	Changes in percentage of staff cost			
	–10%	**–5%**	**5%**	**10%**
Change in profit before tax	883	441	(441)	(883)
Change in profit for the year	732	366	(366)	(732)

For ten months ended 31 October 2018

(S$'000)	Changes in percentage of staff cost			
	–10%	**–5%**	**5%**	**10%**
Change in profit before tax	916	458	(458)	(916)
Change in profit for the period	760	380	(380)	(760)

(ii) Cost of inventories consumed

Cost of inventories consumed is a substantial component of our operating expenses and the food ingredient and beverage prices have a direct impact on our cost of inventories consumed, which in turn affect our financial results. For the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, our cost of inventories consumed was approximately S$15.1 million, S$13.3 million, S$16.5 million S$13.4 million and S$14.3 million, respectively, representing approximately 38.6%, 36.4%, 37.4%, 37.4% and 38.2% of our revenue for the respective years/periods. For details, please refer to the section headed "Business — Suppliers and raw materials" in this prospectus. The price and supply of these ingredients are nonetheless subject to a number of factors that are beyond our control, including availability and demand as food ingredients and beverage are primarily determined by market prices in Singapore. Our cost of inventories consumed as a percentage of revenue will continue to be a key performance indicator of the overall efficiency and profitability of our business operations.

The table below sets forth the sensitivity analysis of our cost of inventories consumed on our profit before income tax and profit for the years/periods during the Track Record Period with all other variables held constant for illustrative purposes.

For year ended 31 December 2015

	Changes in percentage of cost of inventories consumed			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,514	757	(757)	(1,514)
Change in profit for the year	1,257	628	(628)	(1,257)

For year ended 31 December 2016

	Changes in percentage of cost of inventories consumed			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,331	665	(665)	(1,331)
Change in profit for the year	1,104	552	(552)	(1,104)

For year ended 31 December 2017

	Changes in percentage of cost of inventories consumed			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,646	823	(823)	(1,646)
Change in profit for the year	1,366	683	(683)	(1,366)

For ten months ended 31 October 2017

	Changes in percentage of cost of inventories consumed			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,343	672	(672)	(1,343)
Change in profit for the period	1,115	557	(557)	(1,115)

For ten months ended 31 October 2018

	Changes in percentage of cost of inventories consumed			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	1,431	715	(715)	(1,431)
Change in profit for the period	1,188	594	(594)	(1,188)

(iii) Property rentals and related expenses

We operate some of our food centres, food street and food and beverage stalls on leased premises, and the changes in the level of property rentals and related expenses will have a direct impact on our profitability. The costs of leasing and maintaining our food centres, food street and food and beverage stalls are reflected in our property rentals and related expenses. For the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, our property rentals and related expenses were approximately S$6.8 million, S$5.7 million, S$5.7 million, S$4.5 million and S$5.2 million, respectively, representing approximately 17.4%, 15.7%, 13.0%, 12.7% and 13.8% of our revenue for the respective years/periods.

The table below sets forth the sensitivity analysis of our property rentals and related expenses on our profit before income tax and profit for the years/periods during the Track Record Period with all other variables held constant for illustrative purposes.

For year ended 31 December 2015

	Changes in percentage of property rentals and related expenses			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	681	341	(341)	(681)
Change in profit for the year	565	283	(283)	(565)

For year ended 31 December 2016

	Changes in percentage of property rentals and related expenses			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	574	287	(287)	(574)
Change in profit for the year	477	238	(238)	(477)

For year ended 31 December 2017

	Changes in percentage of property rentals and related expenses			
(S$'000)	**–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	574	287	(287)	(574)
Change in profit for the year	476	238	(238)	(476)

For ten months ended 31 October 2017

(S$'000)	Changes in percentage of property rentals and related expenses **–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	455	227	(227)	(455)
Change in profit for the period	378	189	(189)	(378)

For ten months ended 31 October 2018

(S$'000)	Changes in percentage of property rentals and related expenses **–10%**	**–5%**	**5%**	**10%**
Change in profit before tax	517	259	(259)	(517)
Change in profit for the period	429	215	(215)	(429)

SUMMARY OF RESULTS OF OPERATIONS

The following is a summary of our consolidated statements of profit or loss and other comprehensive income for the Track Record Period, which has been extracted from and should be read in conjunction with the Accountants' Report set out in Appendix I to this prospectus.

	For the year ended 31 December			**For the ten months ended 31 October**	
	2015	**2016**	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Revenue	39,224	36,596	43,975	35,947	37,476
Fair value gain of investment properties	1,311	2,302	589	—	2,050
Other gains and losses, net	209	249	211	188	202
Cost of inventories consumed	(15,137)	(13,307)	(16,459)	(13,432)	(14,308)
Staff costs	(10,378)	(9,521)	(10,702)	(8,825)	(9,155)
Property rentals and related expenses	(6,810)	(5,744)	(5,737)	(4,549)	(5,172)
Management, cleaning and utilities expenses	(1,971)	(1,476)	(2,324)	(1,773)	(1,478)
Depreciation	(159)	(220)	(404)	(323)	(312)
Listing expenses	—	—	—	—	(2,265)
Other operating expenses	(1,543)	(1,723)	(1,866)	(1,371)	(2,045)
Finance costs	(648)	(775)	(1,182)	(939)	(1,011)
Profit before taxation	4,098	6,381	6,101	4,923	3,982
Taxation	(124)	(166)	(590)	(451)	(369)
Profit for the year/period	3,974	6,215	5,511	4,472	3,613

Year ended 31 December 2016 compared to year ended 31 December 2015

Our Group recorded a decline in revenue from the year ended 31 December 2015 to the year ended 31 December 2016. Such decline was mainly driven by a decrease in the revenue from sale of cooked food, beverages and tobacco products. Although the number of food and beverage stalls increased from 38 at the end of 2015 to 39 at the end of 2016, nine of these were newly opened during 2016, while a total of eight food and beverage stalls closed during the year. In particular, three of our stalls which contributed significantly to our revenue closed in November 2015, February 2016 and February 2016 respectively, while some of the stalls opened only in the last quarter of 2016. Out of these three stalls, our Group ceased the operations of one beverage stall in November 2015 as we rented out the food centre to an Independent Third Party operator to manage. Our Group ceased the operations of the remaining two stalls in February 2016 as we decided not to renew the lease for the food centre due to erosion of operating margin as a result of low occupancy rate and high operating costs. Our Group recorded an increase in profits from the year ended 31 December 2015 to the year ended 31 December 2016 as we decided not to renew the leases for some of the food centres.

Year ended 31 December 2017 compared to year ended 31 December 2016

Our Group recorded an increase in revenue from the year ended 31 December 2016 to the year ended 31 December 2017. Such increase was mainly driven by (i) an increase in the revenue from sale of cooked food, beverages and tobacco products with full-year contribution to revenue during 2017 for some of the stalls that opened only in the last quarter of 2016; and (ii) an increase in rental income from lease of premises to our tenants due to positive fixed rental revisions for leases renewed during the year and the purchase of a new investment property at 51 Ubi Avenue with full occupancy achieved in May 2017.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our Group recorded an increase in revenue from the ten months ended 31 October 2017 to the ten months ended 31 October 2018. Such increase was mainly driven by (i) an increase in the revenue from sale of cooked food, beverages and tobacco products with the opening of 12 food stalls in June 2017; and (ii) an increase in rental income from lease of premises to our tenants due to positive fixed rental revisions for leases renewed during the year and the purchase of a new investment property at 51 Ubi Avenue with full occupancy achieved in May 2017.

Revenue

We generated revenue of approximately $39.2 million, S$36.6 million, S$44.0 million, S$35.9 million, and S$37.5 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 respectively. During the Track Record Period, we derived our revenue from: (i) sale of cooked food, beverages and tobacco products; (ii) rental income from lease of premises to tenants; and (iii) provision of management, cleaning and utilities services.

Revenue analysis by categories

The following table sets forth our revenue breakdown by the three categories of our revenue for the years/periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2015		**2016**		**2017**		**2017**		**2018**	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Sale of cooked food, beverages and tobacco products	31,021	79.1	28,630	78.3	35,200	80.1	28,373	78.9	30,839	82.3
Rental income from lease of premises to tenants	4,428	11.3	4,588	12.5	5,291	12.0	4,618	12.9	4,592	12.3
Provision of management, cleaning and utilities services	3,775	9.6	3,378	9.2	3,484	7.9	2,956	8.2	2,045	5.4
Total	39,224	100.0	36,596	100.0	43,975	100.0	35,947	100.0	37,476	100.0

Year ended 31 December 2016 compared to year ended 31 December 2015

Our revenue decreased slightly by approximately S$2.6 million, or 6.7%, from approximately S$39.2 million for the year ended 31 December 2015 to approximately S$36.6 million for the year ended 31 December 2016.

For the two years ended 31 December 2016, sale of cooked food, beverages and tobacco products remained as our largest revenue contributor, accounting for approximately 79.1% and 78.3% of our revenue for these two years, respectively. However, our revenue generated from sale of cooked food, beverages and tobacco products decreased by approximately S$2.4 million, or 7.7%, from approximately S$31.0 million for the year ended 31 December 2015 to approximately S$28.6 million for the year ended 31 December 2016. Such decrease was mainly attributable to the cessation of operations for some of our food and beverage stalls due to the expiry of the leases and our Group decided not to renew them. These include the food stalls at (i) Block 721 Clementi West Street 2, #01-100 since February 2016; (ii) 2 Lorong 29 Geylang Road since September 2016; and certain of the food stalls at Block 631 Bedok Reservoir Road, #01-982 since November 2015. In addition, our beverages stall at Block 301 Punggol Central #01-06 used to operate 24 hours, but ceased operations at night since May 2015.

Our revenue generated from rental income from lease of premises to tenants increased slightly by approximately S$0.2 million, or 3.6%, from approximately S$4.4 million for the year ended 31 December 2015 to approximately S$4.6 million for the year ended 31 December 2016. Although the number of food establishments operated and managed by us decreased from 16 at the end of 2015 to 14 at the end of 2016, we generated higher revenue from contingent rental income from lease of premises to tenants as a result of higher sales by the tenants. Under the gross sales model, as opposed to collecting fixed monthly rentals, we charge stall tenants a monthly licence fee calculated based on the higher of (a) a base rental fee or (b) a percentage of the monthly gross sales in the event the monthly gross sales exceeds a minimum amount. During the Track Record Period, such percentage was in the range of 16% to 25%. The percentage varies from one food establishment to another, depending on the location of the food establishment, our rental or operating costs and on the type of food sold.

Our revenue generated from provision of management, cleaning and utilities services decreased by approximately S$0.4 million, or 10.5% from approximately S$3.8 million for the year ended 31 December 2015 to approximately S$3.4 million for the year ended 31 December 2016, which was in line with the decrease in number of food centres managed by us.

Year ended 31 December 2017 compared to year ended 31 December 2016

Our revenue increased by approximately S$7.4 million, or 20.2%, from approximately S$36.6 million for the year ended 31 December 2016 to approximately S$44.0 million for the year ended 31 December 2017.

For the two years ended 31 December 2017, sale of cooked food, beverages and tobacco products was our largest revenue contributor, accounting for approximately 78.3% and 80.1% of our revenue for these two years, respectively. Our revenue generated from sale of cooked food, beverages and tobacco products increased by approximately S$6.6 million, or 22.9%, from approximately S$28.6 million for the year ended 31 December 2016 to approximately S$35.2 million for the year ended 31 December 2017. Such increase was mainly attributable to the commencement of operations of new food and beverages stalls at 220 Orchard Road #B1-10 & #B1-11 since December 2016; and new food stalls since June 2017 for (i) 116 Bukit Merah View #01-211; (ii) 56/58 Lorong 25A Geylang; (iii) 1 Maritime Square, Harbourfront Centre, #03-19/20/21; (iv) Block 215 Jurong East Street 21, #01-541; (v) Block 498 Jurong West Street 41, #01-426; and (vi) Block 476 Tampines Street 44, #01-207/209.

Our revenue generated from rental income from lease of premises to tenants increased by approximately S$0.7 million, or 15.3%, from approximately S$4.6 million for the year ended 31 December 2016 to approximately S$5.3 million for the year ended 31 December 2017. This was primarily attributable to positive fixed rental revisions for leases renewed during 2017 and the purchase of a new investment property at 51 Ubi Avenue with full occupancy achieved in May 2017.

Our revenue generated from provision of management, cleaning and utilities services increased slightly by approximately S$0.1 million, or 3.1% from approximately S$3.4 million for the year ended 31 December 2016 to approximately S$3.5 million for the year ended 31 December 2017. The increase in revenue generated from provision of management, cleaning and utilities services is lower than that for our two other sources of revenue, as the increase in sales of cooked food, beverages and tobacco products was due to the opening of 12 food stalls in an Independent Third Party food centre in June 2017, while the increase in rental income was mainly due to positive rental reversions and a new investment property.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our revenue increased by approximately S$1.6 million, or 4.3%, from approximately S$35.9 million for the ten months ended 31 October 2017 to approximately S$37.5 million for the ten months ended 31 October 2018.

For the ten months ended 31 October 2017 and 2018, sale of cooked food, beverages and tobacco products was our largest revenue contributor, accounting for approximately 78.9% and 82.3% of our revenue respectively. Our revenue generated from sale of cooked food, beverages and tobacco products increased by approximately S$2.4 million, or 8.7%, from approximately S$28.4 million for the ten months ended 31 October 2017 to approximately S$30.8 million for the ten months ended 31 October 2018. Such increase was mainly attributable to new food stalls since June 2017 for (i) 116 Bukit Merah View #01-211; (ii) 56/58 Lorong 25A Geylang; (iii) 1 Maritime Square, Harbourfront Centre, #03-19/20/21; (iv) Block 215 Jurong East Street 21, #01-541; (v) Block 498 Jurong West Street 41, #01-426; and (vi) Block 476 Tampines Street 44, #01-207/209.

Our revenue generated from rental income from lease of premises to tenants remained stable at approximately S$4.6 million for both ten months ended 31 October 2017 and 2018.

Our revenue generated from provision of management, cleaning and utilities services decreased by approximately S$1.0 million, or 30.8% from approximately S$3.0 million for the ten months ended 31 October 2017 to approximately S$2.0 million for the ten months ended 31 October 2018. The decrease in revenue was primarily attributable to our Group's decision to divert more resources towards our F&B Retail Business and away from our Outlet Management and Leasing Business. This was in line with the increase in the revenue from sale of cooked food, beverages and tobacco products as well as its contribution to our overall revenue for the ten months ended 31 October 2018 as compared to the prior period.

Fair value gain of investment properties

Our fair value gain of investment properties consisted primarily of the gain on revaluation of our investment properties, and amounted to S$1.3 million, S$2.3 million, S$0.6 million, Nil and S$2.1 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. The fluctuation in our fair value gain of investment properties depend to a large extent on the economic conditions and the property market sentiment. Fair value is determined by Comparable Sales Method in Singapore. The fair value of the investment properties has been carried out by an independent valuer, Cushman & Wakefield VHS Pte. Ltd., who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Please refer to Appendix IV to this prospectus for the full text of the property valuation report as at 30 November 2018.

Other gains and losses, net

During the Track Record Period, our other gains and losses, net amounted to S$209,000, S$249,000, S$211,000, S$188,000 and S$202,000 for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 respectively. Other gains and losses, net primarily consisted of government grants from the Productivity and Innovation Credit Scheme and Capability Development Grant Scheme. The Productivity and Innovation Credit Scheme was introduced to encourage productivity and innovation activities in Singapore, while the Capability Development Grant Scheme is a programme that helps businesses to build their capabilities across key business areas, ranging from adopting new technologies to raising the service standards, from overseas expansion to employee engagement etc. The following table sets forth the components of our other gains and losses, net for the years/periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2015		2016		2017		2017		2018	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(unaudited)			
Government grants	99	47.4	185	74.3	12	5.7	12	6.4	5	2.5
Gain/(loss) on disposal of property, plant and equipment	13	6.2	7	2.8	—	—	—	—	(43)	(21.3)
Exchange (loss)/gain	—	—	—	—	(17)	(8.0)	(11)	(5.9)	67	33.2
Interest income	18	8.6	17	6.8	95	45.0	85	45.2	77	38.1
Sundry income	79	37.8	40	16.1	121	57.3	102	54.3	96	47.5
Total	209	100.0	249	100.0	211	100.0	188	100.0	202	100.0

Our other gains and losses, net remained stable at approximately S$0.2 million throughout the Track Record Period.

Cost of inventories consumed

Our cost of inventories consumed was the major expenditure item of our Group during the Track Record Period, amounting to approximately S$15.1 million, S$13.3 million, S$16.5 million, S$13.4 million and S$14.3 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. Our cost of inventories represented approximately 38.6%, 36.4%, 37.4%, 37.4% and 38.2% of our revenue for such years/periods, respectively.

Our cost of inventories consumed primarily represents the cost of purchases of food ingredients for our F&B Retail Business, such as fresh and frozen meat, seafood, vegetables, eggs, dried food, canned food and seasonings, as well as beverages, coffee powder and cigarettes.

Year ended 31 December 2016 compared to 31 December 2015

Our cost of inventories consumed decreased by approximately S$1.8 million, or 12.1%, from approximately S$15.1 million for the year ended 31 December 2015 to approximately S$13.3 million for the year ended 31 December 2016, which was in line with the decrease in revenue from sale of cooked food, beverages and tobacco products. Cost of inventories consumed as a percentage of revenue from sale of cooked food, beverages and tobacco products fell from approximately 48.8% for the year ended 31 December 2015 to approximately 46.5% for the year ended 31 December 2016, as we decided not to renew the leases for some of the food and beverages stalls, which led to lower wastage of food ingredients that are left unsold.

Year ended 31 December 2017 compared to 31 December 2016

Our cost of inventories consumed increased by approximately S$3.2 million, or 23.7%, from approximately S$13.3 million for the year ended 31 December 2016 to approximately S$16.5 million for the year ended 31 December 2017, which was in line with the increase in revenue from sale of cooked food, beverages and tobacco products. Cost of inventories consumed as a percentage of revenue from sale of cooked food, beverages and tobacco products remained stable at approximately 46.5% and 46.8% for the two years ended 31 December 2017 respectively.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our cost of inventories consumed increased by approximately S$0.9 million, or 6.5%, from approximately S$13.4 million for the ten months ended 31 October 2017 to approximately S$14.3 million for the ten months ended 31 October 2018, which was in line with the increase in revenue from sale of cooked food, beverages and tobacco products. Cost of inventories consumed as a percentage of revenue from sale of cooked food, beverages and tobacco products remained stable at approximately 47.3% and 46.4% for the ten months ended 31 October 2017 and 2018 respectively.

Staff costs

Our staff costs comprise salaries and benefits, primarily including salaries, bonuses, retirement benefit costs and other allowances and benefits payable to all our employees slightly offset by the wage credit given by the Singapore government. Our staff costs are the second largest component of our operating expenses during the Track Record Period and amounted to approximately S$10.4 million, S$9.5 million, S$10.7 million, S$8.8 million and S$9.2 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively, representing approximately 26.5%, 26.0%, 24.3%, 24.6% and 24.4% of our revenue for the respective periods.

The total number of employees of our Group was 378, 359, 358, 329 and 353 as at end of the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. The following table sets forth a breakdown of our staff costs for the years/periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2015		2016		2017		2017		2018	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(unaudited)			
Salaries and other employee benefits	9,770	94.1	8,990	94.4	10,129	94.6	8,383	95.0	8,595	93.9
Contributions to CPF	608	5.9	531	5.6	573	5.4	442	5.0	560	6.1
Total	10,378	100.0	9,521	100.0	10,702	100.0	8,825	100.0	9,155	100.0

Year ended 31 December 2016 compared to 31 December 2015

Our staff costs decreased by approximately S$0.9 million, or 8.3%, from approximately S$10.4 million for the year ended 31 December 2015 to approximately S$9.5 million for the year ended 31 December 2016. The decrease is in line with the reduction in headcount during the year ended 31 December 2016 as we decided not to renew the leases for some of the food and beverages stalls. In particular, headcount for our F&B Retail Business decreased from 338 as at 31 December 2015 to 317 as at 31 December 2016.

Year ended 31 December 2017 compared to 31 December 2016

Our staff costs increased by approximately S$1.2 million, or 12.4%, from approximately S$9.5 million for the year ended 31 December 2016 to approximately S$10.7 million for the year ended 31 December 2017. The increase is primarily due to higher salaries paid to existing and new staff in order to attract and retain talent. In addition, we increased headcount of management level as well as for the finance department in preparation for the listing.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our staff costs increased by approximately S$0.4 million, or 3.7%, from approximately S$8.8 million for the ten months ended 31 October 2017 to S$9.2 million for the ten months ended 31 October 2018 mainly due to the full impact of the higher salaries paid to existing and new staff in 2017 as mentioned above for the ten months ended 31 October 2018.

Property rentals and related expenses

Our property rentals and related expenses primarily represents the rental paid for leasing of properties from Independent Third Parties for the operation of our food and beverage stalls, food centres and food street. Our property rentals and related expenses amounted to approximately S$6.8 million, S$5.7 million, S$5.7 million, S$4.5 million and S$5.2 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively.

Year ended 31 December 2016 compared to 31 December 2015

Our property rentals and related expenses decreased by approximately S$1.1 million, or 15.7%, from approximately S$6.8 million for the year ended 31 December 2015 to approximately S$5.7 million for the year ended 31 December 2016. The decrease is in line with our Group's decision not to renew the leases for some of the food and beverages stalls. These include the food stalls at 2 Lorong 29 Geylang Road and Block 721 Clementi West Street 2, #01-100. In addition, we purchased the unit at Block 631 Bedok Reservoir Road #01-982, which was previously rented to us, during 2015.

Year ended 31 December 2017 compared to 31 December 2016

Our property rentals and related expenses remained stable at approximately S$5.7 million for both years ended 31 December 2016 and 2017, respectively.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our property rentals and related expenses increased by approximately S$0.7 million, or 13.7%, from approximately S$4.5 million for the ten months ended 31 October 2017 to approximately S$5.2 million for the ten months ended 31 October 2018. The increase is in line with the opening of 12 of our food stalls in June 2017.

Management, cleaning and utilities expenses

Our management, cleaning and utilities expenses primarily consist of water and electricity charges, licence fees, rubbish disposal charges and other expenses. Our management, cleaning and utilities expenses amounted to approximately S$2.0 million, S$1.5 million, S$2.3 million, S$1.8 million and S$1.5 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. The following table sets forth our management, cleaning and utilities expenses for the years/periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2015		**2016**		**2017**		**2017**		**2018**	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Water and electricity charges	1,180	59.9	918	62.2	929	40.0	694	39.1	754	51.0
Licence fees	357	18.1	306	20.7	516	22.2	444	25.1	234	15.8
Rubbish disposal charges	151	7.7	121	8.2	108	4.6	90	5.1	82	5.5
Subcontracting fee	—	—	—	—	557	24.0	417	23.5	94	6.4
Others *(Note)*	283	14.3	131	8.9	214	9.2	128	7.2	314	21.3
Total	1,971	100.0	1,476	100.0	2,324	100.0	1,773	100.0	1,478	100.0

Note: Others primarily relate to food centres and food street cleaning expenses, and pest and grease control charges.

Year ended 31 December 2016 compared to 31 December 2015

Our management, cleaning and utilities expenses decreased by approximately S$0.5 million, or 25.1%, from approximately S$2.0 million for the year ended 31 December 2015 to approximately S$1.5 million for the year ended 31 December 2016. The decrease was mainly attributable to (i) the decrease in water and electricity charges by approximately S$0.3 million; and (ii) the decrease in other expenses by approximately S$0.2 million, and are in line with the decrease in revenue and our Group's decision not to renew the leases for some of the food and beverages stalls.

Year ended 31 December 2017 compared to 31 December 2016

Our management, cleaning and utilities expenses increased by approximately S$0.8 million, or 57.5%, from approximately S$1.5 million for the year ended 31 December 2016 to approximately S$2.3 million for the year ended 31 December 2017. The increase was mainly attributable to subcontracting fees incurred of approximately S$0.6 million for the year ended 31 December 2017 due to the need for temporary manpower from outsourced service providers as we commenced operations for 12 food stalls in June 2017. There were no subcontracting fees incurred for the year ended 31 December 2016.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our management, cleaning and utilities expenses decreased by approximately S$0.3 million, or 16.6%, from approximately S$1.8 million for the ten months ended 31 October 2017 to approximately S$1.5 million for the ten months ended 31 October 2018. The decrease was mainly attributable to the (i) decrease in subcontracting fee by approximately S$0.3 million as we were able to recruit the necessary staff and no longer require the temporary manpower from outsourced service providers; and (ii) decrease in licence fees by approximately S$0.2 million as we incurred higher licence fees for the commencement of operations for the 12 food stalls opened in June 2017. This was partially offset by the increase in other expenses by approximately S$0.2 million due to an increase in the food centres' and food street's cleaning expenses as we undertook a comprehensive cleaning exercise to enhance the dining experience for our customers in 2018.

Depreciation

Our depreciation expenses relate primarily to freehold building, furniture and fittings, food establishment and office equipment and motor vehicles. Our depreciation expenses amounted to approximately S$159,000, S$220,000, S$404,000, S$323,000 and S$312,000 for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively.

Year ended 31 December 2016 compared to 31 December 2015

Our depreciation expenses increased by approximately S$61,000, or 38.4%, from approximately S$159,000 for the year ended 31 December 2015 to approximately S$220,000 for the year ended 31 December 2016. The increase was mainly attributable to an increase in depreciation expenses of approximately S$48,000 for food establishment and office equipment, which was in turn attributed to purchases amounting to approximately S$243,000 for the year ended 31 December 2016 so as to replace the food establishment and office equipment which had mostly been fully depreciated as at end of 2015.

Year ended 31 December 2017 compared to 31 December 2016

Our depreciation expenses increased by approximately S$184,000, or 83.6%, from approximately S$220,000 for the year ended 31 December 2016 to approximately S$404,000 for the year ended 31 December 2017. The increase was mainly attributable to an increase in depreciation expenses of approximately S$200,000 for food establishment and office equipment, which was in turn attributed to purchases amounting to approximately S$676,000 for the year ended 31 December 2017 so as to replace the food establishment and office equipment which had mostly been fully depreciated as at end of 2016.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our depreciation expenses remained stable at approximately S$0.3 million for both ten months ended 31 October 2017 and 2018.

Other operating expenses

Our other operating expenses primarily comprise administrative fee, advertisement and promotion, insurance, property tax and related costs, repairs and maintenance, legal and professional fees, telephone and communication, bad debts written off, and other expenses during the Track Record Period. Our other operating expenses amounted to approximately S$1.5 million, S$1.7 million, S$1.9 million, S$1.4 million and S$2.0 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. The following table sets forth our other operating expenses for the years/ periods indicated:

	For the year ended 31 December						For the ten months ended			
	2015		2016		2017		2017		2018	
	S$'000	*% of total*	*S$'000*	*% of total*	*S$'000*	*% of total*	*S$'000* (unaudited)	*% of total*	*S$'000*	*% of total*
Administrative fee	246	15.9	265	15.4	205	11.0	195	14.2	209	10.2
Advertisement and promotion	20	1.3	113	6.6	62	3.3	42	3.1	22	1.1
Insurance	63	4.1	63	3.7	30	1.6	19	1.4	39	1.9
Property tax and related costs	190	12.3	221	12.8	279	15.0	236	17.2	321	15.7
Repairs and maintenance	397	25.7	416	24.2	573	30.7	381	27.8	646	31.6
Legal and professional fees	194	12.6	204	11.8	146	7.8	89	6.5	269	13.1
Telephone and communication	78	5.1	73	4.2	44	2.4	37	2.7	41	2.0
Bad debts written off	18	1.2	28	1.6	—	—	—	—	34	1.7
Other expenses *(Note 1)*	337	21.8	340	19.7	527	28.2	372	27.1	464	22.7
Total	1,543	100.0	1,723	100.0	1,866	100.0	1,371	100.0	2,045	100.0

Notes:

1. Other expenses relate primarily to rental of equipment and head office, printing and stationery, travelling and transportation and other expenses.

During the Track Record Period, administrative fee, legal and professional fees, repairs and maintenance, as well as property tax and related costs were the major components of our other operating expenses. Our administrative fee mainly comprised of unclaimable GST expenses and GST expenses payable by our non-GST registered entities on the hiring of manpower from our GST-registered entities. Our professional fees mainly comprised of fees for audit, tax, secretarial and accounting services, as well as compliance costs. Our repair and maintenance expenses were incurred mainly for maintenance of equipment and repairing or replacement of defective equipment. Our property tax mainly comprised of the taxes on properties owned by us to generate rental income and for our own use.

Year ended 31 December 2016 compared to 31 December 2015

Our operating expenses increased by approximately S$0.2 million, or 11.7%, from approximately S$1.5 million for the year ended 31 December 2015 to approximately S$1.7 million for the year ended 31 December 2016. The increase is mainly attributable to an increase in advertising and promotion activities by approximately S$0.1 million from approximately S$20,000 for the year ended 31 December 2015 to S$113,000 for the year ended 31 December 2016 as we spent more on such activities to attract customers for our new stalls.

Year ended 31 December 2017 compared to 31 December 2016

Our operating expenses increased by approximately S$0.1 million, or 8.3%, from approximately S$1.7 million for the year ended 31 December 2016 to approximately S$1.9 million for the year ended 31 December 2017. The increase is mainly attributable to an increase in expenses incurred for repairs and maintenance by approximately S$0.2 million as our Group spent more on maintenance of our stalls, food centres and food street to enhance the dining experience for our customers, which led to the increase in upkeep of shop expenses.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our other operating expenses increased by approximately S$0.6 million, or 49.2%, from approximately S$1.4 million for the ten months ended 31 October 2017 to approximately S$2.0 million for the ten months ended 31 October 2018. The increase was mainly attributable to (i) an increase in property tax and related costs by approximately S$0.1 million due to acquisition of the investment property at 51 Ubi Avenue in May 2017 and stamp duties incurred for the Reorganisation in preparation for the Listing; (ii) an increase in repairs and maintenance by approximately S$0.3 million, as we spent more on maintenance of our stalls, food centres and food street to enhance the dining experience for our customers in 2018; and (iii) an increase in legal and professional fees by approximately S$0.2 million due to higher compliance costs incurred in preparation for the listing, such as hiring an international professional firm for statutory audit and corporate services, as compared to a local professional firm previously.

Finance costs

Our finance costs represent interest expenses on our bank borrowings, which comprise of secured mortgage loans, term loans and working capital loans. Our finance costs amounted to approximately S$0.6 million, S$0.8 million, S$1.2 million, S$0.9 million and S$1.0 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively.

Year ended 31 December 2016 compared to 31 December 2015

Our finance costs increased by approximately S$0.2 million, or 19.6%, from approximately S$0.6 million for the year ended 31 December 2015 to approximately S$0.8 million for the year ended 31 December 2016. The increase is primarily attributable to (i) an increase in borrowings from S$35.5 million as at 31 December 2015 to S$49.3 million as at 31 December 2016, which was in turn due mainly to an increase in secured mortgage loans to finance the acquisition of investment properties during 2016, and (ii) an increase in the weighted average effective interest rate from 2.01% per annum for 2015 to 2.12% per annum for 2016.

Year ended 31 December 2017 compared to 31 December 2016

Our finance costs increased by approximately S$0.4 million, or 52.5%, from approximately S$0.8 million for the year ended 31 December 2016 to approximately S$1.2 million for the year ended 31 December 2017. The increase is primarily attributable to (i) an increase in borrowings from S$49.3 million as at 31 December 2016 to S$52.8 million as at 31 December 2017, which was in turn due mainly to an increase in term loans to finance the acquisition of investment properties during 2017; and (ii) an increase in the weighted average effective interest rate from 2.12% per annum for 2016 to 2.21% per annum for 2017.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our finance costs increased by approximately S$0.1 million, or 7.7%, from approximately S$0.9 million for the ten months ended 31 October 2017 to approximately S$1.0 million for the ten months ended 31 October 2018. The increase is primarily attributable to an increase in interest rates.

Taxation

Our income tax expense primarily consisted of provision for Singapore current income tax expense. Our effective tax rates, calculated as the income tax expense divided by the profit before income tax, were approximately 3.0%, 2.6%, 9.7%, 9.2% and 9.3% for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, respectively. The effective tax rates of our Group during the Track Record Period were lower than the standard tax rate of Singapore of 17.0% primarily due to (i) our Group enjoyed some tax exemption and reliefs; (ii) overprovision of tax in prior years; and (iii) our gain on revaluation of investment properties are not subjected to tax. According to the IRAS, the common tax reliefs that our Group's companies can enjoy are (i) partial tax exemption; and (ii) tax exemption for new start-up companies. The partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically, 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Under the tax exemption for new start-up companies, there is full exemption on the first S$100,000 of normal chargeable income; and a further 50% exemption on the next S$200,000 of normal chargeable income.

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

- Pursuant to the laws and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI.

- The statutory income tax rate of our subsidiaries incorporated in Singapore is 17.0%.

- The income taxes imposed on our Group consist of Singapore corporate income tax imposed on our subsidiaries. Except for these entities, no provision for income tax had been made during the Track Record Period as our Company and our two dormant subsidiaries, Entire Courage Limited and Eastern Native Limited did not have assessable profits subject to income tax during the Track Record Period.

Our Directors confirmed that we have made all required tax filings in Singapore and paid all tax liabilities that have become due. As at the Latest Practicable Date, our Directors were not aware of any dispute or potential dispute with any tax authorities.

Year ended 31 December 2016 compared to 31 December 2015

Our income tax expense increased by approximately S$42,000 from approximately S$124,000 for the year ended 31 December 2015 to approximately S$166,000 for the year ended 31 December 2016. This was primarily due to an increase in taxable profits of our Group, and partially offset by higher overprovision of tax in prior years for the year ended 31 December 2016. Our effective tax rate decreased from approximately 3.0% for the year ended 31 December 2015 to approximately 2.6% for the year ended 31 December 2016 mainly due to the higher overprovision of tax in prior years for the year ended 31 December 2016, and partially offset by an increase in non-taxable income arising primarily from the increase in fair value gain of investment properties.

Year ended 31 December 2017 compared to 31 December 2016

Our income tax expense increased by approximately S$424,000, or 255.4% from approximately S$166,000 for the year ended 31 December 2016 to approximately S$590,000 for the year ended 31 December 2017. This increase was primarily due to (i) the decrease in non-taxable income of our Group due to lower fair value gain of investment properties; and (ii) lower overprovision of tax in prior years for the year ended 31 December 2017. Our effective tax rate increased from approximately 2.6% for the year ended 31 December 2016 to approximately 9.7% for the year ended 31 December 2017 mainly due to (i) the decrease in non-taxable income arising primarily from the decrease in fair value gain of investment properties; and (ii) lower overprovision of tax in prior years for the year ended 31 December 2017. In particular, fair value gain of investment properties decreased from approximately S$2.3 million for the year ended 31 December 2016 to approximately S$0.6 million for the year ended 31 December 2017. Therefore, although our net profit remained stable at approximately S$6.4 million and S$6.1 million for the years ended 31 December 2016 and 31 December 2017 respectively, our taxable income was higher for the year ended 31 December 2017 due to the lower fair value gain of investment properties.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Our income tax expense decreased by approximately S$82,000, or 18.2%, from approximately S$451,000 for the ten months ended 31 October 2017 to approximately S$369,000 for the ten months ended 31 October 2018. The decrease was primarily due to a decrease in taxable profits of our Group, due to higher fair value gain of investment properties and partially offset by listing expenses as listing expenses are non-tax deductible for corporate income tax purpose. Our effective tax rate remained stable at approximately 9.2% and 9.3% for the ten months ended 31 October 2017 and 2018 respectively.

Background and particulars of the tax incident related to the GST

As our Group had to address the challenges brought about by the new Dependency Ratio Ceilings ("**DRCs**") rules and had to gradually restructure and to centralise our hiring of workers through the use of our two main subsidiaries, FCG and FCP. FCG and FCP will then deploy the relevant staff to work for the respective related entities. These entities included the operating subsidiaries and related parties of our Group. For the details of the related party transactions, please refer to Note 31 of the Accountants' Report included as Appendix I to this prospectus. The bank accounts of FCG and FCP were used as the bank accounts for the payment of staff's salaries of all the related entities. For monthly payment of staff salary, the related entities would transfer the salaries to FCG and FCP's bank accounts and then on-released to the staff members. Certain prior years' errors as explained below in relation to the GST returns of FCG and FCP returns were corrected in accordance with the requirements of the GST Act, which led to the total output tax previously omitted and the related penalties to be recorded in the respective years (the "**GST Incident**").

Section 8(1) of the GST Act provides that GST is chargeable on any supply of goods and services made in Singapore if it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by the person. Under Section 8(4), GST shall also be charged on the importation of goods into Singapore.

A supply of goods or services made in Singapore is subject to GST at the prevailing standard rate of 7% unless the supply is zero-rated (i.e. GST at 0%) or exempt under the GST Act. Sales of goods and services that are supplied in Singapore are in general standard-rated at 7% while the provision of international services and exports can be zero-rated. Exempt supplies consist of the sale and lease of residential properties as well as the supply of financial services and investment in precious metals.

Where any person made an incorrect return without reasonable excuse or through negligence, under Section 59(1) of the GST Act, such person shall be guilty of an offence and shall on conviction pay a penalty equal to the amount of tax which has been undercharged in consequence of such incorrect return or information, or which would have been so undercharged if the return or information had been accepted as correct.

Rectification measures for the GST Incident

In the course of preparing for the Listing, our Group has employed Mr. Cui Kewei Joshua ("**Mr. Cui**"), a chartered accountant of Singapore, as our financial controller, during the compilation of our Group's financial information for the Track Record Period, Mr. Cui noted the GST Incident and the executive Directors were then immediately advised of the rectification measures for the GST Incident. Our Group has engaged a tax adviser in Singapore (the "**Singapore Tax Adviser**") in January 2018 to perform an Assisted Self-Help Kit ("**ASK**") Review. The primary objectives/purposes of an ASK review are three-fold and they are as follows:

- To assist our Group to review current internal processes to ensure overall GST compliance and to recommend/assist to put in place (if required) such internal processes if they are found to be inadequate/lacking during the course of the ASK review;

- To ensure accuracy/completeness of our Group's GST returns before submission by performing a comprehensive quality check on all GST returns via a pre-filing checklist; and

- To early detect any error(s) committed by reviewing past GST returns.

As a concession, disclosures of any GST error(s) uncovered during the course of an ASK review would be considered voluntary disclosures if they are timely and self-initiated and they are made before the Companies receive:

- An IRAS query relating to its tax matters; or

- An IRAS notification of the commencement of an audit or investigation of its tax matters.

If a voluntary disclosure is made within the grace period of one year from the statutory filing deadline, the IRAS will waive any penalty due. If the voluntary disclosure is made after the grace period, the IRAS will reduce the penalty to a flat 5%.

The findings upon the completion of the ASK review was submitted to the IRAS by way of a letter on 20 February 2018. The IRAS responded subsequently on 18 May 2018 and held that both FCG and FCP have made a supply of service to its related entities by providing them manpower. Accordingly, it can then be viewed from Section 8(1) standpoint that i) a supply was indeed made, ii) the supply was made by a taxable person (i.e. FCG and FCP are GST-registered companies), iii) such supply was made in Singapore (i.e. deploying of staff to related entities) and iv) such supply was made in the course of furtherance of their business.

As such, FCG and FCP were required to account for GST output tax on the salaries recharged to the related entities notwithstanding that there was no mark-up for the service rendered and no invoices were issued for the recharges prior to September 2017. FCP and FCG had charged a monthly management fee comprising the staff salary and mark-up to each related entity only with effect from September 2017, where GST was charged and accounted for on the entire management fee.

The assessment of FCP have been finalised by IRAS as at 12 July 2018. The grand total of approximately S$376,000 has been settled as of the Latest Practicable Date. For FCG, an initial assessment was raised by the IRAS on 31 May 2018, which only relates to the financial period of 1 March 2013 to 31 May 2013, where a total of approximately S$4,000 was raised as output tax payable to the IRAS, with an additional 5% late payment penalty of approximately S$200 for the aforementioned output tax. The total of approximately S$4,000 has been settled by FCG. Subsequent to the above, the IRAS raised the final assessment of FCG on 26 July 2018 for the financial periods beginning from 1 March 2013 to 31 August 2017 (including the financial period of 1 March 2013 to 31 May 2013) on a totality basis. The grand total of approximately S$239,000 has been settled as of the Latest Practicable Date.

Internal control measure to prevent recurrence of the GST Incident

To avoid similar incidents happening, we have adopted the following measures:

(a) The management accounts and financial information prepared by our Group's accounting staff are required to be reviewed by Mr. Cui before approval by the Directors. Mr. Cui will also be responsible for reviewing the GST tax returns to be filed with IRAS, and if necessary, tax adviser would be consulted to ensure tax related laws and requirements are complied with;

(b) Our Group has adopted a manual detailing the accounting standards and tax requirements applicable to our Group, describing the flow of process and the relevant approvals to be obtained;

(c) Our Group will engage reputable audit firms to help us enhance the accuracy of our accounting and tax matters;

(d) Our Group continuously reviews and monitors the updates on the accounting standards and tax requirements from time to time in order to adopt the best practice in accounting and tax;

(e) Our Group's accounting staff is required to attend training courses organised by accounting and tax professionals from time to time to enhance their accounting and tax knowledge and to ensure compliance with applicable accounting standards and tax requirements;

(f) Our Group's audit committee will oversee the financial reporting and internal control procedures in accounting and tax matters and review such procedures on an annual basis; and

(g) Our Group's IC Committee will oversee, inter alia, compliance matters as regards our operations going forward.

Our Directors understood from the internal control consultant that based on the review on our Group's internal control systems, our Group has maintained adequate internal control accounting systems without material deficiency. Our Directors are also of the view that the above measures are sufficient and could effectively prevent the recurrence of the above incident.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders, collectively as the indemnifiers, entered into the Deed of Indemnity pursuant to which our Controlling Shareholders have agreed, subject to the terms and conditions of the Deed of Indemnity, to indemnify our Group in respect of, among other matters, any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date. Further details of the Deed of Indemnity are set out in the paragraph headed "Other information — 15. Tax and other indemnities" in Appendix VI to this prospectus.

Views of the Singapore Tax Adviser

Based on the tax opinion issued by the Singapore Tax Adviser, our Singapore Tax Adviser is of the opinion that in view that FCG and FCP have undertaken an ASK review, with all errors properly disclosed and has now adhered to/put in place good proper internal systems and procedures (as part of the ASK review requirements) in handling its GST reporting obligations, the likelihood of further queries/assessments to be raised by IRAS (or the possibility of an imprisonment term for that matter) should be considered minimal as a matter of good faith placed upon FCG and FCP after undertaking the said ASK review.

As to whether additional penalties may be levied, based on the tax opinion issued by our Singapore tax adviser, our Singapore Tax Adviser is of the opinion that in view that FCG and FCP have undertaken a voluntary disclosure via the ASK review, no further penalties (other than the 5% penalty as mentioned above) would be levied.

As at the Latest Practicable Date, we have not received any further correspondences from IRAS in relation to the aforementioned finalised assessments.

Views of the Directors and the Sole Sponsor

Having considered the background leading to the GST Incident mentioned above and the views from our Singapore Tax Adviser, our Directors are of the view that the abovementioned errors were not made with an intent to evade tax, to assist any other person to evade tax, or with any fraudulent intention. Our Directors are also of the view, and our Sole Sponsor concurs, base on its due diligence conducted, that (i) the various internal control measures adopted by our Group are adequate and effective; and (ii) the GST Incident does not materially affect the suitability of our Company's listing under Rule 8.04 of the Listing Rules nor reflect negatively on our Directors' competence and integrity and therefore would not material affect the suitability of our Directors to act as Directors of the Company under Rue 3.08 and 3.09 of the Listing Rules.

Profit for the year/period

	For the year ended 31 December			**For the ten months ended 31 October**	
	2015	**2016**	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Revenue	39,224	36,596	43,975	35,947	37,476
Profit for the year/period	3,974	6,215	5,511	4,472	3,613
Add: Listing expenses	—	—	—	—	2,265
Adjusted profit for the year/period	3,974	6,215	5,511	4,472	5,878
Net profit margin	10.1%	17.0%	12.5%	12.4%	9.6%
Adjusted net profit margin	10.1%	17.0%	12.5%	12.4%	15.7%

Note: The adjusted figures are for illustration purpose only and are not required under the IFRSs and are non-Generally Accepted Accounting Principles measures.

Year ended 31 December 2016 compared to 31 December 2015

Profit for the year increased by approximately S$2.2 million or 56.4%, from approximately S$4.0 million for the year ended 31 December 2015 to approximately S$6.2 million for the year ended 31 December 2016 primarily due to the increase in fair value gain from investment properties, decrease in staff costs, property rentals and related expenses, and management, cleaning and utilities expenses as discussed in the respective paragraphs above. Accordingly, net profit margin increased from approximately 10.1% for the year ended 31 December 2015 to approximately 17.0% for the year ended 31 December 2016 due to lower revenue and higher profits.

Year ended 31 December 2017 compared to 31 December 2016

Profit for the year decreased by approximately S$0.7 million or 11.3%, from approximately S$6.2 million for the year ended 31 December 2016 to approximately S$5.5 million for the year ended 31 December 2017 primarily due to the decrease in fair value gain from investment properties and increase in staff costs, management, cleaning and utilities expenses and tax expenses, and partially offset by the increase in revenue, as discussed in the respective paragraphs above. Accordingly, net profit margin decreased from approximately 17.0% for the year ended 31 December 2016 to approximately 12.5% for the year ended 31 December 2017 due to higher revenue and lower profits.

Ten months ended 31 October 2018 compared to ten months ended 31 October 2017

Profit for the ten months decreased by approximately S$0.9 million or 19.2%, from approximately S$4.5 million for the ten months ended 31 October 2017 to approximately S$3.6 million for the ten months ended 31 October 2018 primarily due to the increase in staff costs, property rentals and related expenses, listing expenses, other operating expenses and finance costs, and partially offset by the increase in fair value gain of investment properties. Accordingly, net profit margin decreased from approximately 12.4% for the ten months ended 31 October 2017 to approximately 9.6% for the ten months ended 31 October 2018 due to the higher revenue and lower profits.

For illustration purpose, adjusted net profit is calculated by adding the non-recurring listing expenses to the profit for the period. As a result, the adjusted net profit and net profit margin for the ten months ended 31 October 2018 were approximately S$5.9 million and 15.7%, respectively.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current assets

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Investment properties	63,050	77,700	81,600	83,650
Property, plant and equipment	346	2,099	2,371	2,135
Deposits paid	322	500	343	230
Total	63,718	80,299	84,314	86,015

Our non-current assets mainly comprised investment properties used for rental income generation purpose throughout the Track Record Period. They relate to food courts and building carried at fair value and these are currently leased to Independent Third Party. Fair value is determined by Comparable Sales Method in Singapore. The fair value of the investment properties has been carried out by an independent valuer, Cushman & Wakefield VHS Pte. Ltd., who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

The carrying amount of the investment properties increased from approximately S$63.1 million as at 31 December 2015 to approximately S$77.7 million as at 31 December 2016 and further increased to approximately S$81.6 million as at 31 December 2017 mainly due to additions. It increased further to S$83.7 million as at 31 October 2018 primarily due to revaluation gain.

Please refer to Note 16 of the Accountants' Report in Appendix I and the valuation report in Appendix IV to this prospectus for discussion on the fair value of our investment properties.

A reconciliation of net book value of our properties as at 31 October 2018 as set out in Accountants' Report in Appendix I to this prospectus to their fair value as at 30 November 2018 as stated in property valuation report set out in Appendix IV to this prospectus is set out below:

	S$'000
Net book value:	
Freehold land	1,510
Freehold building	198
Investment properties	83,650
Net book value as at 30 November 2018	85,358
Valuation surplus, before tax	42
Valuation of properties of our Group as at 30 November as set out in property valuation report in Appendix IV to this prospectus	85,400

Current assets/liabilities

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 31 October	As at 31 December
	2015	2016	2017	2018	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(Unaudited)
Current assets					
Inventories	232	191	176	162	161
Trade and other receivables	480	1,095	371	320	532
Prepayments and deposits paid	976	538	550	2,021	3,243
Other financial assets	—	—	628	660	664
Amount due from a shareholder	1,336	2,165	4,274	—	—
Pledged bank deposit	15	15	15	15	15
Cash and cash equivalents	5,220	4,935	6,415	5,287	4,911
Total current assets	8,259	8,939	12,429	8,465	9,526
Current liabilities					
Trade payables	2,453	2,128	2,845	2,715	2,766
Accruals and other payables	2,574	2,538	2,815	2,613	2,747
Deposits received and receipts in advance	1,876	1,284	1,051	924	786
Amount due to a shareholder	—	—	—	135	—
Borrowings	1,820	3,870	6,746	6,467	6,458
Tax payables	221	259	636	685	674
Total current liabilities	8,944	10,079	14,093	13,539	13,431
Net current liabilities	(685)	(1,140)	(1,664)	(5,074)	(3,905)

Net current liabilities

As at 31 December 2015, 2016 and 2017 and 31 October 2018 we recorded net current liabilities of approximately S$0.7 million, S$1.1 million, S$1.7 million and S$5.1 million, respectively.

We recorded an increase of net current liabilities from approximately S$0.7 million as at 31 December 2015 to approximately S$1.1 million as at 31 December 2016. The increase was primarily attributable to (i) the increase in current portion of bank borrowings of approximately S$2.1 million; and (ii) the decrease in prepayments and deposits paid of approximately S$0.4 million, partially offset by (i) the increase in amount due from a shareholder of approximately S$0.8 million; (ii) the increase in trade and other receivables by approximately S$0.6 million; and (iii) the decrease in deposits received and receipts in advance of approximately S$0.6 million, as discussed in the respective paragraphs below.

We recorded an increase of net current liabilities from approximately S$1.1 million as at 31 December 2016 to approximately S$1.7 million as at 31 December 2017. The increase was primarily attributable to (i) the increase in current portion of bank borrowings of approximately S$2.9 million; (ii) the increase in trade payables of approximately S$0.7 million; (iii) the decrease in trade and other receivables of approximately S$0.7 million; (iv) the increase in tax payables of approximately S$0.4 million; and (v) the increase in accruals and other payables of approximately S$0.3 million, partially offset by (i) the increase in other financial assets of approximately S$0.6 million; (ii) the increase in amount due from a shareholder of approximately S$2.1 million; and (iii) the increase in cash and cash equivalents of approximately S$1.5 million, as discussed in the respective paragraphs below.

We recorded an increase of net current liabilities from approximately S$1.7 million as at 31 December 2017 to approximately S$5.1 million as at 31 October 2018. The increase was primarily attributable to (i) the decrease in amount due from a shareholder of approximately S$4.3 million; and (ii) the decrease in cash and cash equivalents of approximately S$1.1 million; partially offset by (i) the increase in prepayments and deposits paid of approximately S$1.5 million; (ii) the decrease in accruals and other payables of approximately S$0.2 million; and (iii) the decrease in current portion of bank borrowings of approximately S$0.3 million, as discussed in the respective paragraphs below.

The overall increase in net current liabilities from 31 December 2015 to 31 December 2017 was also due to our purchases of investment properties, which increased our non-current assets funded by a combination of cash, which reduced our current assets as well as long and short term borrowings, the latter of which increased our current liabilities. The increase in net current liabilities from 31 December 2017 to 31 October 2018 was also due to the increase in dividends declared payable by our Group during the respective financial period.

Up to the Indebtedness Statement Date, we recorded a decrease of net current liabilities from approximately S$5.1 million as at 31 October 2018 to approximately S$3.9 million as at 31 December 2018. The decrease was primarily attributable to (i) the increase in prepayments and deposits paid of approximately S$1.2 million. For the indebtedness of our Group, please refer to the section headed "Financial Information — Indebtedness" in this prospectus.

Despite the net current liabilities positions during the Track Record Period and up to the Indebtedness Statement Date, our Group had sufficient financial resources to run our business operation and fulfil our obligations as supported by our strong operating cash inflows of approximately S$6.6 million, S$3.7 million, S$8.4 million, S$6.9 million and S$1.3 million for the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018 respectively, and our Directors have been closely monitoring our liquidity position. Our Directors believe that our Group will continue to have sufficient financial resources for our business operations going forward.

Inventories

Our inventories primarily comprised beverages and cigarettes used in our operations. The level of inventories kept by us during the Track Record Period was not material, which only amounted to approximately S$0.2 million, S$0.2 million, S$0.2 million, and S$0.2 million, as at 31 December 2015, 2016 and 2017 and 31 October 2018, respectively.

Our inventories turnover days (calculated by dividing average inventory by cost of inventories consumed and multiplied by the number of days in the year/period, while the average inventory is calculated by dividing the sum of inventory at the beginning of the year/period plus the inventory at the end of the year/period by two) was stable during the Track Record Period at approximately 5.1 days, 5.8 days, 4.1 days and 3.6 days for the three years ended 31 December 2017 and ten months ended 31 October 2018, respectively.

Trade and other receivables

During the Track Record Period, our trade and other receivables primarily comprised (i) trade receivables, (ii) other receivables and (ii) GST receivables. The following table sets forth a summary of our total trade and other receivables as at the dates indicated:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade receivables	103	161	184	87
Other receivables	377	177	187	233
GST receivables	—	757	—	—
Subtotal	480	1,095	371	320

Trade receivables

Our trade receivables represented primarily the balances due from our tenants and remained stable at between approximately S$87,000 to S$184,000 during the Track Record Period.

We did not make any specific allowance for our trade receivables during the Track Record Period. Our Directors' assessment on making allowance is based on, among other things, the evaluation of collectability, ageing analysis of the receivables, the ultimate realisation of these outstanding amounts, the current creditworthiness of our customers, the past collection history of and our Group's current and potential future business relationship with each debtor.

If the financial conditions of our Group's debtors deteriorate, affecting their ability to make payments, allowance for doubtful debts and the use of debt collection agency may be required. Our Directors reassess the allowance for doubtful debts at each reporting date.

Our Group categories a receivable for write off when a debtor fails to make contractual payments greater than 180 days and the receivables is larger than the deposit receive by our Group. For the three years ended 31 December 2017 and ten months ended 31 October 2018, approximately S$18,000, S$28,000, Nil and S$34,000 of our trade receivables had been written off as bad debts.

The ageing analysis of our trade receivables that were past due based on invoice date but not impaired as at the dates indicated, is as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Overdue:				
1 to 30 days	20	31	26	28
31 to 90 days	12	41	34	7
91 to 180 days	19	24	54	6
181 to 365 days	18	6	3	—
Total	69	102	117	41
Trade receivables turnover days *(Note)*	7.6	6.0	7.2	6.2

Note: Trade receivables turnover days are calculated based on the average of beginning and ending balance of trade receivables (net of allowance for doubtful debt) of the given year/period divided by revenue (excluding sale of cooked food, beverages and tobacco products) for the corresponding year/period and multiply by the number of calendar days of year/period.

Our trade receivables which were past due but not impaired amounted to approximately S$69,000, S$102,000, S$117,000 and S$41,000 as at 31 December 2015, 2016, and 2017 and 31 October 2018, respectively. We had not impaired such trade receivables as there had not been a significant deterioration in credit quality of these customers and the amounts are still considered recoverable based on our Director's experience.

Our trade receivables turnover days remained stable during the Track Record Period at approximately 7.6 days, 6.0 days, 7.2 days and 6.2 days for the three years ended 31 December 2017 and ten months ended 31 October 2018 respectively.

The following table sets forth an analysis of the subsequent settlement/write-offs up to the Latest Practicable Date:

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade receivables (net of allowance for doubtful debts)	103	161	184	87
Subsequent write-offs up to the Latest Practicable Date	(28)	—	(94)	—
Subsequent settlement up to the Latest Practicable Date	(75)	(161)	(90)	(87)
	—	—	—	—
Subsequent allowance made up to the Latest Practicable Date	—	—	—	—
Subsequent reversal of allowance due to recovery up to the Latest Practicable Date	—	—	—	—
Outstanding trade receivables (net of allowance for doubtful debts) as at the Latest Practicable Date	—	—	—	—

As at the Latest Practicable Date, all of the trade receivables as at 31 October 2018 had been received.

Other receivables

Our other receivables consisted primarily of bulk discounts receivable from our suppliers of goods and services, such as beverages and gas. The movements during the Track Record Period was mainly attributable to timing differences as we accrue for the receivables as at the end of the year/period.

GST receivables

We recorded net GST receivable as at 31 December 2016, as compared to net GST payable for 31 December 2015, 31 December 2017 and 31 October 2018. This was due to purchase of our investment property at 220 Orchard Road #B1-10 & B1-11 in October 2016 for a total of S$14.6 million for which GST had been paid as at 31 December 2016 but we had yet to collect this GST paid from IRAS as of that date.

Prepayments and deposits paid

During the Track Record Period, our prepayments and deposits paid comprised (i) prepayments (ii) prepaid listing expenses and (iii) deposits paid. The following table sets forth a summary of our total prepayments and deposits paid as at the dates indicated:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Prepayments	65	79	—	—
Prepaid listing expenses	—	—	—	591
Deposits paid	911	459	550	1,430
	976	538	550	2,021

The decrease in prepayments and deposits paid as at 31 December 2016 as compared to 31 December 2015 was primarily attributable to the decrease in deposits paid due to the refund of deposits upon the end of the lease agreements for food centres that we decided not to renew. Deposits paid remained stable at approximately S$0.5 million and S$0.6 million as at 31 December 2016 and 31 December 2017 respectively. Deposits paid increased by approximately S$0.9 million to approximately S$1.4 million as at 31 October 2018 due mainly to (i) a deposit of approximately S$0.4 million placed for a food centre; and (ii) deposit of approximately S$0.5 million placed for listing expenses.

Other financial assets

Our other financial assets relate to key management life insurance policies that our Group purchased. For details, please refer to the Note 21 of the Accountants' Report contained in Appendix I to this prospectus.

Amount due from/(to) a shareholder

The following table sets forth a breakdown of the amount due from/(to) a shareholder as at the dates indicated:

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Mr. Chu Chee Keong	1,336	2,165	4,274	(135)

Our amount due from a shareholder was primarily related to non-trade advances made to our shareholder, and was unsecured, interest-bearing at 3.0% interest per annum and repayable on demand. All outstanding amount due from a shareholder was settled as at 31 October 2018 via offsetting dividends payable to the shareholder. Please refer to Note 22 of the Accountants' Report in Appendix I for details on the amount due from a shareholder.

Our amount due to a shareholder was non-trade in nature, unsecured, interest-free and repayable on demand. Our Directors confirmed that the respective balance had been settled as at the Latest Practicable Date.

Trade payables

During the Track Record Period, our trade payables primarily related to our purchases of inventories such as food ingredients and beverages for use in our operations.

Our trade payables decreased from approximately S$2.5 million as at 31 December 2015 to approximately S$2.1 million as at 31 December 2016 primarily due to lower purchases of inventories which was in line with the decrease in revenue. Our trade payables subsequently increased by approximately S$0.7 million to approximately S$2.8 million as at 31 December 2017 primarily due to higher purchases of inventories which was in line with the increase in our revenue. Our trade payables remained stable at approximately S$2.8 million and S$2.7 million as at 31 December 2017 and 31 October 2018, respectively.

As at the Latest Practicable Date, all of the trade payables as at 31 October 2018 had been settled.

The trade payable as at 31 December 2015, 2016 and 2017 was fully settled.

We generally enjoy a credit term of 15 to 90 days from our suppliers. During the Track Record Period, our purchases from our suppliers were denominated and settled in Singapore dollars by cash or cheque. The following table sets forth the ageing analysis of our trade payables as at the dates indicated:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
0 to 30 days	1,380	1,270	1,556	1,401
31 to 90 days	1,066	821	1,289	1,314
91 to 180 days	7	37	—	—
Total	2,453	2,128	2,845	2,715
Trade payables turnover days *(Note)*	38.3	40.7	37.0	40.3

Note: Trade payable turnover days are calculated based on the average of beginning and ending balance of trade payables of a given year/period divided by the total of (i) cost of inventories consumed; (ii) property rentals and related expenses; and (iii) management, cleaning and utilities expenses for the corresponding year/period and multiply by the number of calendar days of the year/period.

The trade payables turnover days remained stable during the Track Record Period at approximately 38.3 days, 40.7 days, 37.0 days and 40.3 days for the three years ended 31 December 2017 and ten months ended 31 October 2018, respectively.

Accruals and other payables

Our accruals and other payables mainly comprised accruals for our staff costs, GST, rents and operating expenses as well as payable for purchases of property, plant and equipment. The following table sets forth a summary of our total accruals and other payables as at the dates indicated:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Accrued operating expenses *(Note)*	1,591	1,821	2,079	962
Other payables	983	717	736	1,651
Total	2,574	2,538	2,815	2,613

Note: Accrued operating expenses mainly represented accrued salaries and bonuses for staff, and GST payable for the GST Incident.

Our accruals and other payables remained stable at approximately S$2.6 million and S$2.5 million as at 31 December 2015 and 2016, respectively. We recorded an increase in accrued operating expenses of approximately S$0.2 million from approximately S$1.6 million as at 31 December 2015 to approximately S$1.8 million as at 31 December 2016 mainly due to the increase in accrued GST expense payable. Please refer to the paragraph headed "Background and particulars of the tax incident related to the GST" in this section for more details. We recorded a decrease in other payables of approximately S$0.3 million from approximately S$1.0 million as at 31 December 2015 to approximately S$0.7 million as at 31 December 2016. The decrease was primarily due to us being in a GST receivable position as at 31 December 2016 as compared to a GST payable position as at 31 December 2015. Please refer to the paragraph headed "GST receivables" in this section.

We recorded an increase in accruals and other payables from approximately S$2.5 million as at 31 December 2016 to approximately S$2.8 million as at 31 December 2017, which was in line with the increase in our revenue.

We recorded a decrease in accrued operating expenses of approximately S$1.1 million from approximately S$2.1 million as at 31 December 2017 to approximately S$1.0 million as at 31 October 2018 as we accrue for staff bonuses as at the end of the year and which we paid out in January and April the following year, and payment of GST relating to the GST Incident. We recorded an increase in other payables of approximately S$0.9 million from approximately S$0.7 million as at 31 October 2017 to approximately S$1.7 million as 31 October 2018 primarily due to listing expenses payables.

Deposits received and receipts in advance

Our deposits received and receipts in advance mainly comprised (i) deposits received from tenants for our properties leased to them; and (ii) one-off advance receipts from our vendor for utilities in relation to incentives. These advance receipts were given to our Group as an incentive for us to continue to use the utilities supplied from the vendor. Due to our business volume, we were able to obtain such incentive in the form of advance receipts from the vendor. These incentives were gradually recognised as our income with the usage of the utilities.

The following table sets forth a summary of our total deposits received and receipts in advance as at the dates indicated:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Deposits received	576	435	642	759
Receipts in advance	1,300	849	409	165
	1,876	1,284	1,051	924

We recorded a decrease in deposits received and receipts in advance of approximately S$0.6 million from approximately S$1.9 million as at 31 December 2015 to approximately S$1.3 million as at 31 December 2016. This further decreased to approximately S$1.1 million and S$0.9 million as at 31 December 2017 and 31 October 2018, respectively. The decrease was primarily due to the decrease in receipts in advance of approximately S$0.5 million, S$0.4 million and S$0.2 million during 2016, 2017 and 2018 respectively as we gradually recognised the incentives as our income with the usage of the utilities.

Tax payables

The following table sets forth a breakdown of the tax payables as at the dates indicated:

	As at 31 December			**As at 31 October**
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Tax payables	221	259	636	685

We recorded an increase in tax payables by approximately S$38,000 from approximately S$221,000 as at 31 December 2015 to approximately S$259,000 as at 31 December 2016 which was mainly due to the higher taxation expense for the year ended 31 December 2016. Our tax payables further increased to approximately S$636,000 as at 31 December 2017, which was mainly due to higher taxation expense for the year ended 31 December 2017. Our tax payables subsequently increased slightly to approximately S$685,000 as at 31 October 2018 as we accrued for taxation expense on our profits for the ten months ended 31 October 2018 and partially offset by payment made for the tax provision. Out of the tax payables as at 31 December 2017 of approximately S$636,000, (i) approximately S$350,000, which includes late penalties of approximately S$300 in total (the "**Corporate Income Tax Penalties**") in relation to 5% late payment penalties levied on the outstanding corporate income tax payables of approximately S$6,000 and were paid during the ten months ended 31 October 2018 according to the statement of account issued by the IRAS for the respective subsidiaries of our Group (the "**Settled 2017 Tax Payable**"); (ii) approximately S$137,000 were paid after 31 October 2018; and (iii) approximately S$149,000 were outstanding and due after the Latest Practicable Date according to the estimation based on the latest available unaudited management account of our Group (the "**Outstanding 2017 Tax Payables**"). Our Directors confirm that our Group will settle the Outstanding 2017 Tax Payables on or before the prescribed deadlines as set out in the notices of assessments to be issued by the IRAS.

During the Track Record Period, our Group had (i), on two occasions, failed to submit the Form C, accounts and tax computation under Section 62 of the Income Tax Act (for further details of the two non-compliant incidents, including the amount of and status of the relevant payments, please refer to the subsection headed "Business — Non-compliance matters" in this prospectus); and (ii), on two occasions, failed to make the relevant corporate income tax payments on time due to inadvertent oversight on the part of our administrative staff, resulting in the Corporate Income Tax Penalties which were already paid during the ten months ended 31 October 2018.

Further, our Directors consider that Corporate Income Tax Penalties are immaterial and that it is unlikely that the IRAS will impose further penalties in relation to the late corporate income tax payments. Our Directors also confirm that, as at the Latest Practicable Date, our Group has not received any penalty or additional tax charge as a result of late tax payments.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily through a combination of cash flow from operations, advance receipts from our tenants and bank borrowings. Our principal uses of cash have been, and are expected to continue to be, operational costs, repayment of bank borrowings and business expansion in Singapore.

Cash flows

The following table sets forth a summary of our consolidated statements of cash flows during the Track Record Period:

	Year ended 31 December			Ten months ended 31 October	
	2015	**2016**	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(unaudited)	
Net cash from operating activities	6,605	3,723	8,382	6,949	1,329
Net cash used in investing activities	(10,511)	(14,314)	(4,632)	(4,587)	(465)
Net cash from/(used in) financing activities	6,909	10,306	(2,270)	(1,586)	(1,992)
Net increase/(decrease) in cash and cash equivalents	3,003	(285)	1,480	776	(1,128)
Cash and cash equivalents at beginning of year/period	2,217	5,220	4,935	4,935	6,415
Cash and cash equivalents at end of year/period, represented by cash and bank balances less pledged bank deposit	5,220	4,935	6,415	5,711	5,287

Cash flow from operating activities

Cash flow from operating activities reflects profit before tax for the year/period adjusted for (i) non-cash items such as depreciation, finance costs, bad debts written off, exchange loss/gain, interest income, fair value gain from investment properties, and gain on disposal of property, plant and equipment, which lead to the operating cash flows before working capital changes; (ii) effects on cash flows due to changes in working capital, including increases or decreases in trade and other receivables, inventories, prepayments and deposits paid, trade payables, other payables and accruals and deposits received and receipts in advance, which lead to cash generated from operations; and (iii) income tax paid and refunded, which results in net cash generated from operating activities.

We derived our cash inflow from operating activities primarily through the receipt of payments from our three categories of revenue namely: (i) sale of cooked food, beverages and tobacco products; (ii) rental income from lease of premises to tenants; and (iii) provision of management, cleaning and utilities services. Our cash outflow from operating activities was primarily attributable to cost of inventories consumed, staff costs and property rentals and related expenses.

For the year ended 31 December 2015, our net cash from operating activities of approximately S$6.6 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S$3.6 million; (ii) net inflow of working capital amounting to approximately S$3.0 million; and (iii) net income tax refunded of approximately S$14,000.

For the year ended 31 December 2016, our net cash from operating activities of approximately S$3.7 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S$5.1 million; (ii) net outflow of working capital amounting to approximately S$1.2 million; and (iii) net income tax paid of approximately S$0.1 million. The decrease in net cash from operating activities from the year ended 31 December 2015 to the year ended 31 December 2016 was mainly due to increase in trade and other receivables, decrease in other payables and accruals and decrease in deposits received and receipts in advance.

For the year ended 31 December 2017, our net cash from operating activities of approximately S$8.4 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S$7.0 million; (ii) net inflow of working capital amounting to approximately S$1.6 million; and (iii) net income tax paid of approximately S$0.2 million. The increase in net cash from operating activities from the year ended 31 December 2016 to the year ended 31 December 2017 was mainly due to increase in operating cash flows before movements in working capital, decrease in trade and other receivables and increase in trade payables.

For the ten months ended 31 October 2017, our net cash from operating activities of approximately S$6.9 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S$6.1 million; (ii) net inflow of working capital amounting to approximately S$0.9 million; and (iii) net income tax paid of approximately S$0.1 million.

For the ten months ended 31 October 2018, our net cash from operating activities of approximately S$1.3 million primarily resulted from (i) our operating cash flows before working capital changes amounting to approximately S$3.2 million; (ii) net outflow of working capital amounting to approximately S$1.6 million; and (iii) net income tax paid of approximately S$0.3 million. The decrease in net cash from operating activities from the ten months ended 31 October 2017 to the ten months ended 31 October 2018 was mainly due to lower profits and an increase in prepayments and deposits paid.

Cash flow from investing activities

Our investing activities primarily consisted of purchase of property, plant and equipment, investment properties and other financial assets.

For the two years ended 31 December 2016, our net cash used in investing activities of approximately S$10.5 million and S$14.3 million respectively were mainly attributable to purchase of property, plant and equipment and investment properties. The increase from the year ended 31 December 2015 to the year ended 31 December 2016 was mainly attributable to an increase in the amount of investment properties acquired during 2016. For the year ended 31 December 2017, our net cash used in investing activities of approximately S$4.6 million was primarily attributable to purchase of property, plant and equipment, investment properties and other financial assets. The decrease from the year ended 31 December 2016 to the year ended 31 December 2017 was mainly attributable to a decrease in the amount of investment properties acquired during 2017.

For the ten months ended 31 October 2017 and 2018, our net cash used in investing activities of approximately S$4.6 million and S$0.5 million primarily consisted of purchase of investment properties and deposit for investment properties, respectively.

Cash flow from financing activities

Our financing activities primarily consisted of advance to a shareholder, repayment of bank borrowings, proceeds from new bank borrowings for purchase of property, plant and equipment and investment properties, finance costs, proceeds from issuance of new shares and dividends paid.

For the year ended 31 December 2015, our net cash from financing activities of approximately S$6.9 million primarily resulted from (i) proceeds from new bank borrowings of approximately S$14.8 million; (ii) repayment of bank borrowings of approximately S$3.8 million; (iii) advance to a shareholder of approximately S$3.5 million; and (iv) finance costs of approximately S$0.6 million.

For the year ended 31 December 2016, net cash from financing activities of approximately S$10.3 million primarily resulted from (i) proceeds from new bank borrowings of approximately S$16.1 million; (ii) repayment of bank borrowings of approximately S$2.3 million; (iii) payment of dividends of approximately S$2.0 million; (iv) finance costs of approximately S$0.8 million; (v) advance to a shareholder of approximately S$0.8 million; and (vi) proceeds from issuance of new shares of approximately S$0.1 million. The increase in net cash generated from financing activities for the year ended 31 December 2016 was primarily due to higher proceeds from new bank borrowings and lower repayment of bank borrowings and advance to a shareholder, and partially offset by dividends paid.

For the year ended 31 December 2017, net cash used in financing activities of approximately S$2.3 million primarily resulted from (i) proceeds from new bank borrowings of approximately S$5.8 million; (ii) repayment of bank borrowings of approximately S$2.3 million; (iii) finance costs of approximately S$1.2 million; (iv) advance to a shareholder of approximately S$4.6 million; and (v) proceeds from issuance of new shares of approximately S$10,000. The change from net cash generated from financing activities for the year ended 31 December 2016 to net cash used in financing activities for the year ended 31 December 2017 was primarily due to lower proceeds from new bank borrowings and an increase in advance to a shareholder, and partially offset by an absence of dividends paid for the year ended 31 December 2017.

For the ten months ended 31 October 2017, our net cash used in financing activities of approximately S$1.6 million primarily resulted from (i) advance to a shareholder of approximately S$4.6 million; (ii) repayment of bank borrowings of approximately S$1.9 million; (iii) proceeds from new bank borrowings of approximately S$5.8 million; and (iv) finance costs of approximately S$0.9 million.

For the ten months ended 31 October 2018, our net cash used in financing activities of approximately S$2.0 million primarily resulted from (i) repayment of bank borrowings of approximately S$2.0 million; (ii) repayment from a shareholder of approximately S$1.0 million; and (iii) finance costs of approximately S$1.0 million. The increase in net cash used in financing activities from the ten months ended 31 October 2017 was mainly attributable to a decrease in proceeds from new bank borrowings, and partially offset by decreases in advance to a shareholder.

Working capital

Our Directors are of the opinion, after due and careful inquiry, that taking into consideration the internal resources presently available to our Group, cash generated from our operations, our banking facilities and the estimated net proceeds to be received by us from the Share Offer, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

INDEBTEDNESS

Bank borrowings

During the Track Record Period and up to 31 December 2018, being the latest practicable date (the "**Indebtedness Statement Date**") on which such information was available to us, our Group's borrowings represented financing provided by our bankers in the form of bank loans, the breakdown of which is as follows:

	As at 31 December			As at 31 October	As at 31 December
	2015	**2016**	**2017**	**2018**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(Unaudited)
Bank borrowings					
—Within 1 year	1,820	3,870	6,746	6,467	6,458
—More than 1 year	33,647	45,390	46,054	44,321	44,934
Total	35,467	49,260	52,800	50,788	51,392

All our borrowings are denominated in Singapore dollars.

The following table sets forth the weighted average effective interest rate of our bank loans as at the dates indicated:

	As at 31 December			As at 31 October
	2015	2016	2017	2018
Weighted average effective interest rate (per annum)	2.01%	2.12%	2.21%	2.43%

The bank loans during the Track Record Period and up to the Indebtedness Statement Date consist of term loans, secured mortgage loans and working capital loan. The term loans and secured mortgage loans relate to the financing of the purchase of property, plant and equipment, investment properties and were secured by the respective assets and guaranteed by our Controlling Shareholder. The working capital loan was for working capital purposes and is unsecured. The personal guarantees given by our Controlling Shareholder will be released and replaced by corporate guarantees from our Company upon the Listing. As at the Latest Practicable Date, our Group had unutilised banking facilities of approximately S$0.5 million.

We intend to continue to finance portions of our working capital and capital expenditure with bank borrowings, as we deem appropriate. Except for such bank borrowings, we currently do not have plans for other material external debt financing.

Our Directors confirmed that the agreements under our bank borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no material defaults in payment of trade and non-trade payables and bank borrowings, nor did we breach any financial covenants during the Track Record Period. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining credit facilities, or withdrawal of facilities, request for early repayment, default in payments or breach of financial covenants of bank borrowings.

Contingent liabilities

As at 31 December 2015, 31 December 2016, 31 December 2017, 31 October 2018 and 31 December 2018, we did not have any contingent liabilities.

Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities since Indebtedness Statement Date, being the latest practicable date for determining our Group's indebtedness.

CAPITAL COMMITMENTS

As at the Latest Practicable Date, other than operating lease commitments, our Group had no contractual capital commitments.

OPERATING LEASE COMMITMENTS

Our Group as lessee:

As at 31 December 2015, 31 December 2016, 31 December 2017 and 31 October 2018, our Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	3,887	4,267	4,391	4,186
Within two to five years	2,113	2,328	1,636	1,267
	6,000	6,595	6,027	5,453

Our Group leases food centres and food street under non-cancellable operating leases. The leases run for an initial period of 1 to 5 years, with options to renew the lease terms upon expiry when all terms are re-negotiated. The above table excludes contingent rentals.

Our Group as lessor:

As at 31 December 2015, 31 December 2016, 31 December 2017 and 31 October 2018, our Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	2,387	2,922	3,027	3,284
Within two to five years	1,051	1,490	1,256	1,309
	3,438	4,412	4,283	4,593

Our Group leases its investment properties under operating leases. The leases run for an initial period of 1 to 3 years. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived.

CAPITAL EXPENDITURE

The following table sets forth our capital expenditures for the years/periods indicated indicated. Our capital expenditure were funded out of the cash generated from operations and borrowings.

	For the year ended 31 December			For the ten months ended 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Property, plant and equipment				
Furniture and fittings	22	—	—	—
Food establishment and office equipment	89	243	676	120
Motor vehicles	119	—	—	—
Investment properties	10,339	14,078	3,311	—
	10,569	14,321	3,987	120

Our capital expenditure during the Track Record Period primarily related to expenditures on (i) additions of investment properties; and (ii) purchase of furniture, fixtures, food centre and office equipment, and motor vehicles used in our operations. Our capital expenditures amounted to approximately S$10.6 million, S$14.3 million, S$4.0 million and S$120,000 for the three years ended 31 December 2017 and ten months ended 31 October 2018, respectively.

We anticipate that our future capital expenditures may increase as we intended to open new food centres and expand our operations. For the year ended 31 December 2018, we estimate that our Group's capital expenditure will amount to approximately S$0.2 million primarily for the acquisition of food establishment and office equipment. For the year ending 31 December 2019, we estimate that our Group's capital expenditure will amount to approximately S$19.0 million primarily for the acquisition of two investment properties. For further details, please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus.

We expect to meet future capital expenditure requirements through our available cash and cash equivalents, cash generated from our operations as well as net proceeds of the Share Offer.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangements.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios during the Track Record Period and should be read in conjunction with the Accountants' Report included as Appendix I to this prospectus.

	Year ended or as at 31 December			Ten months ended or as at 31 October
	2015	2016	2017	2018
Current ratio *(Note 1)*	0.9 times	0.9 times	0.9 times	0.6 times
Quick ratio *(Note 2)*	0.9 times	0.9 times	0.9 times	0.6 times
Gearing ratio *(Note 3)*	121.8%	147.3%	145.3%	139.1%
Debt to equity ratio *(Note 4)*	103.9%	132.6%	127.7%	124.6%
Interest coverage *(Note 5)*	7.3 times	9.2 times	6.2 times	4.9 times
Return on assets *(Note 6)*	5.5%	7.0%	5.7%	4.6%
Return on equity *(Note 7)*	13.6%	18.6%	15.2%	11.9%
Turnover growth *(Note 8)*	N/A	(6.7%)	20.2%	4.3%
Net profit growth *(Note 9)*	N/A	56.4%	(11.3%)	(19.2%)

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.

2. Quick ratio is calculated based on the total current assets less inventories divided by the total current liabilities as at the respective year/period end.

3. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end and multiplied by 100%.

4. Debt to equity ratio is calculated by the net debts (being interest-bearing liabilities net of bank balances and cash) divided by the total equity as at the respective year/period end and multiplied by 100%.

5. Interest coverage is calculated by the profit before interest and tax divided by the finance costs as at the respective year/period end.

6. Return on assets for the three years ended 31 December 2017 and ten months ended 31 October 2018 (annualised) is calculated by the profit for the year/period divided by the total assets as at the respective year/period end and multiplied by 100%.

7. Return on equity for the three years ended 31 December 2017 and ten months ended 31 October 2018 (annualised) is calculated by the profit of the year/period divided by the total equity as at the respective year/period end and multiplied by 100%.

8. Turnover growth is calculated based on the difference between revenue for the current year/period and prior year/period, divided by the revenue for the prior year/period and multiplied by 100%.

9. Net profit growth is calculated based on the difference between net profit for the current year/period and prior year/period, divided by the net profit for the prior year/period and multiplied by 100%.

Current ratio and quick ratio

During the Track Record Period, we did not maintain material inventory levels and therefore, our current ratios were close to our quick ratios. Our current ratio and quick ratio remained stable at approximately 0.9 times for the three years ended 31 December 2017. Our current ratio and quick ratio decreased to approximately 0.6 times and 0.6 times respectively for the ten months ended 31 October 2018 due to higher net current liabilities.

Gearing ratio

Our interest-bearing liabilities mainly comprised of bank borrowings for the purchase of the investment properties. Our gearing ratio increased from approximately 121.8% as at 31 December 2015 to approximately 147.3% as at 31 December 2016 and decreased slightly to approximately 145.3% as at 31 December 2017. The significant change in our gearing ratio was primarily attributable to the increase in our borrowing level for the acquisition of investment properties, which was partially offset by an increase in our reserves as a result of profit for the year. Our gearing ratio subsequently decreased to approximately 139.1% as at 31 October 2018 due to lower outstanding balance of borrowings as a result of repayment during the period. For details on movement of our profit, please refer to the paragraph headed ''Profit for the year/period'' in this section.

Debt to equity ratio

Net debts represented interest-bearing liabilities net of bank balances and cash. Our debt to equity ratio increased from approximately 103.9% as at 31 December 2015 to approximately 132.6% as at 31 December 2016 and decreased slightly to approximately 127.7% as at 31 December 2017. Our debt to equity ratio subsequently decreased to approximately 124.6% as at 31 October 2018. The reason for the significant change in our debt to equity ratio is the same as the reason for gearing ratio above.

Interest coverage

Our interest coverage ratio increased from approximately 7.3 times for the year ended 31 December 2015 to approximately 9.2 times for the year ended 31 December 2016. The increase in such ratio was principally attributable to the increase in our profit before interest and tax and partially offset by the increase in finance costs due to higher level of borrowings for the year ended 31 December 2016. Our interest coverage ratio decreased to approximately 6.2 times for the year ended 31 December 2017 due to the increase in finance costs due to higher level of borrowings and a reduction in profit for the year ended 31 December 2017. Our interest coverage ratio decreased to approximately 4.9 times for the ten months ended 31 October 2018 primarily due to lower profits as a result of the listing expenses incurred.

Return on assets

Our return on assets increased from approximately 5.5% for the year ended 31 December 2015 to approximately 7.0% for the year ended 31 December 2016. The increase was primarily due to the increase in profit and partially offset by an increase in total assets for the year ended 31 December 2016. Our return on assets decreased to approximately 5.7% for the year ended 31 December 2017 due to lower profits and higher total assets for the year ended 31 December 2017. Our return on assets subsequently decreased to approximately 4.6% for the ten months ended 31 October 2018 primarily due to lower profits as a result of the listing expenses incurred.

Return on equity

Our return on equity increased from approximately 13.6% for the year ended 31 December 2015 to approximately 18.6% for the year ended 31 December 2016. Such improvement was primarily due to higher profits and slightly offset by the increase in our equity for the year ended 31 December 2016. Our return on equity decreased to approximately 15.2% for the year ended 31 December 2017 due to lower profits and higher equity for the year ended 31 December 2017. Our return on equity subsequently decreased to approximately 11.9% for the ten months ended 31 October 2018 primarily due to lower profits as a result of the listing expenses incurred.

Turnover growth

Our revenue decreased by approximately 6.7% for the year ended 31 December 2016 and subsequently increased by approximately 20.2% for the year ended 31 December 2017. Our revenue subsequently increased by approximately 4.3% for the ten months ended 31 October 2018. For details on movement of our revenue, please refer to the paragraph headed ''Revenue'' in this section.

Net profit growth

Our net profit increased by approximately 56.4% for the year ended 31 December 2016 and subsequently decreased by approximately 11.3% for the year ended 31 December 2017. Our net profit subsequently decreased by approximately 19.2% for the ten months ended 31 October 2018. For details on movement of our net profit, please refer to the paragraph headed ''Profit for the year/period'' in this section.

FINANCIAL RISKS

We are exposed to a variety of financial risk including credit risk and liquidity risk. Details of the risks to which we are exposed are set out in Note 34 of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to our Group. The major classes of financial assets of our Group are cash and cash equivalents, pledged bank deposits, other financial assets and trade and other receivables. For trade receivables, our Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, our Group adopts the policy of dealing only with high credit quality counterparties.

As our Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Our Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis.

At 31 December 2015, 2016 and 2017 and 31 October 2018, approximately 24.3%, 52.8%, 74.4% and 49.4% respectively of our Group's trade receivables were due from the top five customers.

As at 31 December 2015, 2016 and 2017 and 31 October 2018, substantially all of our Group's bank deposits and other financial assets were deposited with major financial institutions and insurance company incorporated in the Singapore, which our Directors believe are of high-credit-quality without significant credit risk. For the amount due from a shareholder, our Directors expect the amount will be recover on demand and without default. Our Directors expect will not have material ECL.

(i) Trade receivables

Our Group applies simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on historical experience, majority of trade receivables were settled within credit term and our Group receive certain deposit from these customer, hence the expected loss rate of current trade receivables is assessed to be approximately zero, no loss allowance on trade receivable was recognised.

A default on receivables are when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with our Group and the amount due is significantly larger than the deposit receive by our Group. Our Group categories a receivable for write off when a debtor fails to make contractual payments greater than 180 days and the receivables is larger than the deposit receive by our Group. Where receivables have been written off, our Group continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

(ii) Other receivables

As at 31 December 2015, 2016 and 2017 and 31 October 2018, the other receivables was mainly related to raw material suppliers' incentive receivable from multi-national companies or listed company. As a result, our director assessed the expected loss rate of other receivables was immaterial. Thus, no loss allowance for other receivables was recognised during the Track Record Period.

(b) Liquidity risk

Liquidity risk is the risk that our Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Group's approach to managing liquidity risk is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, such as maintaining sufficient cash and cash equivalents as disclosed in Note 23 of the Accountants' Report contained in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 31 of the Accountants' Report included as Appendix I to this prospectus. Our Directors confirmed that all such transactions were conducted on an arm's length basis and on normal commercial or better terms to our Group. The related party transactions would not distort our results of operations during the Track Record Period or make our historical results during the Track Record Period not reflective of our expectations for our future performance.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

Our Group's financial performance for the years ending 31 December 2018 and 31 December 2019 will be affected by the non-recurring expenses incurred in relation to the Listing. The listing expenses are estimated to be approximately S$7.1 million, (equivalent to approximately HK$40.0 million, assuming an Offer Price of HK$0.70, being the midpoint of the indicative Offer Price range of HK$0.65 to HK$0.75 per Offer Share). Out of the listing expenses of approximately S$7.1 million, (i) approximately S$2.7 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S$2.3 million will be charged to profit or loss of our Group for the year ended 31 December 2018; and (iii) approximately S$2.1 million will be charged to profit and loss of our Group for the year ending 31 December 2019. Such expenses are current estimates and for reference only. The final amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the changes in variables and assumptions.

In addition, there will be an expected increase in other operating expenses which is primarily attributable to the increase in Directors' remuneration and other professional fees for the year ended 31 December 2018 and the year ending 31 December 2019 arising from the increase in remuneration of our Directors and the appointment of the new independent non-executive Directors and professional parties prior to and after the Listing.

Our Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in our Group's business despite the expected increase in our Directors' remuneration and professional fees and the non-recurring listing expenses.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

On the basis set forth in Appendix III to this prospectus and in the absence of unforseen circumstances, we believe that our estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2018 will be no less than approximately S$3.8 million.

DISTRIBUTABLE RESERVES

As at Indebtedness Statement Date, the aggregate amount of distributable reserves available for distribution to our Shareholders was approximately S$34.1 million.

DIVIDENDS

For the three years ended 31 December 2017 and ten months ended 31 October 2017 and 2018, our Group declared dividends of approximately Nil, S$2.0 million, S$2.6 million, S$2.6 million and S$3.4 million, respectively.

The dividends were declared to reward shareholder investments in our Group. Our Directors consider the level of distribution appropriate and in the best interests of our Group as the portion of the net profits from ordinary activities attributable to such investments retained is sufficient to support our Group's expansion during the Track Record Period.

Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Law and our Articles which also requires the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors.

Any dividends declared will be in Singapore dollars with respect to the Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. Currently, our Group does not have any dividend policy and predetermined dividend distribution ratio.

PROPERTY INTEREST AND PROPERTY VALUATION

Cushman & Wakefield VHS Pte. Ltd., an independent property valuer, has valued interests of our investment properties in Singapore as at 30 November 2018 and is of the opinion that the value of the investment properties was, in aggregate, approximately S$83.7 million, with the entire value attributable to us. Please refer to Appendix IV to this prospectus for the full text of the property valuation report with regard to such property interests.

OUR PROPOSED AUDITOR AFTER THE LISTING

Under Rule 19.20 of the Listing Rules, we, as an overseas issuer, must have our annual accounts audited by a person, firm or company who must be a practising accountant of good standing, and that such person, firm or company must also be independent to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants. In addition, the firm of accountants must be either (i) qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) for appointment as an auditor of a company; or (ii) acceptable to the Stock Exchange which has an international name and reputation and is a member of a recognised body of accountants.

After the Listing, HLB Hodgson Impey Cheng Limited will be the proposed auditor of our Company, which is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section headed ‘‘Unaudited Pro Forma Financial Information’’ included as Appendix II to this prospectus for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

FUTURE PLANS

Please refer to the paragraph headed "Business — Business strategy" in this prospectus for a detailed description of our business strategies and future plans.

The net proceeds from the Share Offer are estimated to be approximately HK$100.0 million assuming the Offer Price of HK$0.70 per Offer Share (being the mid-point of the Offer Price range) and 200,000,000 Offer Shares being offered under the Share Offer and after deducting the underwriting commission and expenses relating to the Share Offer.

We intend to use the net proceeds from the Share Offer for the following purposes:

(a) approximately a total of HK$69.0 million (equivalent to approximately S$12.2 million), representing approximately 69.0% of our net proceeds from the Share Offer, will be used as follows:

   (i) approximately HK$5.1 million (equivalent to approximately S$0.9 million), representing 5.1% of our net proceeds from the Share Offer for the purchase of 150 South Bridge Road. The expected food centre investment payback period *(Note)* for 150 South Bridge Road is approximately 5 years;

   (ii) approximately HK$31.6 million (equivalent to approximately S$5.6 million), representing 31.6% of our net proceeds from the Share Offer for the purchase of 101 Yishun. The expected food centre investment payback period *(Note)* for 101 Yishun is approximately 8 years; and

   Note: Food centre investment payback period refers to the length of time required to recover the initial investment cost from the accumulated net operating cash inflow to be generated from our food centre business operation since the date of the initial cash outflow to acquire such property, including stamp duty, legal cost and other associated cost in relation to the acquisition.

The cost and benefit analysis for our Group to acquire rather than lease 150 South Bridge Road and 101 Yishun

Our Directors consider that it is in the interest of our Group to acquire rather than lease 150 South Bridge Road and 101 Yishun in order to alleviate the expected increase in rental cost in the future.

The property at 150 South Bridge Road

After acquisition, the property will be operated and managed as a food centre by our Group to sell cooked food, beverages and tobacco products under F&B Retail Business. A comparison of the cost savings enjoyed by our Group in the event our Group acquires rather than leases 150 South Bridge Road is set out in the table below:

		150 South Bridge Road[1] *S$*
Approximate annual rental costs	*(A)*	129,000
Approximate interest expense on mortgage	*(B)*	36,000
Approximate annual depreciation on the property, plant and equipment	*(C)*	50,000
Others[2]	*(D)*	5,500
Annual cost saving of the purchase	*(A) – (B) – (C) – (D)*	37,500
One-off cost associated with the purchase[3]		80,000

Notes:

(1) Our Group will account for the 150 South Bridge Road after acquisition as building under Property, Plant and Equipment, it fulfills the definition as stated in IAS 16, ''Property, Plant and Equipment'', i.e. tangible items that are held for use in the production or supply of goods or services.

(2) Others refer to the costs in relation to the ownership of the properties, including property management fee, property tax and others.

(3) One-off costs associated with the purchase refer to the stamp duty, legal cost, renovation cost, valuation fee and others. The stamp duties of 150 South Bridge Road of approximately S$70,000 have been fully paid as at the Latest Practicable Date.

The property at 101 Yishun

After acquisition, the property will be mainly operated and managed as a food centre by our Group to generate rental income from lease of premises to tenants and revenue for provision of management, cleaning and utilities services under Outlet Management and Leasing Business. A comparison of the cost savings enjoyed by our Group in the event our Group acquires rather than leases 101 Yishun is set out in the table below:

		101 Yishun[1]
		S$
Approximate annual rental costs	*(A)*	600,000
Approximate interest expense on mortgage	*(B)*	216,000
Others[2]	*(C)*	35,000
Annual cost saving of the purchase	*(A) – (B) – (C)*	349,000
One-off cost associated with the purchase[3]		615,000

Notes:

(1) A significant portion of 101 Yishun will be leased out, only an insignificant portion will be operated by our Group as food and beverage stalls. Our Group will account for 101 Yishun as Investment Property after acquisition, as it fulfills the requirement of IAS 40, "Investment Property".

(2) Others refer to the costs in relation to the ownership of the properties, including property management fee, property tax and others.

(3) One-off costs associated with the purchase refer to the stamp duty, legal cost, renovation cost, valuation fee and others. The renovation cost of approximately S$160,000 in 101 Yishun will be funded by part of our net proceeds from the Share Offer as set out in the section headed "Future Plans and Use of Proceeds — Future plans — (b) To renovate our existing food centres" of this prospectus. The stamp duties of 101 Yishun of approximately S$444,000 have been fully paid as at the Latest Practicable Date.

(iii) approximately HK$32.3 million (equivalent to approximately S$5.7 million), representing 32.3% of our net proceeds from the Share Offer to be used as provision for future acquisitions of food centres,

(b) approximately HK$5.1 million (equivalent to approximately S$0.9 million), representing approximately 5.1% of our net proceeds from the Share Offer, will be used to fund the renovation costs for our existing food centres.

(c) approximately HK$5.7 million (equivalent to approximately S$1.0 million), representing approximately 5.7% of our net proceeds from the Share Offer, will be used to fund the upgrading of our information technology infrastructure and systems.

(d) approximately HK$10.1 million (equivalent to approximately S$1.8 million), representing approximately 10.1% of our net proceeds from the Share Offer, will be used for partial repayment of outstanding bank borrowings.

(e) approximately HK$10.1 million (equivalent to approximately S$1.8 million), representing 10.1% of our total net proceeds from the Share Offer, will be used for our general working capital.

Should our Directors decide to reallocate the intended use of proceeds to other business plans to a material extent and/or there be any material modification to the use of proceeds as described above, our Company will issue an announcement in accordance with the Listing Rules.

If the Offer Price is set at HK$0.75 per Offer Share (being the high-end of the Offer Price range), the net proceeds from the Share Offer will increase to approximately HK$110.0 million.

If the Offer Price is set out HK$0.65 per Offer Share (being the low-end of the Offer Price range), the net proceeds from the Share Offer will decrease to approximately HK$90.0 million.

The above allocation of the net proceeds will be adjusted on a pro-rata basis in the event that the Share Offer is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

To the extent that the net proceeds are not immediately required for or applied to the above purposes, we may hold such funds in short-term deposits with licenced banks and authorised financial institutions in Singapore or Hong Kong for so long as it is in our interests.

Details of our future plans are as follows:

(a) To partly fund the purchase of 150 South Bridge Road and 101 Yishun

We believe that the locations of our food centres and food street are critical to the success of our business and our food centres and food street are strategically located throughout Singapore. In this regard, as part of our strategic expansion plans in Singapore, we intend to acquire new properties to establish new food establishments, or by taking over existing food establishments operated by other third parties, as and when suitable opportunities arise.

To achieve this, we plan to acquire two new food centres and this is in line with our business model of acquiring an average of one food centre per year. As at the Latest Practicable Date, we are in the process of acquiring two new food centres which are at (i) 150 South Bridge Road #01–17 Singapore 058727 ("**150 South Bridge Road**") and (ii) Block 101 Yishun Avenue 5 #01–93 ("**101 Yishun**").

The option to purchase for the properties at 150 South Bridge Road and 101 Yishun

Our Directors are of the view that in Singapore, it is a common practice for the acquisition of properties by way of the entry into an option to purchase which is subsequently converted to a sale and purchase agreement upon the exercise of such option. This is because the option essentially reserves the property for the buyer for a short period of time. An option fee must be paid and is forfeited if the option to purchase is not exercised. In the event the option is exercised, the option to purchase becomes a sale and purchase agreement.

Additionally, a deposit is then paid upon the conversion of the option into a sale and purchase agreement. Upon completion, the option fee and the additional deposit will be used towards settlement of the purchase consideration.

We have on 18 September 2018 exercised an option to purchase in respect of 150 South Bridge Road for a purchase consideration of S$2.5 million. The option to purchase was entered into by our Group with the owners of 150 South Bridge Road, who are three individuals and a deceased individual's estate. As at the Latest Practicable Date, we have paid an option fee of S$25,000 (being 1% of the purchase consideration) upon the entry into the option to purchase, and a deposit of S$100,000 (being 4% of the purchase consideration) upon the exercise of the option to purchase. Completion of the acquisition is scheduled to be on or about 15 March 2019. Upon completion, the remaining 95% of the purchase consideration will be payable by our Group.

We have on 30 November 2018 exercised an option to purchase in respect of 101 Yishun for a purchase consideration of S$15.0 million. The option to purchase was entered into by our Group with the owner of 101 Yishun, who is company and a supplier of our Group which accounted for less than 5% of our total purchases during the Track Record Period. As at the Latest Practicable Date, we have paid an option fee of S$150,000 (being 1% of the purchase consideration) upon the entry into the option to purchase, and a deposit of S$600,000 (being 4% of the purchase consideration) upon the exercise of the option to purchase. Completion of the acquisition is scheduled to be on or about 31 March 2019. Upon completion, the remaining 95% of the purchase consideration will be payable by our Group.

The owners of 150 South Bridge Road and 101 Yishun are Independent Third Parties. In addition, the owners of 150 South Bridge Road are not related to the owner of 101 Yishun.

Our strategy for the two properties

The opportunity for the two acquisitions arose from our constant monitoring of available properties for sale from online sources (specifically in the case of the 150 South Bridge Road) and from our interactions with property agents who are aware of our intentions to acquire more properties and expand our business (specifically in the case of the 101 Yishun).

The property at 150 South Bridge Road

The property at 150 South Bridge Road has a GFA of approximately 60.0 sq.m. It is strategically located in the central business district within the central region of Singapore and enjoys access to high human traffic. Our Directors believe that these advantages coupled with the purchase consideration being in line with market prices for similar properties in the vicinity makes this an attractive acquisition.

The property at 150 South Bridge Road, a food centre, is currently occupied, and the lease will expire on 30 April 2019. We do not intend to extend the lease upon its expiry. Instead, we intend to operate our own food centre at these premises to take full advantage of the location and human traffic. Over and above the growth in our food and beverage business by the addition of another food centre, we believe that having a food centre in this location would also strengthen our branding.

In the event that listing does not take place on or before 15 March 2019, we may negotiate with the sellers to push back the completion date for the acquisition.

The property at 101 Yishun

The property at 101 Yishun has a GFA of approximately 196 sq.m. We have been operating at the 101 Yishun as a tenant since 2009 and we intend to continue doing so after the acquisition. For the three years ended 31 December 2017 and ten months ended 31 October 2018, our food centre at 101 Yishun contributed approximately S$4,270,000, S$4,745,000, S$4,976,000, and S$3,848,000, respectively to the revenue of our Group, and S$619,000, S$762,000, S$996,000, and S$871,000, respectively to the operating profits of our Group.

The acquisition is commercially beneficial to our Group as the property is in a good location with access to high human traffic and our food centre at this location has had a proven track record. In addition, the property was acquired at a purchase consideration which was in line with market prices for similar properties in the vicinity. The rental payments will be higher than the costs to service the mortgage for 101 Yishun. Acquiring the property at 101 Yishun was particularly important from a strategic perspective as the sale to another party (which could even have been a competitor) could have negative ramifications from a lease renewal and rental fee perspective.

Further information in relation to 150 South Bridge Road and 101 Yishun

In the event the agreements are validly cancelled or terminated by our Group or the respective seller in accordance with the respective agreement, the respective fees for each of 150 South Bridge Road and 101 Yishun which has been paid by our Group will be refunded to our Group.

As mentioned above, to further our business model of an acquisition of one food centre per year, we intend to set aside HK$32.3 million (equivalent to S$5.7 million), representing approximately 32.3% of our net proceeds from the Share Offer, as provisions for future acquisitions of food centres. In this regard, the criteria for future acquisitions of food centres will include, amongst others, the estimated food centre investment payback period of four years, the location of the property and measures to avoid cannibalisation among existing food establishments. For the bases of food centre payback period, please refer to the paragraph headed ''Future Plans and Use of Proceeds — Future plans'' in this prospectus. In this regard, our Group will consider: (i) the accessibility of the location of the property such as proximity to public transport, carparks and schools, offices and amenities; and (ii) the population and demographics of the said location such as age groups and income levels so as to determine their spending patterns and preferences. Further, our Group will also ensure that the opening of new food centres will not lead to cannibalisation between our Group's existing and new food establishments. In doing so, our Group will target to establish new food establishments across different regions in Singapore as well as the type of food establishment (whether air-conditioned or non-air-conditioned) proposed to be established in a particular location. For further details, please refer to the paragraph headed "Business — Business Process of our Outlet Management and Leasing Business" in this prospectus in relation to the factors considered by our Directors and senior management in respect of site selection. Accordingly, in order to further expand the scale of the business of our Group, we intend to acquire another property in 2020 and such acquisition will be partly funded by these proceeds and through bank borrowings. Presently, our Group has yet to identify any potential targets in Singapore for the targeted acquisition in 2020.

We currently own a total of eight food centres and one corporate headquarters which were acquired between 2007 and 2017 with our first food centre at Block 744 Bedok Reservoir Road #01-3019 Singapore 470744 being acquired on or around 2007. As at the Latest Practicable Date, all of our nine properties owned by our Group (being the eight food centres and one corporate headquarters) are secured by bank financing amounting to approximately S$46.0 million as at 31 October 2018. Whilst the acquisitions of food centres are high capital investments and that there is minimal expected industry growth of approximately 2% in the retail of cooked food and beverage products between 2017 and 2022, our Directors are of the view that these factors have to be considered in light of (a) the expected increase in rental cost of food centres; (b) the importance of having a good location as a food centre; and (c) the projected increase in the revenue generated from outlet management business according to the CIC Report between 2017 and 2022. Notwithstanding the minimal expected industry growth, our Directors believe that each food centre acquired is likely to result in:

(i) an increase in our market share in terms of (a) number of food centres in Singapore (taking into account the minimal growth rate of the number of food centres in Singapore); and (b) the share of revenue in the market;

(ii) greater economies of scale in terms of operations in areas such as manpower, procurement, which could in turn lead to better profit margins;

(iii) potential increase in revenue and profit for our Group;

(iv) improve our ability to withstand any potential increase in rental costs, taking into account that our Group has eight food centres which are leased and will be continuing to lease new properties as and when suitable opportunities arise; and

(v) strengthen our ability to compete with other industry players, some of whom are already listed in particular in areas of manpower recruitment, acquiring well known and reputable food vendors, leasing and acquisition of new food centres.

In this regard, as mentioned above, the acquisition of 150 South Bridge Road will serve as a good location for our Group to operate a new food centre as it enables our Group to have access to higher human traffic to benefit Group's F&B Retail Business. While the acquisition of 101 Yishun would be commercially beneficial to our Group as it would help tackle the expected increase in rental cost and at the same time, be well-positioned to leverage on potential growth from the property as part of our Group's Outlet Management and Leasing Business.

We intend to set aside approximately HK$5.1 million (approximately S$0.9 million), representing approximately 5.1% of our net proceeds from the Share Offer and HK$31.6 million (approximately S$5.6 million) representing approximately 31.6% of our net proceeds from the Share Offer to partly fund the purchase of 150 South Bridge Road and 101 Yishun respectively and through bank borrowings as well. The bank borrowings to fund the purchase of 150 South Bridge Road and 101 Yishun are not expected to constitute adverse impact on the gearing ratio of our Group as a result of the Share Offer and the partial repayment of outstanding bank borrowings using the net proceeds of the Share Offer as further described in the paragraph headed "Future Plans and Use of Proceeds — Future plans — (d) To partially repay outstanding bank borrowings" of this prospectus. Following completion of the aforesaid acquisitions, the Share Offer and the partial repayment of outstanding bank borrowings, our gearing ratio is expected to be improved to approximately 101.7% as compared to our gearing ratio of approximately 139.1% as at 31 October 2018.

(b) To renovate our existing food centres

According to the CIC Report, improved dining environments has been identified as one of the future trends of the food centre management market. This is due to rising household income levels which may lead to customers being more inclined to seek a better dining environment. Further, air-conditioned food centre that can offer a better dining experience while retaining price advantages over food courts will become more attractive to customers as well. In this regard, in order to maintain a competitive edge over our competitors, our Directors are of the view that renovating our existing establishments can further improve the dining experience.

We intend to set aside approximately HK$5.1 million (approximately S$0.9 million), representing approximately 5.1% of our net proceeds from the Share Offer for this purpose.

(c) To upgrade our information technology infrastructure and systems

In support of our future expansion and growth, we plan to upgrade our current information technology system, particularly the human resource and payroll system, data storage, inventory system and the point-of-sale (POS) system at all of our food and beverage stalls to enable us to monitor sales and inventory in real-time. The data of the new POS system will then be automatically linked to our accounting system, thereby removing the need for manual data entry, which we believe will increase efficiency of our accounting process, and eliminate risk of clerical mistakes. For further details, please refer to the paragraph headed "Business — Business strategy" of this prospectus.

According to the CIC Report, cashless electronic payment systems and ordering systems will become increasingly popular among food centres in Singapore. In this regard, the installation of equipment and systems providing cashless electronic payments will enable food centres to enhance their operational efficiency and at the same time, encourage greater spending by customers in light of greater smart device use. Currently, our business is cash-oriented as most of the transactions at our food centres and food street are by way of cash. The adoption of cashless payment systems will reduce our cash transactions, thereby increasing our control over payment collection and mitigating our cash collection and management risks. This will also help to increase the efficiency and productivity of our food and beverage stall counters. In addition, we also intend to invest in self-ordering terminals at our food centres and food street to allow our customers enjoy greater convenience in the food ordering process.

We intend to set aside approximately HK$5.7 million (approximately S$1.0 million), representing approximately 5.7% of our net proceeds from the Share Offer for this purpose.

(d) To partially repay outstanding bank borrowings

Due to the capital-intensive nature of our Outlet Management and Leasing Business, our Directors consider that it is essential for our Group to broaden our capital base should we expand our Outlet Management and Leasing Business. As at 31 October 2018, the total outstanding bank borrowings of our Group amounted to S$50.8 million, which carried the weighted average effective interest of 2.43% per annum. Such borrowings were largely utilised for our Group for the purchase of properties under our Outlet Management and Leasing Business and as working capital. As at the Latest Practicable Date, our Group had total borrowings amounting to approximately S$51.2 million. For further details, please refer to the paragraph headed "Financial Information — Indebtedness" of this prospectus.

Therefore, the Directors consider that upon Listing, through utilising part of the net proceeds and possibly through the proceeds of any fund raising exercises after Listing, as part of the capital for our Outlet Management and Leasing Business, it is anticipated that our available source of capital could be expanded to increase our market presence as we are able to have greater financial flexibility and capability to strategically expand the number of food centres in Singapore.

We intend to set aside approximately HK$10.1 million (approximately S$1.8 million), representing approximately 10.1% of our net proceeds from the Share Offer for this purpose.

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the future plans from the Latest Practicable Date up to 31 December 2020:

(a) there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Singapore, or in any other places in which any member of our Group will carry on its business;

(b) there will be no change in the funding requirement for each of the implementation plans described under the section headed "Future plans" in this section from the amounts as estimated by our Directors;

(c) our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives related;

(d) there will be no material changes in the bases or rates of taxation in Singapore or in any other places in which any member of our Group will operate;

(e) there will be no material changes in legislation or regulations whether in Singapore or in Hong Kong or elsewhere materially affecting the business carried on by our Group;

(f) there will be no significant changes in our Group's business relationship with its existing major customers and suppliers;

(g) our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus; and

(h) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus.

NO LISTING APPLICATION MADE IN SINGAPORE

Our Directors confirmed that we have not applied for listing in Singapore and to the best of their knowledge and belief, there would have been no impediments to our listing application if we were to apply for a listing in Singapore.

REASONS FOR LISTING

We have evaluated various avenues for Listing, including Singapore, and having considered the benefits that come along with a Hong Kong listing, we considered that Hong Kong is the most suitable venue for our Group. We believe that the Stock Exchange has worldwide recognition particularly among the Southeast Asian investors and that listing in Hong Kong would be perceived more favorably by our potential investors. Considering the level of internationalism of the Stock Exchange, we believe listing in Hong Kong would enhance our corporate profile and publicity on an international level, making our Group's brands known to retail customers in the Southeast Asian markets through the media to create a positive brand image as a listed company and help differentiate ourselves from our counterparts in those countries with a listing platform to improve our financial strength to finance our expansion as and when necessary. As such, we believe that the Stock Exchange would be the most suitable platform to raise our brand awareness and reputation and for fund raising given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies.

Our Directors also consider that the level of trading activity on a stock exchange is one of the key factors indicating the ease of conducting secondary fund raising exercises after a listing. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange is ranked the seventh largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of September 2018 with a total market capitalisation of approximately US$4,111.1 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of September 2018. Moreover, according to the data compiled by the World Bank, in 2017, the turnover ratio of stocks traded in the Hong Kong stock market was approximately 43.4% while the turnover ratio of stocks traded in the stock exchange in Singapore was approximately 27.9%. Our Directors therefore believe that the stock market in Hong Kong has a higher trading liquidity and volume as compared to the stock market in Singapore. As a result, our Directors consider that the Listing in Hong Kong will enable us to have access to the capital market more easily for fundraising at later stages through the issuance of equity and debt securities for the implementation of business strategies in the long run. Our Directors also believe that a public listing status in Hong Kong will allow us to have greater exposure to international financial market and investment community, which may open up a new channel of financing and enable us to more effectively diversify our Shareholder base.

Furthermore, according to the CIC report, international visitors to Singapore are an essential consumer group in the country's food and beverage service and contributed to stable growth in the food and beverage service market in Singapore. Between 2013 and 2017, the number of international visitors increased from 15.6 million to 17.4 million, representing a CAGR of 2.8% during the period. In particular, visitors from China represent 19% of the international visitors and ranked first in 2017. As Hong Kong is uniquely positioned as the key gateway between the PRC and international markets and in view of the increasing spending power of China visitors, we believe that listing in Hong Kong could provide an alternative advertising platform for our brands, enhance our credibility, improve our visibility to potential visitors and ultimately capture China tourists as an additional customer base for our food centres. This is commensurate with our business strategy to capture tourists as our additional customer base to maintain customer traffic and such strategy is in line with our purchase of the food centre at 150 South Bridge Road which is strategically located near the central business district of Singapore with tourists' attractions and shopping areas.

In addition, an important reason why our Company chose Hong Kong to list is the dynamism of the Stock Exchange. For instance, historically, technology companies have sought to list in the U.S. because the U.S. trading platforms were commonly seen as a suitable place for attracting investors in that type of industry even though such companies may not have a presence (business or otherwise) there. By the same token, our Directors are of the view that the location of our operations in Singapore should not be the deciding factor of where we pursue our listing status but instead should be based on an evaluation of the aforementioned considerations and the benefits of a listing in Hong Kong as stated above. With information technology and retail stock trading platforms that cater to multiple stock exchanges, our Directors do not view that the location of our operations has to be the same or limit our options as where we pursue a listing.

Therefore, our Directors believe that although we do not have a business presence in Hong Kong, the Stock Exchange would be the most suitable platform to assist us to attract investors and enhance our market position as a major player in the food and beverage industry in Singapore. Further, the listing in Hong Kong can also strengthen our ability to compete with other industry players, some of whom are existing listed companies, in particular in areas of manpower recruitment, acquiring other reputable food vendors as well as the leasing and acquisition of new food centres.

Moreover, as mentioned above, a public listing status will also enhance (i) our corporate profile to the general public as well as potential investors and (ii) our creditability with suppliers. It helps reinforce our brand awareness, market reputation and our credibility to the public and potential business partners. It will also give our existing and prospective suppliers public access to our Group's corporate and financial information, which could enhance confidence in our Group.

We believe that the Listing status is strategically critical to our long-term growth as it will provide us with additional sources to raise capital for expansion and other development needs. As mentioned above, following the Listing, we will have access to the capital markets, providing us with additional sources for future fundraising through the issuance of equity and debt securities for business expansion. Equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, in particular, we do not have to rely on the financial support from our Controlling Shareholder(s) by way of providing personal guarantees to secure bank borrowings, and therefore would allow our Group to react promptly to market conditions and business opportunities. Further, we believe that the Listing status would allow us to gain leverage in obtaining bank financing for our expansion and our working capital needs on relatively more favourable terms. Therefore, the Listing will allow us to offer us more flexibility in fundraising which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholder's return.

THE UNDERWRITERS

Joint Bookrunners
HeungKong Securities Limited
Sorrento Securities Limited

Joint Lead Managers
HeungKong Securities Limited
Sorrento Securities Limited
China Industrial Securities International Capital Limited
Pacific Foundation Securities Limited
China Tian Yuan Securities Limited

Co-Manager
Zundiao Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been entered into and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Underwriters) shall have the absolute right which is exercisable by the Joint Lead Managers (for themselves and on behalf of the Underwriters), upon giving notice in writing to our Company, to terminate the arrangements set out in the Public Offer Underwriting Agreement with immediate effect if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) it has come to the notice of the Joint Lead Managers that:

(i) any statement contained in this prospectus or other documents issued or used by or on behalf of our Company or information provided to the Joint Lead Managers in connection with the Share Offer (the "**Relevant Documents**"), considered by the Joint

Lead Managers in their absolute opinion was, when it was issued, or has become, or been discovered to be untrue, inaccurate, incorrect or misleading in any material respect;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Joint Lead Managers in their absolute opinion to be material in the context of the Share Offer;

(iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement and the Placing Underwriting Agreement considered by the Joint Lead Managers in their absolute opinion to be material in the context of the Share Offer (other than upon any of the Public Offer Underwriters);

(iv) either (1) there has been a breach of any of the warranties or provisions of the Public Offer Underwriting Agreement by any of our Company, our executive Directors or our Controlling Shareholders (collectively, the "**Warrantors**") or (2) any matter or event showing or rendering any of the warranties contained in the Public Offer Underwriting Agreement, as applicable, in the absolute opinion of the Joint Lead Managers, to be untrue, incorrect or misleading in any material respect when given or repeated;

(v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of the Warrantors pursuant to the indemnity provisions under the Public Offer Underwriting Agreement; or

(vi) any event, series of events, matter or circumstance occurs or arises on or after the date of this prospectus and prior to 8:00 a.m. on the Listing Date, would have rendered any warranties, in the absolute opinion of the Joint Lead Managers, untrue, incorrect, inaccurate or misleading in any respect;

(b) there shall develop, occur, happen, exist or come into effect:

(i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics in Hong Kong or Singapore;

(ii) any change or development involving a change or development, or any event or series of events, matters or circumstances likely to result in or represent any change or development, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation a change in the system under which the value of the Hong Kong currency or Singapore currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of the Hong Kong dollar or Singapore dollar);

(iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, Singapore, the Cayman Islands or BVI (the "**Relevant Jurisdictions**");

(iv) the imposition of economic sanctions on any of the Relevant Jurisdictions;

(v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions;

(vi) any litigation or claim of importance instigated against any member of our Group or any Director;

(vii) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;

(viii) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

(ix) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);

(x) any material contravention by any member of our Group or any Director of the Listing Rules or any applicable laws;

(xi) a prohibition on our Company for whatever reason from allotting the Offer Shares pursuant to the terms of the Share Offer;

(xii) material non-compliance of this prospectus (and/or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Share Offer with the Listing Rules or any other applicable laws by any of our Directors or the Warrantors;

(xiii) the issue or requirement to issue by our Company of a supplement or amendment to any of the Relevant Documents (and/or any other documents used in connection with the subscription of the Offer Shares);

(xiv) any material change in the business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Group taken as a whole;

(xv) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group;

(xvi) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;

(xvii) any material change or development in the conditions of local, national or international equity securities or other financial markets; or

(xviii) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange or by any of the other exchanges or by such system or by order of any regulatory or governmental authority,

which in each case or in aggregate in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters):

(i) is or will be materially adverse to or may prejudicially affect the business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group;

(ii) has or will have a material adverse effect on the success of the Share Offer or the level of interest under the Placing;

(iii) makes or may make it inadvisable, inexpedient or impracticable to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by any of the Relevant Documents; or

(iv) has or would have the effect of making any part of the Public Offer Underwriting Agreement (including undertaking) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Public Offer Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange under the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Undertaking by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer, he/it shall not and shall procure that the registered Shareholder(s) shall not:

(a) at any time during the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or other securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owners; or

(b) at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be controlling shareholders (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that he/it will, within the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

(a) any pledges or charges any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or other securities of our Company so pledged or charged; and

(b) when he/it or the relevant requested holders receive indication, either verbal or written, from the pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertakings to the Public Offer Underwriters

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Public Offer Underwriters that, except pursuant to the Share Offer, the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of Shares upon exercise of any such options or as otherwise permitted under the Listing Rules, our Company will not, and our Company, our Controlling Shareholders and each of our executive Directors will procure, that our subsidiaries will not, unless with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), such consent not to be unreasonably withheld or delayed, and in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts;

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above.

during the six months immediately following the Listing Date (the "**First Six-month Period**").

In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Joint Bookrunners, the Joint Lead Managers, our Company and the Public Offer Underwriters that during the First Six-month Period, it or he shall not, and shall procure that the relevant registered holder(s) and its/his associates and companies controlled by it/he and any nominee or trustee holding in trust for it/him shall not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), unless pursuant to the Share Option Scheme or otherwise in compliance with the requirements of the Listing Rules:

(i) offer, sell, offer to sell, contract or agree to sell, purchase, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, subscribe for, grant or purchase any option, warrant, contract or right to sell, lend or otherwise transfer or dispose of or create any encumbrances over, or agree to transfer or dispose of or create encumbrances over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) in respect of which he/it is shown by to be the beneficial owner (whether direct or indirect) (the "**Relevant Securities**") or any interest therein; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities or such other securities, in cash or otherwise; or

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above.

Each of the Controlling Shareholders has jointly and severally undertaken to the Joint Bookrunners, the Joint Lead Managers, our Company and the Public Offer Underwriters that it/he shall not, and shall procure that the relevant registered holder(s) and its/his associates or companies controlled by it/him and any nominee or trustee holding in trust for it or him shall not, without the prior written consent of the Joint Lead Managers unless pursuant to the Share Option Scheme or otherwise in compliance with the Listing Rules, at any time during the Second Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by it or him or any of it/his associates or companies controlled by it/him or any nominee or trustee holding in trust for it or him or it/him if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be, or be regarded as controlling shareholders (as defined in the Listing Rules) on a collective basis.

In the event of a disposal of any of the Shares or securities of our Company directly or indirectly beneficially owned by it or him or any interest therein within the Second Six-month Period, the relevant Controlling Shareholder shall take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of the Joint Lead Managers, our Company and the Public Offer Underwriters that within the first twelve months from the Listing Date, he or it will:

(i) when it/he pledges or charges any securities or interests in the securities of our Company beneficially owned by him or it directly or indirectly, immediately inform our Company and the Joint Lead Managers in writing of such pledges or charges together with the number of securities and nature of interests so pledged or charged; and

(ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Joint Lead Managers in writing of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters above (if any) by the Controlling Shareholders and disclose such matters by way of a press announcement.

The Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or procure subscribers for the Placing Shares being offered pursuant to the Placing.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed "Underwriting Arrangements and Expenses — Public Offer — Public Offer Underwriting Agreement" in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by it/him in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Underwriting Arrangements and Expenses — Public Offer — Public Offer Underwriting Agreement" in this section.

Commissions and expenses

The Underwriters will receive a gross underwriting commission at the rate of 4.0% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions. In addition, the Company will pay HK$1 million to HeungKong Securities Limited as incentive fee. Such commission and incentive fee, together with the Stock Exchange listing fees, the Stock Exchange trading fees, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Share Offer, is currently estimated to be approximately HK$40.0 million in aggregate (based on an Offer Price of HK$0.70 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.65 per Offer Share and HK$0.75 per Offer Share.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Underwriters will receive an underwriting commission and/or praecipium. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Underwriting Arrangements and Expenses — Commissions and expenses" above.

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

INDEMNITY

Each of our Company and our Controlling Shareholders (collectively the "**Indemnity Covenantors**") has agreed to indemnify the Public Offer Underwriters against certain losses which the Public Offer Underwriters may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by the Indemnity Covenantors of the Public Offer Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

HeungKong Capital Limited, being the Sole Sponsor, satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Public Offer, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the U.S..

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

(a) the Public Offer of 20,000,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described under the paragraph headed "The Public Offer" below; and

(b) the Placing of an aggregate of 180,000,000 Placing Shares (subject to reallocation as mentioned below) which will conditionally be placed with selected professional, institutional and other investors under the Placing.

Investors may apply for the Public Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraph headed "The Public Offer — Reallocation" below.

THE PUBLIC OFFER

Number of Shares Initially Offered

We are initially offering 20,000,000 Public Offer Shares at the Offer Price, representing 10% of the Offer Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Public Offer Shares initially offered under the Public Offer will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer".

Allocation

The total number of Public Offer Shares available under the Public Offer will initially be divided equally into two pools for allocation purposes as follows:

(i) Pool A: The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares each with a total subscription amount (excluding brokerage fee, Stock Exchange trading fee and SFC transaction levy) of HK$5 million or less.

(ii) Pool B: The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares each with a total subscription amount (excluding brokerage fee, Stock Exchange trading fee and SFC transaction levy) of more than HK$5 million and up to the value of Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are under-subscribed, the unsubscribed Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 50% of the Public Offer Shares initially available for subscription under the Public Offer will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

(a) Where the Placing Shares are fully subscribed or oversubscribed:

(i) if the Public Offer Shares are not fully subscribed, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deems appropriate;

(ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times of the number of Offer Shares initially available under the Public Offer, then up to 20,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 40,000,000, representing 20% of the Offer Shares initially available under the Share Offer;

(iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available under the Public Offer, then 40,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 60,000,000, representing 30% of the Offer Shares initially available under the Share Offer;

(iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available under the Public Offer, then 60,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 80,000,000, representing 40% of the Offer Shares initially available under the Share Offer; and

(v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available under the Public Offer, then 80,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 100,000,000, representing 50% of the Offer Shares initially available under the Share Offer.

(b) Where the Placing Shares are not fully subscribed:

(i) if the Public Offer Shares are not fully subscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Public Offer Shares are fully subscribed irrespective of the number of times the number of Offer Shares initially available under the Public Offer, then up to 20,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 40,000,000, representing 20% of the Offer Shares initially available under the Share Offer.

In addition, the Joint Lead Managers (for themselves and on behalf of the Underwriters) may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 40,000,000 Offer Shares) and the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK$0.65 per Offer Share).

For reallocation of Offer Shares from the Placing to the Public Offer, the number of Offer Shares allocated to the Placing will correspondingly be reduced, and such additional Public Offer Shares will be reallocated to Pool A and Pool B in the Public Offer in such manner as the Joint Lead Managers deem appropriate.

In addition, the Joint Lead Managers may in their sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Lead Managers.

THE PLACING

Number of Shares Initially Offered

Subject to the reallocation as described above, the number of Shares to be initially offered under the Placing will be 180,000,000 Placing Shares, representing 90% of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. Placing Shares will be selectively placed with certain professional and institutional investors and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the ''book-building'' process described in the paragraph headed ''Pricing and Allocation'' below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the Shareholders as a whole.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

PRICING AND ALLOCATION

Determining the Offer Price

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the Placing which they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building" is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or around Friday, 1 March 2019 or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) by agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price will be not more than HK$0.75 per Share and is expected to be not less than HK$0.65 per Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Price Payable on Application

Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK$0.75 for each Public Offer Share (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), amounting to a total of HK$3,030.23 for each board lot of 4,000 Shares. If the Offer Price is less than HK$0.75, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Friday, 1 March 2019, the Share Offer will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Lead Managers (for themselves and on behalf of the Underwriters), may where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, reduce the indicative Offer Price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be posted on the website of the

Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.fuchangroup.com**) notices of the reduction. Upon issue of such a notice, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company will be fixed within such revised range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Public Offer will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Joint Lead Managers may, at their discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer. The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Lead Managers.

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares are expected to be announced on Tuesday, 5 March 2019 to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.fuchangroup.com**).

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to our Company and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) agreeing on the Offer Price.

We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date.

These underwriting arrangements, and the Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be issued pursuant to the exercise of any options as may be granted under the Share Option Scheme) (subject only to allotment) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

- the Offer Price having been duly agreed between us and the Joint Lead Managers (for themselves and on behalf of the Underwriters);

- the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before Friday, 1 March 2019, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfiled or waived prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the websites of the Stock Exchange at **www.hkexnews.hk** and us at **www.fuchangroup.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection headed "How to Apply for the Public Offer Shares — 13. Despatch/Collection of share certificates and refund monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banker or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 6 March 2019, provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus has not been exercised.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

(i) are 18 years of age or older;

(ii) have a Hong Kong address;

(iii) are outside the US and not a US person (within the meaning of Regulation S); and

(iv) are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company, the Joint Lead Managers and the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

(i) an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

(ii) a Director or chief executive officer of our Company and/or any of its subsidiaries;

(iii) a close associate (as defined in the Listing Rules) of any of the above;

(iv) a core connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and

(v) have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Thursday, 21 February 2019 until 12:00 noon, Tuesday, 26 February 2019 from:

(i) any of the following offices of the Public Offer Underwriters:

HeungKong Securities Limited	Suite 622, Ocean Centre Harbour City Tsim Sha Tsui Kowloon, Hong Kong
Sorrento Securities Limited	11/F, The Wellington 198 Wellington Street Central, Hong Kong
China Industrial Securities International Capital Limited	7/F, Three Exchange Square 8 Connaught Place Central, Hong Kong
Pacific Foundation Securities Limited	11/F, New World Tower II 16–18 Queen's Road Central Hong Kong
China Tian Yuan Securities Limited	Room 2907–08, 29/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
Zundiao Securities Limited	Room 601, 6/F On Hong Commercial Building 145 Hennessy Road, Wanchai Hong Kong

(ii) the following office of the Sole Sponsor:

HeungKong Capital Limited	Suite 622, Ocean Centre Harbour City Tsim Sha Tsui Kowloon, Hong Kong

(iii) any of the following branches of the receiving bank:

DBS Bank (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center 99 Queen's Road Central, Central
	Queen's Road East — DBS Treasures Centre	Shop A, G/F Jonsim Place 228 Queen's Road East, Wanchai
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Mei Foo Branch	Shops N26A & N26B, Stage V Mei Foo Sun Chuen 10 & 12 Nassau Street
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building 574–576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1–5 Tai Tong Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Thursday, 21 February 2019 until 12:00 noon, Tuesday, 26 February 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**Ting Hong Nominees Limited — K2 F&B Holdings Limited Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

9:00 a.m. to 5:00 p.m.,	—	Thursday, 21 February 2019
9:00 a.m. to 5:00 p.m.,	—	Friday, 22 February 2019
9:00 a.m. to 1:00 p.m.	—	Saturday, 23 February 2019
9:00 a.m. to 5:00 p.m.,	—	Monday, 25 February 2019
9:00 a.m. to 12:00 noon,	—	Tuesday, 26 February 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 26 February 2019, the last application day or such later time as described in "9. Effect of Bad Weather on the Opening of the Applications Lists" below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorise the Company, the Joint Bookrunners and/or the Joint Lead Managers (or their agents or nominees), as agent of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(b) agree to comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(f) agree that none of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(h) agree to disclose to the Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the U.S. (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(o) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfiled the criteria mentioned in the paragraph headed "Personal Collection" of this section to collect the share certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) understand that the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by anyone as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

(i) agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

(ii) agree to accept the Public Offer Shares applied for or any lesser number allocated;

(iii) undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

(iv) (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

(v) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

(vi) confirm that you understand that the Company, the Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

(vii) authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

(viii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(ix) confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

(x) agree that none of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

(xi) agree to disclose your personal data to the Company, the Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

(xii) agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

(xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

(xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Public Offer results;

(xv) agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

(xvi) agree with our Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

(xvii) agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

(i) instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

(ii) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

(iii) instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

9:00 a.m. to 8:30 p.m.	—	Thursday, 21 February 2019
8:00 a.m. to 8:30 p.m.	—	Friday, 22 February 2019
8:00 a.m. to 8:30 p.m.	—	Monday, 25 February 2019
8:00 a.m. to 12:00 noon	—	Tuesday, 26 February 2019

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 21 February 2019 until 12:00 noon on Tuesday, 26 February 2019 (24 hours daily, except on Tuesday, 26 February 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 26 February 2019, the last application day or such later time as described in "9. Effect of Bad Weather on the Opening of the Application Lists" below.

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 (as applied by section 342E) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 26 February 2019.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

(i) an account number; or

(ii) some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

(i) the principal business of that company is dealing in securities; and

(ii) you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

(i) control the composition of the board of directors of the company;

(ii) control more than half of the voting power of the company; or

(iii) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Please see "Structure and Conditions of the Share Offer — Pricing and allocation" for further details regarding the Offer Price.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

(i) a tropical cyclone warning signal number 8 or above; or

(ii) a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 26 February 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 26 February 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

10. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 5 March 2019 on our Company's website at **www.fuchangroup.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

(i) in the announcement to be posted on the Company's website at **www.fuchangroup.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 5 March 2019;

(ii) from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Tuesday, 5 March 2019 to 12:00 midnight on Monday, 11 March 2019;

(iii) by telephone enquiry line by calling +852 2153 1688 between 9:00 a.m. and 6:00 p.m. from Tuesday, 5 March 2019 to Monday, 11 March 2019 (excluding Saturday, Sunday and public holiday); and

(iv) in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 5 March 2019 to Monday, 11 March 2019 at all the receiving bank's designated outlets.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in "Structure and Conditions of the Share Offer".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

(i) within three weeks from the closing date of the application lists; or

(ii) within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

(i) you make multiple applications or suspected multiple applications;

(ii) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

(iii) your Application Form is not completed in accordance with the stated instructions;

(iv) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

(v) the Underwriting Agreements do not become unconditional or are terminated;

(vi) the Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

(vii) your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price finally determined is less than the maximum offer price of HK$0.75 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfiled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, 5 March 2019.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(i) share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

(ii) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, 5 March 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 6 March 2019 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 March 2019 or such other date as notified by us on the websites of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.fuchangroup.com**.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 5 March 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, 5 March 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 5 March 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant* (other than a CCASS investor participant).

  For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 March 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

(i) If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 5 March 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

(ii) The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Tuesday, 5 March 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 March 2019 or such other date as determined by HKSCC or HKSCC Nominees.

(iii) If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

(iv) If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 5 March 2019 Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

(v) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 5 March 2019.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 February 2019

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF K2 F&B HOLDINGS LIMITED AND HEUNGKONG CAPITAL LIMITED

Introduction

We report on the historical financial information of K2 F&B Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages I-4 to I-56, which comprise the statement of financial position of the Company as at 31 October 2018 and the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017, and 31 October 2018 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of periods then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in the Prospectus of the Company dated 21 February 2019 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 and Note 4 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 31 October 2018 and the Group's financial position as at 31 December 2015 and 2016 and 31 December 2017 and 31 October 2018 and of the Group's consolidated financial performance and consolidated cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 and Note 4 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the ten months ended 31 October 2017 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 and Note 4 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 and Note 4 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895

Hong Kong, 21 February 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of the Group for the Track Record Period, which have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standard Boards (the "**IASB**"), were audited by us, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accounts (the "**HKICPA**").

The Historical Financial Information is presented in Singapore dollars ("**S$**") which is also the functional currency of the Company, and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Ten months ended 31 October	
		2015	**2016**	**2017**	**2017**	**2018**
	Notes	*S$'000*	*S$'000*	*S$'000*	*S$'000* (Unaudited)	*S$'000*
Revenue	*7*	39,224	36,596	43,975	35,947	37,476
Fair value gain of investment properties	*16*	1,311	2,302	589	—	2,050
Other gains and losses, net	*8*	209	249	211	188	202
Cost of inventories consumed		(15,137)	(13,307)	(16,459)	(13,432)	(14,308)
Staff costs		(10,378)	(9,521)	(10,702)	(8,825)	(9,155)
Property rentals and related expenses		(6,810)	(5,744)	(5,737)	(4,549)	(5,172)
Management, cleaning and utilities expenses		(1,971)	(1,476)	(2,324)	(1,773)	(1,478)
Depreciation	*17*	(159)	(220)	(404)	(323)	(312)
Listing expenses		—	—	—	—	(2,265)
Other operating expenses		(1,543)	(1,723)	(1,866)	(1,371)	(2,045)
Finance costs	*9*	(648)	(775)	(1,182)	(939)	(1,011)
Profit before taxation	*10*	4,098	6,381	6,101	4,923	3,982
Taxation	*13*	(124)	(166)	(590)	(451)	(369)
Profit for the year/period		3,974	6,215	5,511	4,472	3,613
Other comprehensive income, net of tax		—	—	—	—	—
Profit and total comprehensive income for the year/period		3,974	6,215	5,511	4,472	3,613
Earnings per share	*15*	N/A	N/A	N/A	N/A	N/A

Consolidated Statements of Financial Position

	Notes	As at 31 December 2015 S$'000	2016 S$'000	2017 S$'000	As at 31 October 2018 S$'000
Non-current assets					
Investment properties	16	63,050	77,700	81,600	83,650
Property, plant and equipment	17	346	2,099	2,371	2,135
Deposits paid	20	322	500	343	230
		63,718	80,299	84,314	86,015
Current assets					
Inventories	18	232	191	176	162
Trade and other receivables	19	480	1,095	371	320
Prepayments and deposits paid	20	976	538	550	2,021
Other financial assets	21	—	—	628	660
Amount due from a shareholder	22	1,336	2,165	4,274	—
Pledged bank deposit	23	15	15	15	15
Cash and cash equivalents	23	5,220	4,935	6,415	5,287
		8,259	8,939	12,429	8,465
Current liabilities					
Trade payables	24	2,453	2,128	2,845	2,715
Accruals and other payables	25	2,574	2,538	2,815	2,613
Deposits received and receipts in advance	26	1,876	1,284	1,051	924
Amount due to a shareholder	22	—	—	—	135
Borrowings	27	1,820	3,870	6,746	6,467
Tax payables		221	259	636	685
		8,944	10,079	14,093	13,539
Net current liabilities		(685)	(1,140)	(1,664)	(5,074)
Total assets less current liabilities		63,033	79,159	82,650	80,941
Non-current liabilities					
Borrowings	27	33,647	45,390	46,054	44,321
Deposits received	26	264	332	262	111
		33,911	45,722	46,316	44,432
Net assets		29,122	33,437	36,334	36,509
Capital and reserves					
Share capital	28	—*	—*	—*	—*
Reserves	29	29,122	33,437	36,334	36,509
Total equity		29,122	33,437	36,334	36,509

* *The balance represents an amount less than S$1,000.*

Statement of Financial Position of the Company

		As at 31 October 2018
	Notes	*S$'000*
Current asset		
Prepayments and deposits paid		591
		591
Current liability		
Due to a subsidiary		2,806
		2,806
Net current liability and net liability		(2,215)
Capital and reserves		
Share capital	*28*	—*
Reserves	*29*	(2,215)
Total equity		(2,215)

* *The balance represents an amount less than S$1,000.*

Consolidated Statements of Changes in Equity

	Share capital S$'000	Other reserve S$'000 (Note)	Retained earnings S$'000	Total S$'000
As at 1 January 2015	—*	2,680	22,468	25,148
Profit and total comprehensive income for the year	—	—	3,974	3,974
As at 31 December 2015 and 1 January 2016	—*	2,680	26,442	29,122
Dividends	—	—	(2,000)	(2,000)
Issue of share of subsidiaries	—	100	—	100
Profit and total comprehensive income for the year	—	—	6,215	6,215
As at 31 December 2016 and 1 January 2017	—*	2,780	30,657	33,437
Dividends	—	—	(2,624)	(2,624)
Issue of share of subsidiaries	—	10	—	10
Profit and total comprehensive income for the year	—	—	5,511	5,511
As at 31 December 2017 and 1 January 2018	—*	2,790	33,544	36,334
Dividends	—	—	(3,438)	(3,438)
Profit and total comprehensive income for the period	—	—	3,613	3,613
As at 31 October 2018	—*	2,790	33,719	36,509
As at 1 January 2017	—*	2,780	30,657	33,437
Dividends	—	—	(2,624)	(2,624)
Issue of shares of subsidiaries	—	10	—	10
Profit and total comprehensive income for the period (unaudited)	—	—	4,472	4,472
As at 31 October 2017 (unaudited)	—*	2,790	32,505	35,295

* *The balance represents an amount less than S$1,000.*

Note: The other reserve of the Group represents the reserve arose pursuant to the Reorganisation as set out in Note 2 to Notes to the Historical Financial Information.

Consolidated Statements of Cash Flows

		Year ended 31 December			Ten months ended 31 October	
		2015	2016	2017	2017	2018
	Notes	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation		4,098	6,381	6,101	4,923	3,982
Adjustments for:						
Depreciation	*17*	159	220	404	323	312
Finance costs	*9*	648	775	1,182	939	1,011
Bad debts written off	*10*	18	28	—	—	34
Exchange loss/(gain)		—	—	17	11	(67)
Interest income	*8*	(18)	(17)	(95)	(85)	(77)
Fair value gain from investment properties	*16*	(1,311)	(2,302)	(589)	—	(2,050)
(Gain)/loss on disposal of property, plant and equipment		(13)	(7)	—	—	43
Operating cash flows before movements in working capital		3,581	5,078	7,020	6,111	3,188
(Increase)/decrease in trade and other receivables		(48)	(643)	724	810	17
(Increase)/decrease in inventories		(42)	41	15	9	14
Decrease/(increase) in prepayments and deposits paid		455	260	145	36	(960)
(Decrease)/increase in trade payables		(116)	(325)	717	750	(130)
Increase/(decrease) in other payables and accruals		1,349	(36)	277	(471)	(202)
Increase/(decrease) in deposits received and receipts in advance		1,412	(524)	(303)	(224)	(278)
Cash generated from operating activities		6,591	3,851	8,595	7,021	1,649
Income tax paid		(197)	(288)	(218)	(77)	(350)
Income tax refund		211	160	5	5	30
Net cash generated from operating activities		6,605	3,723	8,382	6,949	1,329

	Notes	Year ended 31 December 2015	2016	2017	Ten months ended 31 October 2017	2018
		S$'000	S$'000	S$'000	S$'000	S$'000
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(230)	(243)	(676)	(631)	(120)
Purchase of investment properties		(10,339)	(14,078)	(3,311)	(3,311)	—
Purchase of other financial asset		—	—	(645)	(645)	—
Deposit for purchase of investment properties		—	—	—	—	(345)
Sales proceed on disposal of property, plant and equipment		58	7	—	—	—
Net cash used in investing activities		(10,511)	(14,314)	(4,632)	(4,587)	(465)
CASH FLOWS FROM FINANCING ACTIVITIES						
(Advance to)/repayment from a shareholder		(3,450)	(812)	(4,638)	(4,589)	896
Advance from a shareholder		—	—	—	—	135
Repayment of bank borrowings		(3,813)	(2,323)	(2,306)	(1,914)	(2,012)
Proceeds from new bank borrowings		14,820	16,116	5,846	5,846	—
Finance costs		(648)	(775)	(1,182)	(939)	(1,011)
Proceeds from issuance of shares of subsidiaries		—	100	10	10	—
Dividend paid		—	(2,000)	—	—	—
Net cash generated from/(used in) financing activities		6,909	10,306	(2,270)	(1,586)	(1,992)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,003	(285)	1,480	776	(1,128)
Cash and cash equivalents at the beginning of the year/period		2,217	5,220	4,935	4,935	6,415
CASH AND CASH EQUIVALENTS AT THE END OF YEAR/PERIOD		5,220	4,935	6,415	5,711	5,287

Note: The dividends declared during the year ended 31 December 2017 and ten months ended 31 October 2017 (unaudited) and 31 October 2018 amounted approximately S$2,624,000, S$2,624,000 and S$3,438,000 respectively were settled with amount due from a shareholder as below mentioned in Note 14.

Notes to the Historical Financial Information

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 13 March 2018 under the name K2 Capital Investment Holdings Limited. On 27 December 2018 the name of the Company change to K2 F&B Holdings Limited. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands. The principal place of business is at 83 Genting Lane, #08-00, Genting Building, Singapore 349568.

The Company is an investment holding company. During the Track Record Period, the Group was principally engaged in leasing, outlet and stall management.

The Historical Financial Information is presented in thousand of Singapore dollars ("**S$'000**") except when otherwise indicated, which is the functional currency of the Company and its principal subsidiaries (Note 36).

2. REORGANISATION AND BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Pursuant to the Reorganisation as fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" of the Prospectus, the Company becomes the holding company of the companies now comprising the Group on 5 September 2018. The companies now comprising the Group were under the control of subsidiaries before and after the Reorganisation. Accordingly, the Financial Information has been prepared on the basis by applying the principles of merger accounting as if the Reorganisation has been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017, and 31 October 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated on consolidation.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) New standards and amendments to existing standards adopted by the Group

The Group has early adopted the following new standards where early adoption is permitted and has been applied consistently in the Track Record Period:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of IFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, of which IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses ("ECL") and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognised.

The IAS 39 measurement categories of financial assets (fair value through profit or loss ("**FVPL**"), available for sale ("**AFS**"), held-to-maturity, loans and receivables at amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income ("**FVOCI**"), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gain or losses to profit or loss on derecognition
- Financial assets at FVPL

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The standard is effective for the financial period beginning 1 January 2018 and earlier application is permitted. The Group has elected to apply IFRS 9 which has been applied consistently throughout the Track Record Period.

The accounting policy for financial instruments under IFRS 9 is set out in Note 4.

Impairment of financial assets

The directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9. The results of the assessment and the impact thereof are detailed below.

Summary of effects arising from IFRS 9

The Group applies IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the historical observed default rates adjusted by forward looking estimates. The directors of the Company considered the additional ECL allowance on trade receivables is not significant based on internal credit rating on individual assessment. As the amount of trade receivable is immaterial to the Group's assets, the loss allowance is considered to be immaterial.

Loss allowances for financial assets at amortised cost other than trade receivable mainly comprise of other receivables, other financial assets, amount due from a shareholder, pledged, bank deposits and cash and cash equivalents, are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

For other financial assets, pledged bank deposits and cash and cash equivalents, the Group only transacts with reputable banks and insurance company with high credit rating assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and insurance company based on assessment by the management of the Group. No ECL allowance is recognised.

For other receivables, it mainly related to raw material suppliers' incentive receivable from multi-national companies or listed company, the management of the Group makes periodic collective as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. No ECL allowance is recognised.

For the amount due from a shareholder, the directors of the Company expect the amount will be recover on demand and without default. The directors of the Company expect will not have material ECL.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction contracts* and IFRIC-Interpretation 13 *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfiling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The principle in IFRS 15 provides a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

It moves away from a revenue recognition model based on an ''earnings processes'' to an ''asset liability'' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of control cost, licence arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flow arising from the entity's contracts with customers.

The principal operating activity of the Group is leasing, outlet and stall management, and the performance obligations of this principal activity is currently recognised in accordance with Note 4.

The standard is effective for the financial period beginning 1 January 2018 and earlier application is permitted. The Group has elected to apply IFRS 15 which has been applied consistently throughout the Track Record Period.

There is no impact on the accounting policies and Historical Financial Information of the Group upon the adoption of IFRS 15, which replaces both the provisions of IAS 18 ''Revenue'' and IAS 11 ''Construction Contracts'' and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

(b) New standards and amendments to existing standards not yet adopted by the Group

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective in theses financial statements.

Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28 (2011)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]
Amendments to IAS 19	Employee Benefits on Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interest in Associates and Joint Ventures[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Annual Improvements to IFRSs 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

Except as described below, the management of the Group consider that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure to be set out in the future financial statement of the Group.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in Note 30, total operating lease commitments as lessee of the Group as at 31 October 2018 approximately S$5,453,000. The new requirement to recognise a right-of-use asset and a related lease liability will not have an material impact on the amount recognised in the Group's consolidated financial statement. Upon adoption of IFRS 16, the Group will recognise a liability reflecting these future lease payments and right-of-use assets, unless the underlying asset is of low value or they are short term leases, in its consolidated statement of financial position. However, the Group does not expect a significant impact on financial performance and cash flow classification.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicate above. The Group will elect to apply IFRS 16 retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application without restating comparative. The Group will recognise the right-of-use asset at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application, and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Information has been prepared in accordance with IFRSs issued by the IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Basis of preparation

The Financial Information has been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the of IAS 2 *Share-based payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Going Concern

In preparing the consolidated financial statements, the directors of the Company have been giving careful consideration to the future liquidity and performance of the Group and the Company in light of the fact that, as at 31 December 2015, 2016 and 2017 and 31 October 2018, the Group's current liabilities exceeded its current assets by approximately S$685,000, S$1,140,000, S$1,664,000 and S$5,074,000 respectively.

The directors of the Company have reviewed the Group's cash flow projections, which cover at least twelve months from the end of each reporting period. The directors are of the opinion that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from end of each reporting period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with investee; and
- has the ability to use its power to affect its returns;

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 listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for common control combination

The Financial Information incorporates the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Food and beverages income

Revenue arising from the sale of food and beverages is recognised in profit or loss at the point of sale to customers. Revenue is after deduction of any sale discount.

(b) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned.

(c) Provision of management, cleaning and utilities services

Revenue from the rendering of outlet management services and utilities services to the tenants are recognised upon the completion of the services rendered.

Revenue from provision of cleaning services is recognised on a straight-line basis over the terms of the service agreements upon rendering of services.

(d) Interest income

Interest income is recognised as it accrues using the effective interest method.

Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they are actually arise.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributable to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Defined contribution plans

The Group makes contributions to the Central Provident Fund ("**CPF**") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which they become payable in accordance with the scheme.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current income tax

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

(c) Current and deferred tax for the Track Record Period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(d) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the consolidated statements of financial position.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Freehold land is stated at cost and not depreciated.

The property, plant and equipments are depreciated over their estimated useful lives or amortised over the lease period on a straight-line basis as follow:

Freehold building	50 years
Furniture and fittings	3 years
Food establishment and office equipment	3 years
Motor vehicles	3 to 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year in which the item is derecognised.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is computed using the weighted average basis and, in the case of work in progress and finished goods, includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price for inventories less the estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in which the reversal occurs.

Impairment of assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that the at the date of initial application or initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

All recognised financial assets (including trade and other receivables, other financial assets, amount due from a shareholder, pledged bank deposit and cash and cash equivalents) are subsequently measured at amortised costs.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

The effective interest method rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial assets is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other gains and losses, net" line item.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables, other financial assets, amount due from a shareholder, pledged bank deposits and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or

- a breach of contract, such as a default or past due event; or

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write off

A default on receivables are when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the amount due is significantly larger than the deposit receive by the Group. The Group categories a receivable for write off when a debtor fails to make contractual payments greater than 180 days and the receivables is larger than the deposit receive by the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities including trade and other payables, accruals and other payables, amount due to a shareholder and borrowings are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties transactions

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if 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;

(b) an entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group (which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealing with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

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 Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information 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.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's executive directors, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Dividends

Dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

5. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

Management is of the opinion that there is no significant judgement, apart from those involving estimations, made in applying accounting policies that has a significant effect on the amounts recognised in the Financial Information.

Estimates

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

Impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Upon adoption of IFRS 9, the management estimates the amount of loss allowance for ECL on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments and counterparty. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the trade and other receivables. The assessment of the credit risk of the trade and other receivables involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Impairment of property, plant and equipment

The Group reviews its property, plant and equipment for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Income tax expense

The Group has exposure to income taxes in Singapore. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and applicable tax incentives. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax recognised in the period in which such determination is made. The carrying amounts of the Group's current income tax liabilities as at 31 December 2015, 2016 and 2017 and 31 October 2018 were S$221,000, S$259,000, S$636,000 and S$685,000 respectively.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future period are adjusted if there are significant changes from previous estimates.

6. OPERATING SEGMENT INFORMATION

For management's purpose, the Group is organised into two operating business segments, namely:

(a) Outlet management

Outlet management operations are involved in the leasing of food establishment premises to tenants and the provision of management, cleaning and utilities services to tenants.

(b) Food and beverage stalls

Food and beverage operations are primarily involved in retailing of beverage, tobacco products, and cooked food directly to consumers through the stalls such as mixed vegetable rice, zi char, roasted meat and chicken rice located in food establishments operated and managed by the Group and third party.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Geographical information

The Group operates mainly in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

Information about major customers

There is no single major customer that contributed more than 5% of the Group's total revenue. The revenue is spread over a broad base of customers.

Year ended 31 December 2015

	Outlet management	Food and beverage stalls	Unallocated	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
Revenue				
Revenue from contracts with customers:				
Recognised at a point in time	—	31,021	—	31,021
Recognised over time	3,775	—	—	3,775
	3,775	31,021	—	34,796
Revenue from other sources:				
Rent income	4,428	—	—	4,428
Inter-segment revenue	9,671	—	—	9,671
Adjustment and elimination	(9,671)	—	—	(9,671)
Total revenue	8,203	31,021	—	39,224
Segment profit/(loss)	1,571	4,704	(2,177)	4,098

	Outlet management S$'000	Food and beverage stalls S$'000	Unallocated S$'000	Total S$'000
Other segment information:				
Gain from disposal of property, plant and equipment	13	—	—	13
Fair value gain from investment properties	1,311	—	—	1,311
Bad debts written off	(18)	—	—	(18)
Finance costs	(597)	—	(51)	(648)
Depreciation	(35)	(23)	(101)	(159)
Staff costs	(7,989)	(346)	(2,043)	(10,378)
Property rentals and related expenses	(6,693)	(117)	—	(6,810)
Interest income	—	—	18	18
Assets and liabilities:				
Segment assets	66,641	2,484	2,852	71,977
Segment liabilities	35,522	2,581	4,752	42,855

Year ended 31 December 2016

	Outlet management S$'000	Food and beverage stalls S$'000	Unallocated S$'000	Total S$'000
Revenue				
Revenue from contracts with customers:				
Recognised at a point in time	—	28,630	—	28,630
Recognised over time	3,378	—	—	3,378
	3,378	28,630	—	32,008
Revenue from other sources:				
Rent income	4,588	—	—	4,588
Inter-segment revenue	8,278	—	—	8,278
Adjustment and elimination	(8,278)	—	—	(8,278)
Total revenue	7,966	28,630	—	36,596
Segment profit/(loss)	4,027	4,848	(2,494)	6,381
Other segment information:				
Gain from disposal of property, plant and equipment	7	—	—	7
Fair value gain from investment properties	2,302	—	—	2,302
Bad debts written off	(28)	—	—	(28)
Finance costs	(666)	—	(109)	(775)
Depreciation	(51)	(46)	(123)	(220)
Staff costs	(6,698)	(544)	(2,279)	(9,521)
Property rentals and related expenses	(5,569)	(175)	—	(5,744)
Interest income	—	—	17	17
Assets and liabilities:				
Segment assets	79,869	1,790	7,579	89,238
Segment liabilities	44,390	2,268	9,143	55,801

Year ended 31 December 2017

	Outlet management	Food and beverage stalls	Unallocated	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
Revenue				
Revenue from contracts with customers:				
Recognised at a point in time	—	35,200	—	35,200
Recognised over time	3,484	—	—	3,484
	3,484	35,200	—	38,684
Revenue from other sources:				
Rent income	5,291	—	—	5,291
Inter-segment revenue	8,666	—	—	8,666
Adjustment and elimination	(8,666)	—	—	(8,666)
Total revenue	8,775	35,200	—	43,975
Segment profit/(loss)	4,116	4,912	(2,927)	6,101
Other segment information:				
Fair value gain from investment properties	589	—	—	589
Exchange loss	(17)	—	—	(17)
Finance costs	(934)	—	(248)	(1,182)
Depreciation	(71)	(164)	(169)	(404)
Staff costs	(8,011)	(86)	(2,605)	(10,702)
Property rentals and related expenses	(4,686)	(1,051)	—	(5,737)
Interest income	—	—	95	95
Assets and liabilities:				
Segment assets	84,485	4,558	7,700	96,743
Segment liabilities	45,185	3,245	11,979	60,409

Ten months ended 31 October 2017 (Unaudited)

	Outlet management	Food and beverage stalls	Unallocated	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
Revenue				
Revenue from contracts with customers:				
Recognised at a point in time	—	28,373	—	28,373
Recognised over time	2,956	—	—	2,956
	2,956	28,373	—	31,329
Revenue from other sources:				
Rent income	4,618	—	—	4,618
Inter-segment revenue	6,420	—	—	6,420
Adjustments and elimination	(6,420)	—	—	(6,420)
Total revenue	7,574	28,373	—	35,947
Segment profit/(loss)	3,724	4,027	(2,828)	4,923
Other segment information:				
Exchange loss	—	—	(11)	(11)
Finance costs	(744)	—	(195)	(939)
Depreciation	(60)	(140)	(123)	(323)
Staff costs	(6,346)	(266)	(2,213)	(8,825)
Property rentals and related expenses	(2,799)	(1,750)	—	(4,549)
Interest income	—	—	85	85
Assets and Liabilities:				
Segment assets	83,985	3,753	6,793	94,531
Segment liabilities	45,175	3,057	11,003	59,235

Ten months ended 31 October 2018

	Outlet management S$'000	Food and beverage stalls S$'000	Unallocated S$'000	Total S$'000
Revenue				
Revenue from contracts with customers:				
Recognised at a point in time	—	30,839	—	30,839
Recognised over time	2,045	—	—	2,045
	2,045	30,839	—	32,884
Revenue from other sources:				
Rent income	4,592	—	—	4,592
Inter-segment revenue	12,307	—	—	12,307
Adjustments and elimination	(12,307)	—	—	(12,307)
Total revenue	6,637	30,839	—	37,476
Segment profit/(loss)	5,474	2,127	(3,619)	3,982
Other segment information:				
Fair value gain from investment properties	2,050	—	—	2,050
Bad debts written off	(34)	—	—	(34)
Exchange gain	—	—	67	67
Finance costs	(759)	—	(252)	(1,011)
Depreciation	(48)	(171)	(93)	(312)
Staff costs	(7,859)	—	(1,296)	(9,155)
Property rentals and related expenses	(4,594)	(578)	—	(5,172)
Interest income	—	—	77	77
Assets and liabilities:				
Segment assets	86,952	2,706	4,822	94,480
Segment liabilities	42,077	3,123	12,771	57,971

(c) Unsatisfied performance obligations

For provision of management, cleaning and utilities services, the Group recognise revenue in the amount equals to the rights to invoice which corresponds directly with the value to the customers of the Group's performance to date, on a monthly basis. The Group will not have a significant unsatisfied performance obligations.

7. REVENUE

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Sale of cooked food, beverages and tobacco products	31,021	28,630	35,200	28,373	30,839
Rental income from lease of premises to tenants	4,428	4,588	5,291	4,618	4,592
Provision of management, cleaning and utilities services	3,775	3,378	3,484	2,956	2,045
	39,224	36,596	43,975	35,947	37,476

8. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Government grants:					
— Productivity and Innovation Credit	88	125	12	12	5
— Capability Development Grant	11	60	—	—	—
Gain/(loss) on disposal of property, plant and equipment	13	7	—	—	(43)
Exchange (loss)/gain	—	—	(17)	(11)	67
Interest income	18	17	95	85	77
Sundry income	79	40	121	102	96
	209	249	211	188	202

9. FINANCE COSTS

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Interest on:					
Bank borrowings	648	775	1,182	939	1,011

10. PROFIT BEFORE TAXATION

Profit for the year/period has been arrived at after charging:

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000* (Unaudited)	*S$'000*
Staff costs (including directors' emoluments in Note 11)					
Salaries and other employee benefits	9,770	8,990	10,129	8,383	8,595
Contributions to CPF	608	531	573	442	560
	10,378	9,521	10,702	8,825	9,155
Auditors' remuneration	11	12	27	—	—
Bad debts written off	18	28	—	—	34
Subcontracting labour	—	—	557	417	175
Listing expenses	—	—	—	—	2,265

11. DIRECTORS' EMOLUMENTS

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Track Record Period since the Company was only incorporated subsequent to the end of the Track Record Period on 13 March 2018.

	Year ended 31 December 2015				
	Directors' fees	Salaries and bonuses	CPF contributions	Other short-term benefits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Executive directors:					
Mr. Chu Chee Keong	353	71	12	—	436
Ms. Leow Poh Hoon	—	69	11	—	80
Non-executive director:					
Ms. Chu Pek Si (Ms. Zhu Pekshi)	—	22	4	—	26
	353	162	27	—	542

	Year ended 31 December 2016				
	Directors' fees	Salaries and bonuses	CPF contributions	Other short-term benefits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Executive directors:					
Mr. Chu Chee Keong	361	77	13	—	451
Ms. Leow Poh Hoon	—	74	12	—	86
Non-executive director:					
Ms. Chu Pek Si (Ms. Zhu Pekshi)	—	25	4	—	29
	361	176	29	—	566

	Year ended 31 December 2017				
	Directors' fees	Salaries and bonuses	CPF contributions	Other short-term benefits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Executive directors:					
Mr. Chu Chee Keong	427	77	13	—	517
Ms. Leow Poh Hoon	—	102	17	—	119
Non-executive director:					
Ms. Chu Pek Si (Ms. Zhu Pekshi)	—	8	1	—	9
	427	187	31	—	645

	Ten months ended 31 October 2017 (Unaudited)				
	Directors' fees	Salaries and bonuses	CPF contributions	Other short-term benefits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Executive directors:					
Mr. Chu Chee Keong	356	65	11	—	432
Ms. Leow Poh Hoon	—	82	14	—	96
Non-executive director:					
Ms. Chu Pek Si (Ms. Zhu Pekshi)	—	8	1	—	9
	356	155	26	—	537

	Ten months ended 31 October 2018				
	Directors' fees	Salaries and bonuses	CPF contributions	Other short-term benefits	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Executive directors:					
Mr. Chu Chee Keong	400	65	11	—	476
Ms. Leow Poh Hoon	—	97	16	—	113
Non-executive director:					
Ms. Chu Pek Si (Ms. Zhu Pekshi)	—	12	2	—	14
	400	174	29	—	603

No directors have waived or agreed to waive any remuneration during the Track Record Period. No remuneration was paid to the independent non-executive directors during the Track Record Period as the independent non-executive directors have not been appointed during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2017 (unaudited) and 2018 included 2 directors, and details of whose emoluments are set out in Note 11 above. Details of the emoluments of the remaining 3 highest paid employees who are not a director during the Track Record Period are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2015	**2016**	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Salaries and bonuses	215	171	335	268	401
CPF contributions	26	18	31	27	45
	241	189	366	295	446

The number of non-director highest paid employees whose emoluments fell within the following bands is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2015	**2016**	**2017**	**2017**	**2018**
				(Unaudited)	
Nil to HK$1,000,000 (equivalent to Nil to S$180,505)	3	3	2	3	2
HK$1,000,001 to HK$2,000,000 (equivalent to S$180,506 to S$361,010)	—	—	1	—	1
	3	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to the 3 highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the 3 highest paid individuals have waived any emoluments during the Track Record Period.

13. TAXATION

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Singapore corporate income tax rate was 17% during the Track Record Period. Income tax expense for the Group relates wholly to the profits of the subsidiaries, which were taxed at a corporate income tax rate of 17% in Singapore. Major components of income tax expense for the years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2017 (unaudited) and 2018 are:

	Year ended 31 December			Ten months ended 31 October	
	2015	**2016**	**2017**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Current tax					
Singapore Corporate Income Tax ("**CIT**")	129	218	595	456	399
Over provision in respect of prior years	(5)	(52)	(5)	(5)	(30)
	124	166	590	451	369

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for country in which the Company's subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2015	2016	2017	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000* (Unaudited)	*S$'000*
Profit before taxation	4,098	6,381	6,101	4,923	3,982
Income tax using the statutory tax rate	697	1,084	1,037	837	677
Non-deductible expenses	211	49	66	54	412
Non-taxable incomes	(411)	(448)	(134)	(18)	(329)
Unrecognised temporary difference	9	11	13	13	13
Effect of tax exemption and tax relief	(402)	(477)	(453)	(450)	(374)
Unutilised tax losses	25	—	66	20	—
Utilised tax losses	—	(1)	—	—	—
Over provision in prior years	(5)	(52)	(5)	(5)	(30)
	124	166	590	451	369

14. DIVIDENDS

The dividends declared and settled by subsidiaries of the Company to the shareholder during the year ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2017 (unaudited) and 2018 are approximately Nil and S$2,000,000, S$2,624,000, S$2,624,000, S$3,438,000 respectively.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful because the number of shares during the Track Record Period will be different from the number of shares immediately after the completion of the Reorganisation.

16. INVESTMENT PROPERTIES

	Total
	S$'000
Fair value	
As at 1 January 2015	51,400
Additions	10,339
Net gain arising from change in fair value of investment properties	1,311
As at 31 December 2015 and 1 January 2016	63,050
Additions	14,078
Transfer to property, plant and equipment *(Note 17)*	(1,730)
Net gain arising from change in fair value of investment properties	2,302
As at 31 December 2016 and 1 January 2017	77,700
Additions	3,311
Net gain arising from change in fair value of investment properties	589
As at 31 December 2017 and 1 January 2018	81,600
Net gain arising from change in fair value of investment properties	2,050
As at 31 October 2018	83,650

The investment properties of the Group consist of 7, 7, 8 and 8 food centres and building used for rental income generation purpose as at 31 December 2015, 2016 and 2017 and 31 October 2018 respectively which located at Singapore. The investment properties are stated at fair value. Fair value is determined by Comparable Sales Method. The fair value of the investment properties has been carried out by an independent valuer, Cushman & Wakefield VHS Pte. Ltd., who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value disclosed is categorised as Level 2 valuation. The highest and best use of the investment properties of the Group do not differ from its current use. The Group's investment properties' fair value is determined by Comparable Sales Method, base on selling price of similar properties at nearby location. As the fair value of investment properties was derived using valuation technique and input which was quoted prices for similar assets in active markets and no unobservable input that will results in a significantly higher or lower of the fair value measured, the directors of the Company classified the fair value of investment properties as level 2 fair value hierarchy.

There was no change to the valuation technique during the Track Record Period.

During the Track Record Period, there were no transfer into or out of level 2 or any other level.

The Group's policy is to recognise transfer between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

All of the investment properties were secured for the Group's mortgage loans (Note 27).

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold building	Furniture and fittings	Food establishment and office equipment	Motor vehicles	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Cost						
As at 1 January 2015	—	—	300	2,293	250	2,843
Additions	—	—	22	89	119	230
Disposal	—	—	—	—	(64)	(64)
As at 31 December 2015 and 1 January 2016	—	—	322	2,382	305	3,009
Additions	—	—	—	243	—	243
Transfer from investment properties *(Note 16)*	1,510	220	—	—	—	1,730
Disposal	—	—	—	(33)	—	(33)
As at 31 December 2016 and 1 January 2017	1,510	220	322	2,592	305	4,949
Written off	—	—	—	—	(50)	(50)
Addition	—	—	—	676	—	676
As at 31 December 2017 and 1 January 2018	1,510	220	322	3,268	255	5,575
Additions	—	—	—	120	—	120
Disposal	—	—	—	(106)	—	(106)
As at 31 October 2018	1,510	220	322	3,282	255	5,589

	Freehold land	Freehold building	Furniture and fittings	Food establishment and office equipment	Motor vehicles	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Accumulated depreciation						
As at 1 January 2015	—	—	271	2,167	85	2,523
Provided for the year	—	—	20	67	72	159
Disposal	—	—	—	—	(19)	(19)
As at 31 December 2015 and 1 January 2016	—	—	291	2,234	138	2,663
Provided for the year	—	5	15	115	85	220
Disposal	—	—	—	(33)	—	(33)
As at 31 December 2016 and 1 January 2017	—	5	306	2,316	223	2,850
Written off	—	—	—	—	(50)	(50)
Provided for the year	—	9	11	315	69	404
As at 31 December 2017 and 1 January 2018	—	14	317	2,631	242	3,204
Provided for the period	—	8	5	286	13	312
Disposal	—	—	—	(62)	—	(62)
As at 31 October 2018	—	22	322	2,855	255	3,454
Net carrying amount						
As at 31 October 2018	1,510	198	—	427	—	2,135
As at 31 December 2017	1,510	206	5	637	13	2,371
As at 31 December 2016	1,510	215	16	276	82	2,099
As at 31 December 2015	—	—	31	148	167	346

Note:

(a) As at 31 December 2015, 2016 and 2017 and 31 October 2018, property, plant and equipment with carrying amount of approximately Nil, S$1,725,000, S$1,716,000 and S$1,708,000 respectively was secured under mortgage loan as below mentioned in Note 27.

18. INVENTORIES

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Raw materials and consumables	232	191	176	162

19. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade receivables *(Note)*	103	161	184	87
Other receivables	377	177	187	233
GST receivables	—	757	—	—
	480	1,095	371	320

Note: During the year ended 31 December 2015, 2016 and 2017 and 31 October 2018, trade receivables had been written off amounted to approximately S$18,000, S$28,000, Nil and S$34,000 respectively.

Based on invoices date, ageing analysis of the Group's trade receivables during the Track Record Period is as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
0 to 30 days	42	78	67	55
31 to 90 days	20	35	29	24
91 to 180 days	20	29	69	8
181 to 365 days	21	19	19	—
	103	161	184	87

The Group allows an average credit period at 7 days to its customers.

Ageing analysis of the Group's trade receivables during the Track Record Period that are not impaired is as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Neither past due nor impaired	34	59	67	46
1 to 30 days	20	31	26	28
31 to 90 days	12	41	34	7
91 to 180 days	19	24	54	6
181 to 365 days	18	6	3	—
	103	161	184	87

Upon the adoption of IFRS 9, the Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL model. Trade receivables have been grouped based on shared credit risk characteristics and the historical observed default rates adjusted by forward looking estimates.

The Group applies simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on historical experience, majority of trade receivables were settled within credit term and the Group received certain deposits from these customers, hence the expected loss rate of current trade receivables is assessed to be immaterial, no loss allowance on trade receivable was recognised.

A default on receivables are when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the amount due is significantly larger than the deposit receive by the Group. The Group categories a receivable for write off when a debtor fails to make contractual payments greater than 180 days and the receivables is larger than the deposit receive by the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

The carrying amount of trade receivables approximate their fair values.

20. PREPAYMENTS AND DEPOSITS PAID

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Prepayments	65	79	—	—
Prepaid listing expenses	—	—	—	591
Deposits paid	911	459	550	1,430
	976	538	550	2,021
Add: Deposits paid (non-current portion)	322	500	343	230
	1,298	1,038	893	2,251

Note: As at 31 December 2015, 2016 and 2017 and 31 October 2018, deposits paid mainly represented the amount of rental deposit at approximately S$1,024,000, S$756,000, S$715,000 and S$780,000 respectively.

21. OTHER FINANCIAL ASSETS

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Key management personnel life insurance policies	—	—	628	660

On 24 July 2017, a subsidiary of the Company has entered into a life insurance policies (the "**Policies**") to insure directors of the Company, Mr. Chu Chee Keong and Ms. Leow Poh Hoon. Under the policies, the beneficiary and policy holder is a subsidiary of the Company and the insured USD1,000,000 to each of the director. The Group is required to pay an upfront deposit of USD562,000. The Group can terminate the Policies at any time and receive cash back based on the cash value of the Policies at the date of withdrawal, which is determined by the upfront payments plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. The Group receives an interest at interest rates guaranteed by the insurer.

The other financial assets are carried at amortised cost using the effective interest method, less any identified impairment loss. Interest income on Policies is recognised in the consolidated statement of profit or loss and other comprehensive income.

The entire amount of the rights under life insurance policies is denominated in United States Dollar.

22. AMOUNT DUE FROM/(TO) A SHAREHOLDER

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Mr. Chu Chee Keong	1,336	2,165	4,274	(135)

	Maximum balance outstanding during			
	Year ended 31 December			Ten months ended 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Mr. Chu Chee Keong	4,324	4,324	6,338	4,274

The amount due from a shareholder was in non-trade nature, is unsecured, charge at 3.0% interest per annum and recoverable on demand.

The amount due to a shareholder was in non-trade nature, is unsecured, interest free and repayable on demand.

23. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSIT

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cash and bank balances	5,235	4,950	6,430	5,302
Less: Pledged bank deposit	(15)	(15)	(15)	(15)
Cash and cash equivalents	5,220	4,935	6,415	5,287

During the Track Record Period, cash and bank balances were denominated in Singapore dollars.

Reconciliation of liabilities arising from financing activities

	Borrowings			
	Year ended 31 December			Ten months ended 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
As at beginning of the year/period	24,460	35,467	49,260	52,800
Proceeds from bank borrowings	14,820	16,116	5,846	—
Repayment of bank borrowings	(3,813)	(2,323)	(2,306)	(2,012)
As at end of the year/period	35,467	49,260	52,800	50,788

As at 31 December 2015, 2016 and 2017 and 31 October 2018, The Group's bank deposits of approximately S$15,000, S$15,000, S$15,000 and S$15,000 respectively were pledged as security for the Group's credit facilities granted by a bank. The bank deposits will be released on clearance of the facility.

24. TRADE PAYABLES

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade payables	2,453	2,128	2,845	2,715

Trade payables are non-interest bearing. Trade payables are generally settled within 15 days to 90 days credit terms.

As at 31 December 2015, 2016 and 2017 and 31 October 2018, trade payables were denominated in Singapore dollars.

Ageing analysis of trade payables based on invoice date as at the reporting dates is as follows:

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
0 to 30 days	1,380	1,270	1,556	1,401
31 to 90 days	1,066	821	1,289	1,314
91 to 180 days	7	37	—	—
	2,453	2,128	2,845	2,715

25. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Accrued operating expenses *(Note a)*	1,591	1,821	2,079	962
Other payables *(Note b)*	983	717	736	1,651
	2,574	2,538	2,815	2,613

Note:

(a) As at 31 December 2015, 2016 and 2017 and 31 October 2018, accrued operating expenses mainly represented the accrued staff costs of approximately S$1,023,000, S$1,105,000, S$1,230,000 and S$807,000 respectively and included accrued GST of approximately S$320,000, S$497,000, S$614,000 and Nil respectively.

(b) As at 31 December 2015, 2016 and 2017 and 31 October 2018, other payables included GST payables of approximately S$230,000, Nil, S$348,000 and S$448,000 respectively.

As at 31 October 2018, other payable included listing expenses payables of approximately S$730,000.

26. DEPOSITS RECEIVED AND RECEIPTS IN ADVANCE

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Deposits received	576	435	642	759
Receipts in advance	1,300	849	409	165
	1,876	1,284	1,051	924
Add: Deposits received (non-current portion)	264	332	262	111
	2,140	1,616	1,313	1,035

Note:

(a) As at 31 December 2015, 2016 and 2017 and 31 October 2018, receipt in advance mainly represented the utility incentive of approximately S$1,049,000, S$803,000, S$409,000 and S$165,000 respectively.

27. BORROWINGS

	As at 31 December			As at 31 October
	2015	2016	2017	2018
	S$'000	S$'000	S$'000	S$'000
Borrowings in current portion:				
Secured mortgage loans	1,529	1,892	2,181	2,033
Term loans	291	1,964	4,550	4,419
Working capital loans	—	14	15	15
	1,820	3,870	6,746	6,467
Borrowings in non-current portion:				
Secured mortgage loans	29,343	38,364	38,822	37,348
Term loans	4,304	6,340	5,792	5,545
Working capital loans	—	686	1,440	1,428
	33,647	45,390	46,054	44,321
	35,467	49,260	52,800	50,788
Analysis by payment term:				
Within one year or on demand	1,820	3,870	6,746	6,467
In the second year	1,925	2,612	2,461	2,461
In the third to fifth years, inclusive	5,833	7,223	7,476	8,181
Beyond 5 years	25,889	35,555	36,117	33,679
	35,467	49,260	52,800	50,788

Note: As at 31 December 2015, 2016 and 2017 and 31 October 2018, the borrowings of approximately S$35,467,000, S$49,260,000, S$52,800,000 and S$50,788,000 respectively were secured by the pledge of certain Group's (i) property plant and equipment (Note 17), (ii) investment properties (Note 16), (iii) future rental income, (iv) personal guarantee of Mr. Chu Chee Keong; and (v) corporate guarantee of Fu Chan F&B Group Pte. Ltd. and Master Coffee Cafe Pte. Ltd., which carries variable effective interest rate from 1.98% to 4.64% per annum.

28. SHARE CAPITAL

Share

	As at 31 December 2015	2016	2017	As at 31 October 2018
	HKD	*HKD*	*HKD*	*HKD*
Authorised				
38,000,000 shares of HK$0.01 each	—	—	—	380,000

	As at 31 December 2015	2016	2017	As at 31 October 2018
	HKD	*HKD*	*HKD*	*HKD*
Issued				
72 shares of HK$0.01 each	—	—	—	1

	As at 31 December 2015	2016	2017	As at 31 October 2018
	S$'000	*S$'000*	*S$'000*	*S$'000*
Issued and fully paid				
72 shares of HK$0.01 each	—	—	—	—*

* *The balance represents an amount less than S$1,000.*

The Company was incorporated on 13 March 2018 and the Reorganisation was only completed on 5 September 2018, hence, the paid-in capital in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 was Nil and 31 October 2018 was HK$1.

The share capital shown in the statement of financial position represents the share capital of the Company after reorganisation.

29. RESERVES

The amounts of the Group's reserves and the movements therein for each reporting period during the Track Record Period are presented in the consolidated statements of changes in equity.

Company

	Accumulated loss	Total
	S$'000	*S$'000*
As at 13 March 2018 (date of incorporation)	—	—
Loss and total comprehensive loss for the period	(2,215)	(2,215)
As at 31 October 2018	(2,215)	(2,215)

30. OPERATING LEASE COMMITMENTS

(a) As lessor

Future minimum lease rental receivables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	2,387	2,922	3,027	3,284
Within two to five years	1,051	1,490	1,256	1,309
	3,438	4,412	4,283	4,593

The Group leases its investment properties under operating leases. The leases run for an initial period of 1 to 3 years. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived.

(b) As lessee

Future minimum rental payables under non-cancellable operating lease of the Group in respect of as at the reporting dates are as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	3,887	4,267	4,391	4,186
Within two to five years	2,113	2,328	1,636	1,267
	6,000	6,595	6,027	5,453

The Group leases food establishments under non-cancellable operating leases. The leases run for an initial period of 1 to 5 years, with options to renew the lease terms upon expiry when all terms are re-negotiated. The above table excludes any contingent rentals.

31. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial information, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Compensation paid to key management personnel of the Group represented are disclosed in Note 11.

(b) During the Track Record Period, Mr. Chu Chee Keong has entered into personal guarantee agreements to secure mortgage, term and working capital loans.

(c) During the Track Record Period, the Group had the following transactions with related parties:

Name of the related party	Nature of transactions	Note	Year ended 31 December 2015	2016	2017	Ten months ended 31 October 2017	2018
			S$'000	*S$'000*	*S$'000*	*S$'000* (Unaudited)	*S$'000*
AMZ (100 FS) Pte. Ltd.	Administrative income	*(1)*	54	—	—	—	—
AMZ (145) Pte. Ltd.	Administrative income	*(1)*	66	—	—	—	—
Geylang Serai One Pte. Ltd.	Administrative income	*(1)*	28	—	—	—	—
Hoe Kee (1978) Noodle House Pte. Ltd.	Administrative income	*(1)*	63	—	—	—	—
LD (100 FS) Pte. Ltd.	Administrative income	*(1)*	23	—	—	—	—
MV (101) Pte. Ltd.	Administrative income	*(1)*	42	—	—	—	—
MV (13) Pte. Ltd.	Administrative income	*(1)*	103	—	—	—	—
MV (168) Pte. Ltd.	Administrative income	*(1)*	27	—	—	—	—
MV (21) Pte. Ltd.	Administrative income	*(1)*	35	—	—	—	—
MV (301) Pte. Ltd.	Administrative income	*(1)*	65	—	—	—	—
MV (631) Pte. Ltd.	Administrative income	*(1)*	69	—	—	—	—
RD (100 FS) Pte. Ltd.	Administrative income	*(1)*	39	—	—	—	—
RD (101) Pte. Ltd.	Administrative income	*(1)*	64	—	—	—	—
RD (301) Pte. Ltd.	Administrative income	*(1)*	39	—	—	—	—
RD (631) Pte. Ltd.	Administrative income	*(1)*	67	—	—	—	—
RD (727) Pte. Ltd.	Administrative income	*(1)*	45	—	—	—	—
RD (L29) Pte. Ltd.	Administrative income	*(1)*	27	—	—	—	—
SF (721) Pte. Ltd.	Administrative income	*(1)*	26	—	—	—	—
SF (727) Pte. Ltd.	Administrative income	*(1)*	39	—	—	—	—
108 Coffee F&B Pte. Ltd.	Service expenses	*(2)*	—	—	(7)	(7)	—
108 Coffee F&B Pte. Ltd.	Administrative income	*(2)*	—	—	52	52	—
108 Coffee Eating House Pte. Ltd.	Lease and management fee expenses	*(2)*	—	—	(16)	(16)	—
			921	—	29	29	—

Notes:

1. AMZ (100 FS) Pte. Ltd., AMZ (145) Pte. Ltd., Geylang Serai One Pte. Ltd., Hoe Kee (1978) Noodle House Pte. Ltd., LD (100 FS) Pte. Ltd., MV (101) Pte. Ltd., MV (13) Pte. Ltd., MV (168) Pte. Ltd., MV (21) Pte. Ltd., MV (301) Pte. Ltd., MV (631) Pte. Ltd., RD (100 FS) Pte. Ltd., RD (101) Pte. Ltd., RD (301) Pte. Ltd., RD (631) Pte. Ltd., RD (727) Pte. Ltd., RD (L29) Pte. Ltd., SF (721) Pte. Ltd. and SF (727) Pte. Ltd. were held by Mr. Chu Chee Keong, who is a controlling shareholder and director of the Group. The administrative income was subject to GST and such GST was settled by the Group subsequent to the Track Record Period, prior to their struck off during the Track Record Period. The respective transactions consisted of staff costs, rental and utilities charged by the Group based on costs incurred, which amounted to approximately S$691,000, S$179,000 and S$51,000, respectively.

2. 108 Coffee F&B Pte. Ltd. and 108 Coffee Eating House Pte. Ltd. (the "**108 Coffee Related Parties**") were wholly owned initially by Mr. Chu Chee Keong from March 2017 to June 2017, then by Ms. Chu Pek Si (Ms. Zhu Peishi), the daughter of Mr. Chu Chee Keong and the non-executive director of the Group, from June 2017 to January 2018. The nature of administrative income is the Group's purchase on behalf of 108 Coffee F&B Pte. Ltd., and then charged costs with a 5% markup rate. All those charges were subject to GST and such GST was settled by the Group during the Track Record Period.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments during the Track Record Period are as follows:

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial assets				
Loans and receivables:				
— Trade and other receivables	480	1,095	371	320
— Other financial assets	—	—	628	660
— Amount due from a shareholder	1,336	2,165	4,274	—
— Pledged bank deposit	15	15	15	15
— Cash and cash equivalents	5,220	4,935	6,415	5,287
	7,051	8,210	11,703	6,282

	As at 31 December			As at 31 October
	2015	**2016**	**2017**	**2018**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial liabilities				
Financial liabilities measured at amortised cost:				
— Trade payables	2,453	2,128	2,845	2,715
— Accruals and other payables	2,574	2,538	2,815	2,613
— Amount due to a shareholder	—	—	—	135
— Borrowings	35,467	49,260	52,800	50,788
	40,494	53,926	58,460	56,251

33. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial assets, including trade and other receivables, other financial assets, amount due from a shareholder, pledged bank deposit, and cash and cash equivalents and the Group's financial liabilities, including trade payables, accruals and other payables, amount due to a shareholder and borrowings, approximate their fair values due to their short maturities. The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group and the Company for similar financial instruments.

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the Track Record Period. There were no transfers between levels 1 and 2 during the Track Record Period.

34. 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 and liquidity risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk concentration profile

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and cash equivalents, pledged bank deposit, other financial assets and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis.

At 31 December 2015, 2016 and 2017 and 31 October 2018, approximately 24.3%, 52.8%, 74.4% and 49.4% respectively of the Group's trade receivables were due from the top five customers.

As at 31 December 2015, 2016 and 2017 and 31 October 2018, substantially all of the Group's pledged bank deposit and other financial assets were deposited with major financial institutions and insurance company incorporated in the Singapore, which directors of the Company believe they are of high-credit-quality without significant credit risk. For the amount due from a shareholder, the directors of the Company expect the amount will be recover on demand and without default. The directors of the Company expect will not have material ECL.

(i) Trade receivables

The Group applies simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on historical experience, majority of trade receivables were settled within credit term and the Group receive sufficient deposit from these customer, hence the expected loss rate of current trade receivables is assessed to be approximately to zero, no loss allowance on trade receivable was recognised.

A default on receivables are when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the amount due is significantly larger than the deposit receive by the Group. The Group categories a receivable for write off when a debtor fails to make contractual payments greater than 180 days and the receivables is larger than the deposit receive by the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

(ii) Other receivables

As at 31 December 2015, 2016 and 2017 and 31 October 2018, the other receivables was mainly related to raw material suppliers' incentive receivable from multi-national companies or listed company. As a result, the directors assessed the expected loss rate of other receivables was immaterial. Thus, no loss allowance for other receivables was recognised during the Track Record Period.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, such as maintaining sufficient cash and cash equivalents as disclosed in Note 23 to the Financial Information.

The table below summaries the maturity profile of the Group's financial liabilities during the Track Record Period based on contractual undiscounted repayment obligations.

As at 31 December 2015

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Financial liabilities:							
Trade payables	—	2,453	—	—	—	2,453	2,453
Accruals and other payables	—	2,574	—	—	—	2,574	2,574
Borrowings	2.01	2,540	2,189	6,620	29,219	40,568	35,467
		7,567	2,189	6,620	29,219	45,595	40,494

As at 31 December 2016

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Financial liabilities:							
Trade payables	—	2,128	—	—	—	2,128	2,128
Accruals and other payables	—	2,538	—	—	—	2,538	2,538
Borrowings	2.12	4,860	3,349	9,680	42,550	60,439	49,260
		9,526	3,349	9,680	42,550	65,105	53,926

As at 31 December 2017

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Financial liabilities:							
Trade payables	—	2,845	—	—	—	2,845	2,845
Accruals and other payables	—	2,815	—	—	—	2,815	2,815
Borrowings	2.21	7,576	6,886	16,233	33,445	64,140	52,800
		13,236	6,886	16,233	33,445	69,800	58,460

As at 31 October 2018

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Financial liabilities:							
Trade payables	—	2,715	—	—	—	2,715	2,715
Accruals and other payables	—	2,613	—	—	—	2,613	2,613
Amount due to a shareholder	—	135	—	—	—	135	135
Borrowings	2.43	7,518	3,484	10,930	40,908	62,840	50,788
		12,981	3,484	10,930	40,908	68,303	56,251

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period. The capital structure of the Group consists of debt, which includes borrowings, as disclosed in Note 27, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and retained earning. The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

36. PARTICULARS OF SUBSIDIARIES

Upon completion of the Reorganisation, the company becomes the holding company of the companies listed below. As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital registered capital at the date of this report	Attributable equity interest and voting power held by the Company					Principal activities
			As at 31 December			As at 31 October	At the date of this report	
			2015	2016	2017	2018		
			%	%	%	%	%	
Directly held:								
Entire Courage Limited *(Note (a))*	British Virgin Island ("**BVI**"), 15 November, 2017	US$ 1	—	—	100	100	100	Investment holdings
Eastern Native Limited *(Note (a))*	BVI, 30 January, 2018	US$ 1	—	—	—	100	100	Investment holdings
Indirectly held:								
Fu Chan F&B Group Pte. Ltd. *(Note (b))*	Singapore, 10 December, 2009	SGD 500,000	100	100	100	100	100	The ownership and operation of food centres, and management of food and beverage stalls

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital registered capital at the date of this report	Attributable equity interest and voting power held by the Company					Principal activities
			As at 31 December			As at 31 October	At the date of this report	
			2015	2016	2017	2018		
			%	%	%	%	%	
Fu Chan (100FC) Pte. Ltd. *(Note (c))*	Singapore, 8 August, 2010	SGD 1	100	100	100	100	100	General Management
U Property Holdings Pte. Ltd. *(Note (d))*	Singapore, 12 December, 2008	SGD 1,000,000	100	100	100	100	100	The ownership and operation of food centres
CK Chu Holdings Pte. Ltd. *(Note (e))*	Singapore, 5 May, 2005	SGD 270,000	100	100	100	100	100	The ownership and operation of food centres, and operation of food and beverage stalls
FC 883 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 10,000	100	100	100	100	100	The ownership and operation of food centres, and operation of food and beverage stalls
Fu Chan F&B Pte. Ltd. *(Note (e))*	Singapore, 29 January, 2004	SGD 300,000	100	100	100	100	100	The ownership and operation of food centres
Fu Chan (23) F&B Pte. Ltd. *(Note (e))*	Singapore, 16 May, 2005	SGD 160,000	100	100	100	100	100	The operation of food and beverage stalls
Master Coffee Café Pte. Ltd. *(Note (d))*	Singapore, 26 May, 2009	SGD 100,000	100	100	100	100	100	The operation of food and beverage stalls
The Cosmopolitan F&B Pte. Ltd. *(Note (g))*	Singapore, 1 November, 2013	SGD 300,000	100	100	100	100	100	The operation of food and beverage stalls
Lady Boss Kitchen Pte. Ltd. *(Note (h))*	Singapore, 16 May, 2013	SGD 50,000	100	100	100	100	100	The operation of food and beverage stalls
FS 100 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 200 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital registered capital at the date of this report	Attributable equity interest and voting power held by the Company As at 31 December 2015	2016	2017	As at 31 October 2018	At the date of this report	Principal activities
			%	%	%	%	%	
FS 300 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 400 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 500 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 600 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 700 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 800 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FS 900 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FC 881 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FC 882 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FC 884 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FC 885 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
FC 886 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital registered capital at the date of this report	Attributable equity interest and voting power held by the Company					Principal activities
			As at 31 December			As at 31 October	At the date of this report	
			2015	2016	2017	2018		
			%	%	%	%	%	
LB 101 Pte. Ltd. *(Note (f))*	Singapore, 18 March, 2015	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
Lady Boss Food Channel Pte. Ltd. *(Note (i))*	Singapore, 28 March, 2016	SGD 1	—	100	100	100	100	The operation of food and beverage stalls
Winston's Recipe Pte. Ltd. *(Note (j))*	Singapore, 16 December, 2013	SGD 1	100	100	100	100	100	The operation of food and beverage stalls
Chu Dynasty Pte. Ltd. *(Note (k))*	Singapore, 11 February, 2016	SGD 100,000	—	100	100	100	100	The operation of food and beverage stalls

Note:

(a) As at date of this report, no audited financial statements have been prepared as there is no statutory requirement to prepare audited financial statements.

(b) The audited statutory financial statements for the year ended 31 December 2015 and 2016 was prepared in accordance with Singapore Financial Reporting Standards (''SFRS'') issued by Accounting Standards Council in Singapore and were audited by NSC & Associate Pac, Chartered Accountants of Singapore.

(c) The financial statements were exempted from audit for the year ended 31 July 2015, as its falls within the ''exempt private company'' exemption under the previous Section 205C of the Singapore Companies Act (Chapter 50) (''Companies Act'') in force prior to 1 July 2015 as for the year ended 31 July 2015, its revenue was less than S$5 million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 31 July 2016 and 2017 as it falls within the ''small company'' exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 31 July 2016 and 2017 were both less than S$10 million.

(d) The financial statements were exempted from audit for the year ended 31 March 2015 and 2016, as its falls within the ''exempt private company'' exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the year ended 31 March 2015 and 2016, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 31 March 2017 and 2018 as it falls within the ''small company'' exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 31 March 2017 and 2018 were both less than S$10 million.

(e) The financial statements were exempted from audit for the year ended 31 December 2015, as its falls within the ''exempt private company'' exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the year ended 31 December 2015, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 28 February 2017 and 2018 as it falls within the ''small company'' exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 28 February 2017 and 2018 were both less than S$10 million.

(f) The financial statements were exempted from audit for the period ended 29 February 2016, as its falls within the "exempt private company" exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the period ended 29 February 2016, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 28 February 2017 and 2018 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 28 February 2017 and 2018 were both less than S$10 million.

(g) The financial statements were exempted from audit for year ended 31 October 2015, as its falls within the "exempt private company" exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the year ended 31 October 2015, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 31 October 2016 and 2017 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 31 October 2016 and 2017 were both less than S$10 million.

(h) The financial statements were exempted from audit for year ended 31 October 2015, as its falls within the "exempt private company" exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the year ended 31 October 2015, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 31 October 2016 and 2017 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 31 October 2016 and 2017 were both less than S$10 million.

(i) The financial statements were exempted from audit for the period ended 30 April 2017 and year ended 30 April 2018 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the period ended 30 April 2017 and year ended 30 April 2018 were both less than S$10 million.

(j) The financial statements were exempted from audit for year ended 30 November 2015, as its falls within the "exempt private company" exemption under the previous Section 205C of the Singapore Companies Act in force prior to 1 July 2015 as for the year ended 30 November 2015, its revenue was less than S$5million, the number of shareholders was less than 20 and all the shareholders were individuals and not corporations. The financial statements were exempted from audit for the year ended 30 November 2016 and 2017 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the year ended 30 November 2016 and 2017 were both less than S$10 million.

(k) The financial statements of these company were exempted from audit for the period ended 31 January 2017 and year ended 31 January 2018 as it falls within the "small company" exemption under the new Section 205C of the Companies Act which came into effect on 1 July 2015 as it was a private company and its revenue and total assets for the period ended 1 January 2017 and year ended 31 January 2018 were both less than S$10 million.

37. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Prospectus, the Group had no significant subsequent events occurred.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 October 2018.

The information set out below does not form part of the Accountants' Report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included in this prospectus for information purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" to this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set forth here to illustrate the effect of the Share Offer on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 October 2018 as if the Share Offer had taken place on 31 October 2018. The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 October 2018 or at any future dates following the Share Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2018 as shown in the Accountants' Report set out in Appendix I to this prospectus and the adjustments described below.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 October 2018	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holder of the Company as at 31 October 2018	Unaudited pro forma adjusted net tangible assets per share	Unaudited pro forma adjusted net tangible assets per share
	S$'000	*S$'000*	*S$'000*	*S$ cents*	*HK cents*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Based on the Offer Price of HK$0.75 per share	36,509	22,242	58,751	7.34	41.57
Based on the Offer Price of HK$0.65 per share	36,509	18,922	55,431	6.93	39.22

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the issue of the Offer Shares pursuant to the Share Offer are based on 200,000,000 New Shares at the Offer Price of lower limit and upper limit of HK$0.75 and HK$0.65 per New Shares, respectively, after deduction of the underwriting commissions and fees and other related fees expenses payable by the Group in connection with the Share Offer, other than those expenses which had been recognised in profit or loss for the periods up to 31 October 2018. The estimated net proceeds are converted into S$ at the rate of S$1 = HK$5.66.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group does not take into account the effect of any trading result and other transactions of the Group entered into subsequent to 31 October 2018.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Share Offer and does not take into account of any shares which may be allotted, issued or repurchase by the Company pursuant to the general mandates for the allotment and issue or repurchase of shares.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 February 2019

The Board of Directors
K2 F&B Holdings Limited

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of K2 F&B Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 October 2018, and related notes as set out in Section A of Appendix II to the prospectus issued by the Company dated 21 February 2019 (the "**Prospectus**"). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Listing**") on the Group's consolidated net tangible assets as at 31 October 2018 as if the Listing had taken place at 31 October 2018. As part of this process, information about the Group's net tangible assets has been extracted by the directors of the Company from the Group's consolidated financial statements for the period ended 31 October 2018, on which an accountant's report has been published on Appendix I to the Prospectus.

Directors' Responsibility for the Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7,'Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars' issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued but the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895
Hong Kong, 21 February 2019

The estimate of the consolidated profit of the Group for the year ended 31 December 2018 is set out in the section headed "Financial Information — Profit estimate for the year ended 31 December 2018" in this prospectus.

A. PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

A. BASES

The estimate of the consolidated profit attributable to owners of our Company for the year ended 31 December 2018 (the "**Profit Estimate**") prepared by our Directors is based on (i) the audited consolidated results of our Group for the ten months ended 31 October 2018; (ii) the estimate consolidated results of our Group based on the unaudited management accounts for the one month ended 30 November 2018; and (iii) an estimate of the consolidated results of the Group for the remaining one month ended 31 December 2018. The Profit Estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set forth in the note 4 in the Appendix I to this prospectus. In the absence of unforeseen circumstances, our Directors estimate that the consolidated profit attributable to owners of the Company for the year ended 31 December 2018 will be no less than approximately S$3.8 million.

B. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in relation to the Group's profit estimate for the year ended 31 December 2018.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 February 2019

The Board of Directors
K2 F&B Holdings Limited

HeungKong Capital Limited

Dear Sirs,

K2 F&B Holdings Limited (the "Company")
and its subsidiaries (collectively referred to as the "Group")
Comfort letter on profit estimate for the year ended 31 December 2018

We refer to the estimate of the consolidated profit attributable to equity holders of the Company for the year ended 31 December 2018 (the "**Profit Estimate**") set forth in the section headed "Financial Information" in the prospectus of the Company dated 21 February 2019 (the "**Prospectus**").

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the ten months ended 31 October 2018, the estimate consolidated results based on the unaudited management accounts of the Group for the one month ended 30 November 2018, and an estimate of the consolidated results of the Group for the remaining one month ended 31 December 2018.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 (Clarified) "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements*" issued by HKICPA, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 21 February 2019, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus, received from HeungKong Capital Limited, the Sole Sponsor, in relation to the Group's profit estimate for the year ended 31 December 2018.

HEUNGKONG
FINANCIAL
香江金融

21 February 2019

The Board of Directors
K2 F&B Holdings Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Dear Sirs,

Estimate of the consolidated profit of K2 F&B Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")

We refer to the estimate of the consolidated profit of the Group for the year ended 31 December 2018 (the "**Profit Estimate**") as set out in the prospectus issued by the Company dated 21 February 2019 (the "**Prospectus**").

The Profit Estimate, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared by the Directors, based on the audited consolidated results of the Group for the ten months ended 31 October 2018, the estimate consolidated results based on the unaudited management accounts of the Group for the one month ended 30 November 2018 and an estimate of the consolidated results of the Group for the remaining one month ended 31 December 2018.

We have discussed with you the bases made by the Directors as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 21 February 2019 addressed to you and us from HLB Hodgson Impey Cheng Limited regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by HLB Hodgson Impey Cheng Limited, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
HeungKong Capital Limited
Victor Pang
Managing Director

The following is the text of a letter, summary of valuation and valuation certificate prepared for the purpose of incorporation in this prospectus received from Cushman & Wakefield VHS Pte. Ltd., an independent property valuer, in connection with its opinion of value of the property interests of the Company as at 30 November 2018.

CUSHMAN & WAKEFIELD

Cushman & Wakefield VHS Pte. Ltd.
3 Church Street
#09-03 Samsung Hub
Singapore 049483
Tel +65 6535 3232
Fax +65 6535 1028
cushmanwakefield.com

Ref: CMY/JC/18-1449-1456/ac

Company Registration No. 200709839D

21 February 2019

Fu Chan F&B Group Pte. Ltd.
83 Genting Lane
#08-00 Genting Building
Singapore 349568

Dear Sirs

VALUATION OF THE FOLLOWING PROPERTIES:-

1. **BLOCK 134 JURONG GATEWAY ROAD #01-309, SINGAPORE 600134**
2. **BLOCK 491 JURONG WEST AVENUE 1 #01-173, SINGAPORE 640491**
3. **BLOCK 145 TECK WHYE AVENUE #01-151, SINGAPORE 680145**
4. **BLOCK 139 TAMPINES STREET 11 #01-08, SINGAPORE 521139**
5. **BLOCK 631 BEDOK RESERVOIR ROAD #01-982, SINGAPORE 470631**
6. **BLOCK 744 BEDOK RESERVOIR ROAD #01-3019, SINGAPORE 470744**
7. **220 ORCHARD ROAD #B1-10/11 MIDPOINT ORCHARD, SINGAPORE 238852**
8. **51 UBI AVENUE 1 #01-17/#02-17 PAYA UBI INDUSTRIAL PARK, SINGAPORE 408933**
9. **83 GENTING LANE #08-00 GENTING BUILDING, SINGAPORE 349568**

Cushman & Wakefield VHS Pte. Ltd. ("**Cushman & Wakefield**") have been instructed by Fu Chan F&B Group Pte. Ltd. (the "**Client**"), to provide the market values as at 30 November 2018 and valuation certificates in respect of the above mentioned properties (the "**Properties**") for the purpose of its listing on the Hong Kong Stock Exchange.

Cushman & Wakefield have prepared the valuation certificates in accordance with the requirements of the instructions given and the following international definition of Market Value:

> "Market Value" is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation have been made on the assumption that the owner sells the Properties on the open market in its existing state and condition, but without the benefit of any other joint venture, management agreement or any similar arrangement which would affect the value of the Properties.

Each valuation certificate is provided with a brief description of the property together with the key factors that have been considered in determining the market value of the property. The value conclusions reflect all information known by the valuers of Cushman & Wakefield who worked on the valuations in respect to the Properties, prevailing market conditions and available data.

VALUATION OF FU CHAN F&B GROUP'S PROPERTY PORTFOLIO IN SINGAPORE

Reliance on This Letter

The valuation contained in the valuation certificates are not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, the Client and other related parties. Whilst Cushman & Wakefield have endeavoured to obtain accurate information, it has not independently verified all the information provided by the Client or other reliable and reputable agencies.

Where applicable, information as to ownership, floor area and zoning has been obtained from our searches at the relevant government or local authorities. Cushman & Wakefield have also relied to a considerable extent the property data provided by the Client on matters such as building plans, dates of completion and all other relevant matters.

Also, in the course of the valuation, we have assumed that all the leases are legally valid and enforceable and the Properties has proper legal titles that can be freely transferable, leased and sub-leased in the market without being subject to any land premium or any extra charges. Where the premises are tenanted, we have assumed that the tenancies are on standard terms and conditions that are not onerous in nature. We have also assumed that licences/permission from the relevant authorities have been obtained for use of all outdoor refreshment areas, if any. Cushman & Wakefield have no reason to doubt the truth and accuracy of the information provided to us by the Client which is material to the valuation.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on the Properties. Cushman & Wakefield have assumed that the Properties are free from encumbrances, restrictions or other outgoings of an onerous nature which would affect their market value, other than those which have been made known to Cushman & Wakefield.

We have inspected the exterior and, where possible, the interior of the Properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defect to the completed buildings. We are not, however, able to report that the Properties are free from rot, infestation or any structural defect. No tests were carried out to any of the services.

We have also not carried out investigations on the respective sites in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

Valuation Rationale

In arriving at our valuation, we have adopted the Comparable Sales Method. In this method, comparison is made with sales of similar properties in the vicinity and in similar standard localities. Adjustments are made for differences in location, size, age and condition, tenure and dates of transaction, amongst other factors, before arriving at the value of the Properties.

Summary of Valuation

Our opinion of the market value of each of the Properties is stated in the tables below:

	Property Address	Currency	Market Value as at 30 November 2018
1.	Block 134 Jurong Gateway Road #01-309, Singapore 600134	SGD	S$18,300,000/-
2.	Block 491 Jurong West Avenue 1 #01-173, Singapore 640491	SGD	S$9,200,000/-
3.	Block 145 Teck Whye Avenue #01-151, Singapore 680145	SGD	S$9,400,000/-
4.	Block 139 Tampines Street 11 #01-08, Singapore 521139	SGD	S$9,900,000/-
5.	Block 631 Bedok Reservoir Road #01-982, Singapore 470631	SGD	S$10,200,000/-
6.	Block 744 Bedok Reservoir Road #01-3019, Singapore 470744	SGD	S$8,800,000/-
7.	220 Orchard Road #B1-10/11 Midpoint Orchard, Singapore 238852	SGD	S$14,500,000/-
8.	51 Ubi Avenue 1 #01-17/#02-17 Paya Ubi Industrial Park, Singapore 408933	SGD	S$3,350,000/-
9.	83 Genting Lane #08-00 Genting Building, Singapore 349568	SGD	S$1,750,000/-

Disclaimer

The valuation certificates were prepared for purposes of inclusion in the prospectus to be issued in relation to the Client's listing on the Hong Kong Stock Exchange (the "**Prospectus**"). We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information presented in this valuation summary and certificates. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given in this valuation summary and valuation certificates.

All information provided to us by the Client is treated as correct and true and we accept no responsibility for subsequent changes in information and reserve the right to change our valuation if any information provided were to materially change.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiassed professional analyses, opinions and conclusions.

We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with the Client or other party/parties whom the Client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorised to practice as valuers and have the necessary experience in valuing similar types of properties in the respective localities.

Yours faithfully
For and on behalf of
Cushman & Wakefield VHS Pte. Ltd.
Chew May Yenk
Executive Director
Valuation & Advisory
Singapore
MSISV
Licenced Appraiser No. AD41-2004419H

The signatory has over 30 years of valuation and consultancy experience.

Enc — Valuation Certificates of the Properties
— Appendix 1: Limiting Conditions

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 134 Jurong Gateway Road #01-309, Singapore 600134	The property comprises a strata-titled HDB food centre located on the 1st storey of a 4-storey HDB block. The property accommodates twelve (12) stalls including one beverage stall, refreshment area, manager's room, wash area and toilets. The property has an outdoor refreshment area (ORA) of approximately 83 square metres. It was completed circa 1980s. The property is located within a cluster of Housing and Development Board (HDB) commercial properties in Jurong East Town Centre. It is approximately 13.7 kilometres to the north-west of the city centre at Raffles Place. The property is well served by major roads and expressways such as Jurong Gateway Road, Jurong East Central, Jurong Town Hall Road, Ayer Rajah Expressway (AYE) and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Jurong East Central and Jurong Gateway Road. The Jurong East MRT Station and Bus Interchange are within walking distances. Surrounding developments are mixed in nature, comprising HDB flats, HDB retail shops, retail malls, offices and business parks. The property has a strata floor area of 446.0 square metres. The property has a 91-year HDB lease commencing from 1 April 1993.	As at the valuation date, the property was partly tenanted and partly owner-occupied. The current monthly rental is S$37,871.79.	SGD18,300,000

Notes:

(1) The registered proprietor of the property is U Property Holdings Pte. Ltd. for a 91-year lease commencing 1 April 1993. The property was partly tenanted and partly owner-occupied at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the entire development of in which the subject property is located is zoned for "Commercial and Residential" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of DBS Bank Limited lodged on 25 May 2015.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 12 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 491 Jurong West Avenue 1 #01-173, Singapore 640491	The property comprises a strata-titled HDB food centre with living quarters located on the 1st and 2nd storeys of a 10-storey HDB block. The property accommodates eight (8) stalls including one beverage stall, refreshment area, store room and toilets on the 1st storey. The property has an ORA of approximately 83 square metres. The 2nd storey accommodates a living area, 2 bedrooms, kitchen, common bathroom, common toilet and a store room. It was completed circa 1980s. The property is located along Jurong West Avenue 1, within the HDB Jurong West Estate. It is approximately 15.7 kilometres to the north-west of the city centre at Raffles Place. The property is well served by major roads and expressways such as Jurong West Avenue 1, Jurong West Street 41, Boon Lay Way, Ayer Rajah Expressway (AYE) and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Jurong West Avenue 1. The Lakeside MRT Station is located within 5 minutes' drive away from the property. Surrounding developments are primarily residential in nature, comprising HDB flats, private residential developments and pockets of local shopping establishments. The property has a strata floor area of 379.0 square metres (including living quarters of approximately 67.0 square metres). The property has an 88-year lease commencing 1 March 1996.	As at the valuation date, the property was partly tenanted and partly owner-occupied. The current monthly rental is S$41,930.33.	SGD9,200,000

Notes:

(1) The registered proprietor of the property is U Property Holdings Pte. Ltd. for an 88-years lease commencing 1 March 1996. The property was partly tenanted and partly owner-occupied at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the development in which the property is located is zoned for "Residential with Commercial at 1st Storey" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of Malayan Banking Berhad lodged on 23 May 2011.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 12 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 145 Teck Whye Avenue #01-151, Singapore 680145	The property comprises a strata-titled HDB food centre located on the 1st storey of a part single, part 2-storey HDB block. The property accommodates seven (7) stalls including one beverage stall, refreshment area, manager's room and toilets. The property has an ORA of approximately 51 square metres. It was completed circa 1980s. The property is located within a HDB neighbourhood centre in Choa Chu Kang, commonly referred to as Teck Whye Shopping Centre. It is approximately 15.5 kilometres to the north-west of the city centre at Raffles Place. The property is well served by major roads and expressways such as Teck Whye Avenue, Teck Whye Lane, Choa Chu Kang Road, Bukit Timah Expressway (BKE) and Kranji Expressway (KJE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Teck Whye Avenue. The Keat Hong LRT Station is a short walk away from the property. Surrounding developments are mixed in nature, comprising HDB retail shops and eating outlets as well as HDB residential flats. The property has a strata floor area of 216.0 square metres. The property has a 92-year lease commencing 1 July 1992.	As at the valuation date, the property was partly tenanted and partly owner-occupied. The current monthly rental is S$51,125.23.	SGD9,400,000

Notes:

(1) The registered proprietor of the property is U Property Holdings Pte. Ltd. for a 92-year lease commencing 1 July 1992. The property was partly tenanted and partly owner-occupied at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the development in which the property is situated is zoned for "Commercial and Residential" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of DBS Bank Limited lodged on 5 May 2015.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 12 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 139 Tampines Street 11 #01-08, Singapore 521139	The property comprises a strata-titled HDB food centre with living quarters located on the 1st and 2nd storeys of a 4-storey HDB block. The property accommodates ten (10) stalls including one beverage stall, refreshment area, store room and toilets. The property has an ORA of approximately 100 square metres. The 2nd storey accommodates a living area which is partitioned into 2 rooms, master bedroom with an attached bath, 1 other bedroom, kitchen and common bathroom. It was completed circa 1980s. The property is located along Tampines Street 11, off Tampines Avenue 2, within a HDB neighbourhood centre. It is approximately 12.5 kilometres to the north-east of the city centre at Raffles Place. The property is well served by major roads and expressways such as Tampines Avenue 2, Tampines Avenue 5 and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Tampines Street 11 and Tampines Avenue 2. The Tampines and Tampines West MRT Stations are located approximately 5 minutes' drive away from the property. Surrounding developments are primarily residential in nature, comprising of HDB residential flats and private residential developments. The property has a strata floor area of 406.0 square metres (including living quarters of approximately 75 square metres). The Property has a 90-year lease commencing 1 July 1993.	As at the valuation date, the property was partly tenanted and partly owner-occupied. The current monthly rental is S$28,717.77.	SGD9,900,000

Notes:

(1) The registered proprietor of the property is U Property Holdings Pte. Ltd. for a 90-year lease commencing 1 July 1993. The property was partly tenanted and partly owner-occupied at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the property is zoned for "Commercial and Residential" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of DBS Bank Limited lodged on 16 October 2012.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 16 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 631 Bedok Reservoir Road #01-982, Singapore 470631	The property comprises a strata-titled HDB food centre with living quarters located on the 1st and 2nd storeys of a 3-storey HDB block. The property accommodates nine (9) stalls including one beverage stall, refreshment area, store room and toilets on the 1st storey. The property has an ORA of approximately 85 square metres. The 2nd storey accommodates a living area which is partly partitioned into 1 room, master bedroom with an attached bathroom, 1 other bedroom, kitchen and common bathroom. It was completed circa 1980s. The property is located along Bedok Reservoir Road, within a HDB neighbourhood centre. It is approximately 9 kilometres to the north-east of the city centre at Raffles Place. The property is well served by major roads and expressways such as Bedok Reservoir Road, Bedok North Road and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Bedok Reservoir Road. The Bedok North MRT Station is located approximately 7 minutes' drive away from the property. Surrounding developments are primarily residential in nature, comprising mainly HDB residential flats and some local shopping. The property has a strata floor area of 358.0 square metres (including living quarters of approximately 67.0 square metres). The property has an 88-year lease commencing 1 October 1993.	As at the valuation date, the property was tenanted. The current monthly rental is S$36,960.58.	SGD10,200,000

Notes:

(1) The registered proprietor of the property is CK Chu Holdings Pte. Ltd. for an 88-year lease commencing 1 October 1993. The property was tenanted at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the property is zoned for "Commercial and Residential" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of Hong Leong Finance Limited lodged on 14 October 2015.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 16 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
Block 744 Bedok Reservoir Road #01-3019, Singapore 470744	The property comprises a strata-titled HDB food centre with living quarters located on the 1st and 2nd storeys of a 4-storey HDB block. The property accommodates dining areas, reception area, kitchen, stores, toilets and crew rest area on the 1st storey. The property has an ORA of approximately 100 square metres. The 2nd storey accommodates a living area, master bedroom with an attached bathroom, 1 other bedroom, kitchen and common bathroom. It was completed circa 1980s. The property is located along Bedok Reservoir Road, within a HDB neighbourhood centre, and beside Bedok Reservoir Park. It is approximately 9.8 kilometres to the north-east of the city centre at Raffles Place. The property is well served by major roads and expressways such as Bedok Reservoir Road, Bedok North Road and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Bedok Reservoir Road. The Bedok North MRT Station is located approximately 10 minutes' drive away from the property. Surrounding developments are primarily residential in nature, comprising of HDB residential flats and private residential development. The property has a strata floor area of 353.0 square metres (including living quarters of approximately 67.0 square metres). The property has a 90-year lease commencing 1 August 1995.	As at the valuation date, the property was tenanted. The current monthly rental is S$32,171.09.	SGD8,800,000

Notes:

(1) The registered proprietor of the property is CK Chu Holdings Pte. Ltd. for a 90-year lease commencing 1 August 1995. The property was tenanted at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the Property is zoned for "Commercial and Residential" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of United Overseas Bank Limited lodged on 4 May 2007.

(4) An inspection of the property was carried out by Nee Kai Chaang, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 16 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
220 Orchard Road #B1-10/11 Midpoint Orchard, Singapore 238852	The properties are two (2) strata-titled retail/food court units located at basement one level of a 5-storey shopping mall known as Midpoint Orchard. The properties were completed circa 1980s. The development, Midpoint Orchard, is located along Orchard Road, at the heart of the prime Orchard Road hotel/shopping belt in Singapore. It is situated approximately 2.5 kilometres from the city centre at Raffles Place. The development is well served by major roads and expressways such Orchard Road, Scotts Road and Central Expressway (CTE) which provide efficient links to other parts of the Island. Public transportation is readily available along Orchard Road. The Somerset MRT Station is also located within walking distance from the properties. Surrounding developments are mixed in nature, comprising of major retail developments, hotels and high-end residential developments. The properties have strata floor areas as follows: Unit #B1-10: 30.0 square metres or 323 square feet; and Unit #B1-11: 216.0 square metres or 2,325 square feet. The properties have a freehold (estate in fee simple) tenure.	As at the valuation date, the property was tenanted. The current monthly rental is S$63,973.60.	SGD14,500,000

Notes:

(1) The registered proprietor for both the properties is CK Chu Holdings Pte. Ltd. held under Estate in Fee Simple (freehold) titles. The properties were tenanted at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the Properties are zoned for "Commercial" use. The existing use of the property is in compliance with this zoning.

(3) The properties are each subject to a mortgage in favour of Hong Leong Finance Limited lodged on 2 November 2016.

(4) The properties are subject to a restrictive covenant lodged on 22 November 1985.

(5) The property #B1-10 has benefit of easement over whole of Lot TS27-U2847X.

(6) An inspection of the properties was carried out by Jay Chua, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 15 January 2018.

VALUATION CERTIFICATE

Property held by the Group for investment in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
51 Ubi Avenue 1 #01-17/#02-17 Paya Ubi Industrial Park, Singapore 408933	The properties are two (2) strata-titled canteen and office units within a light industrial development. The properties are located on the basement, 1st and 2nd storeys of a 6-storey ramp-up industrial development known as Paya Ubi Industrial Park. The development was completed circa 2000s. The development, Paya Ubi Industrial Park, is located along Ubi Avenue 1, off Paya Lebar Road. It is situated approximately 7.0 kilometres from the city centre at Raffles Place. The development is well served by major roads and expressways such Paya Lebar Road, Kallang Paya Lebar Expressway (KPE) and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Ubi Avenue 1. The Macpherson MRT Station is also located approximately 5 minutes' drive away from the Properties. Surrounding developments are mixed in nature, comprising light industrial developments and HDB estates. The properties have strata floor areas as follows: Unit #01-17: 156.0 square metres or 1,679 square feet; Unit #02-17: 466.0 square metres or 5,016 square feet. The properties are held on 60-year leases commencing 10 March 1997.	As at the valuation date, the properties were tenanted. The current monthly rental is S$19,383.60.	SGD3,350,000

Notes:

(1) The registered proprietor of the Properties is FC 883 Pte. Ltd. holding 60-year leases commencing 10 March 1997. The properties were tenanted at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the development is zoned for "Business 1" use. The development is in compliance with this zoning. We have assumed the properties' uses are within the allowable ancillary uses within the development.

(3) The properties are subject to a mortgage in favour of Hong Leong Finance Limited lodged on 6 July 2017.

(4) An inspection of the properties was carried out by Jay Chua, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 15 January 2018.

VALUATION CERTIFICATE

Property held by the Group for owner-occupation in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 30 November 2018
83 Genting Lane #08-00 Genting Building, Singapore 349568	The property is a strata-titled light industrial unit located on the top storey of an 8-storey industrial development known as Genting Building. The development was completed circa 1990s. Genting Building is located along Genting Lane and off Macpherson Road. It is situated approximately 5.5 kilometres from the city centre at Raffles Place. The development is well served by major roads and expressways such Macpherson Road, Aljunied Road, Kallang Paya Lebar Expressway (KPE) and Pan Island Expressway (PIE) which provide efficient links to the city and other parts of the Island. Public transportation is readily available along Macpherson Road and Aljunied Road. The Geylang Bahru and Mattar MRT Stations are also located approximately 5 minutes' drive away from the development. Surrounding developments are primarily industrial in nature, comprising of flatted factories, warehouses and landed factories. The property has a strata floor area of 252.0 square metres. The property has a freehold (Estate in Fee Simple) tenure.	As at the valuation date, the property was owner-occupied.	SGD1,750,000

Notes:

(1) The registered proprietor of the property is CK Chu Holdings Pte. Ltd. held under an Estate in Fee Simple (freehold) title. The property was owner-occupied at the time of inspection.

(2) According to the Urban Redevelopment Authority Master Plan 2014, the property is zoned for "Business 1" use. The existing use of the property is in compliance with this zoning.

(3) The property is subject to a mortgage in favour of DBS Bank Limited lodged on 12 September 2013.

(4) The property is subject to a restrictive covenant lodged on 27 March 1987.

(5) An inspection of the properties were carried out by Jay Chua, a licenced appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV) on 15 January 2018.

APPENDIX 1 LIMITING CONDITIONS

The valuation report is prepared subject to the following terms and conditions:

1. The valuation report is:

   a. restricted to the use by the client to whom this report is addressed;

   b. for the specific purpose stated therein; and

   c. for the sole purpose for which it was commissioned.

   Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose or beyond a reasonable time.

2. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.

3. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.

4. The values assessed in this report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.

5. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order.

6. Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).

7. Any plans that are included in this report are meant for identification purposes and to assist the client in visualising the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters.

8. We have not taken into account of any plant and machinery in our valuation.

9. We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.

10. As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition.

11. Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.

12. Our valuation assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.

13. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property(ies).

14. Subject at all times to the provisions in these terms and conditions *and in the letter of engagement,* we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:

    a. any direct loss of profit;

    b. any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

15. Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.

16. Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

17. Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you.

18. Subject to the provisions in these terms and conditions *and in the letter of engagement*, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) S$500,000.00, whichever is lower.

19. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.

21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.

    These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.

23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.

24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.

25. Where reference is made to ''Reinstatement Cost for Insurance Values'', such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.

26. Where reference is made to ''Forced Sale Value'', such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.

27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28. a. The U.S. Foreign Corrupt Practices Act (the ''**FCPA**'') and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorise to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.

    b. We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act (''**Applicable Anti-Bribery Laws and Rules**'').

    c. You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.

    d. We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control (''**OFAC**'') of the Department of the Treasury or under any statute, executive order (including, but not limited to, the 24 September 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively ''**Applicable Sanctions/AML Rules**'').

e. You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.

f. In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 March 2018 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 1 February 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed. An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; or

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the ''share premium account''. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the ''**Court**''), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 28 March 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 13 March 2018. Our Company has established its principal place of business in Hong Kong at Unit 3708, 37/F, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 July 2018, with Mr. Hwang Hau-zen Basil being appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles of our Company and relevant aspects of the Companies Law are set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Upon its incorporation, one Share was allotted and issued, nil paid, to its initial subscriber. On the same day, the said one nil-paid Share was transferred to Strong Oriental. Simultaneously, Strong Oriental subscribed for, and was allotted, 71 nil paid Shares. As a result, our Company became a wholly-owned subsidiary of Strong Oriental.

On 5 September 2018, 28 Shares were allotted and issued, credited as fully paid, to Strong Oriental pursuant to the Reorganisation the details of which are set out in the section headed "History, Reorganisation and Group Structure" in this prospectus.

On 1 February 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each by creation of an additional 9,962,000,000 Shares of HK$0.01 each which rank pari passu in all respect with the existing Shares.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

Our principal subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the sole Shareholder

(a) Pursuant to the written resolutions of the sole Shareholder of our Company passed on 27 December 2018, our Company formerly known as "K2 Capital Investment Holdings Limited" changed its name to "K2 F&B Holdings Limited".

(b) Pursuant to the written resolutions of the sole Shareholder of our Company passed on 1 February 2019, among other things:

(1) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;

(2) our Company approved and adopted the amended and restated Memorandum with immediate effect and the Articles of our Company with effect from the Listing Date;

(3) conditional on (aa) the Listing Committee granting the approval of the listing of, and permission to deal in, on the Main Board, the Shares of par value of HK$0.01 each in the share capital of our Company in issue and the Shares to be allotted and issued as mentioned in this prospectus (including the Shares which may be allotted and issued pursuant to the exercise of options to be granted under the Share Option Scheme) and any Shares issued under the Capitalisation Issue, and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (bb) the Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date; (cc) the execution and delivery of the Placing Underwriting Agreement on or about the date as specified in this prospectus; and (dd) the obligations of the Underwriters under each of the Underwriting Agreements to be entered into by our Company and the Underwriters in relation to the Share Offer becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligation not being terminated in accordance with the terms of the Underwriting Agreements, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:

(i) the Share Offer was approved and our Directors were authorised to (aa) approve and allotment and issue of the Offer Shares pursuant to the Share Offer; (bb) implement the Share Offer and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Further information about our Directors and Substantial Shareholders — 14. Share Option Scheme" in this appendix, were approved and adopted, and our Directors were authorised to approve any amendments/ modifications to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK$5,999,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,999,900 new Shares for allotment and issue to holder of Shares whose name appears on the register of members of our Company at the close of business on 1 February 2019 in proportion (as near as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to its then existing shareholding in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation issue;

(iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue or upon the exercise of any option(s) which may be granted under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate nominal value of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying or renewing the authority given to our Directors, whichever occurs first;

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules or equivalent rules or regulations of such other stock exchange, such number of Shares as will represent up to 10% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding the Shares which may be allotted and issued pursuant to the exercise of the option(s) which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying or renewing the authority given to our Directors, whichever occurs first; and

(vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For details, please see the section headed "History, Reorganisation and Group Structure" in this prospectus.

6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of the sole Shareholder, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase

Mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying or renewing the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, Articles, the Listing Rules and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchase(s) by us may be made out of profits, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law and the Articles, out of capital and, in the case of any premium payable on a repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are bought back or, subject to the Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or their respective close associates, and a core connected person shall not knowingly sell Shares to our Company on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase

Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing, would result in up to 80,000,000 Shares being bought back by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is exercised, to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person (as defined in the Listing Rules) of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FCG to Entire Courage in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(b) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of UPH to Entire Courage in consideration of our Company (i) allotting and issuing one Share to Strong Oriental, credited as fully paid; and (ii) crediting the initial subscriber Share and 71 Shares held by Strong Oriental as fully paid;

(c) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 883 to Entire Courage in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(d) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of CKC to Entire Courage in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(e) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FCP to Entire Courage in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(f) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 100 to Entire Courage in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(g) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of CDP to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(h) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of LBK to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(i) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 881 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(j) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 882 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(k) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 884 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(l) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 885 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(m) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FC 886 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(n) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 100 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(o) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 200 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(p) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 300 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(q) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 400 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(r) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 500 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(s) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 600 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(t) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 700 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(u) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 800 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(v) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of FS 900 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(w) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of LB 101 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(x) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of LB FC to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(y) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of WR to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(z) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of Master Coffee to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(aa) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of Fu Chan 23 to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(bb) the sale and purchase agreement dated 5 September 2018 entered into between Mr. Chu and our Company relating to the transfer of the entire issued share capital of Cosmopolitan to Eastern Native in consideration of our Company allotting and issuing one Share to Strong Oriental, credited as fully paid;

(cc) the Deed of Indemnity;

(dd) the Deed of Non-competition; and

(ee) the Public Offer Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in Singapore:

Trademarks	Registered owner	Place of registration	Class	Trademark number	Effective period
富城 FU CHAN	FCG	Singapore	43	T1401239F	27 January 2014 to 27 January 2024
老板娘	LB FC	Singapore	43	40201609662P	16 June 2016 to 16 June 2026
老板娘	LB FC	Singapore	43	40201804640R	9 March 2018 to 9 March 2028

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registrant	Date or Registration	Expiry date
www.fuchangroup.com	Fu Chan F&B Group Pte. Ltd.	30 April 2014	30 April 2020

Save as disclosed in this prospectus, there are no trademarks, patents or other intellectual property rights which are material in relation to the business of our Group.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9. Particulars of Directors' service contracts and letters of appointment

(a) Executive Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company on 1 February 2019. The terms and conditions of each of such service contracts are similar in all material aspects. Each service contract is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service contracts, the initial annual salary payable to our executive Directors is as follows:

Name	**Amount**
	(S$)
Mr. Chu	550,000
Ms. Leow	150,000

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of that executive Director. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself or herself.

(b) Non-executive Director and Independent non-executive Directors' letters of appointment

Each of our non-executive and independent non-executive Directors has entered into a letter of appointment with our Company on 1 February 2019. Each letter of appointment is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least one month's notice in writing. Under the letters of appointment, the annual director's fees payable to our non-executive and independent non-executive Directors are as follows:

Name	**Amount**
	(S$)
Ms. Chu	26,000
Mr. Loh	26,000
Mr. Mah	31,000
Mr. Wong	26,000

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

The aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors for the three years ended 31 December 2017 and ten months ended 31 October 2018 was approximately S$542,000, S$566,000, S$645,000 and S$603,000, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Director) payable by our Group to and benefits in kind receivable by our Directors for the year ended 31 December 2018 is estimated to be approximately S$750,000.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 December 2017 and ten months ended 31 October 2018 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended 31 December 2017 and ten months ended 31 October 2018.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2017 and ten months ended 31 October 2018, by us to our Directors.

10. Interests and short positions of Directors in the share, underlying Shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Long positions in the Shares of our Company

Name of Director	Capacity/Nature of interest	Number of Shares held immediately after completion of the Share Offer and Capitalisation Issue *(Note 1)*	Approximate percentage of interest in our issued share capital immediately after the Share Offer and Capitalisation Issue
Mr. Chu	Interest in a controlled corporation *(Note 2)*	600,000,000 (L)	75%
Ms. Leow	Interest of spouse *(Note 3)*	600,000,000 (L)	75%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued share capital of Strong Oriental is legally and beneficially owned by Mr. Chu. Accordingly, Mr. Chu is deemed to be interested in 600,000,000 Shares held by Strong Oriental by virtue of the SFO.

3. Ms. Leow is the spouse of Mr. Chu. She is deemed to be interested in the Shares of Mr. Chu held through Strong Oriental by virtue of the SFO.

11. Interest discloseable under the SFO and Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) and the Capitalisation Issue, the following persons (not being a Director or the chief executives of our Company) will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares held after the Share Offer *(Note 1)*	Percentage of shareholding after the Share Offer
Strong Oriental	Beneficial owner	600,000,000 Shares (L)	75%

Note:

1. The Letter "L" denotes the person's long position in the relevant Shares.

12. Related party transactions

During the Track Record Period, our Group engaged in the related party transactions as mentioned in note 31 of the Accountants' Report set out in Appendix I to this prospectus.

13. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the sub-section headed "Other information — 21. Qualifications and consents of experts" below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;

(d) none of our Directors or the persons listed in the sub-section headed "Other information — 21. Qualifications and consents of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) none of the persons listed in the sub-section headed "Other information — 21. Qualifications and consents of experts" below has any shareholding (whether legally or beneficially) in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) so far as is known to our Directors, none of our Directors or their close respective associates or any Shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers of our Group.

14. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by resolutions in writing of all the sole Shareholder passed on 1 February 2019. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to our Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

(b) Who may join

Subject to the provisions in the Share Option Scheme, our Directors may at any time and from time to time within a period of ten (10) years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK$1.00 per option, to grant option to any person belonging to the following classes of participants (the "**Eligible Person(s)**"):

(i) any employee or proposed employee (whether full time or part time, including any director) of any member of the Group or invested entity; and

(ii) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholders or other participants who contribute to the development and growth of our Group or any invested entity.

(c) Maximum number of Shares

(i) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time (the "**Overall Limit**").

(ii) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue on the Listing Date (the "**Scheme Limit**") unless approved by our Shareholders pursuant to paragraph (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company shall not be counted for the purpose of calculating the Scheme Limit.

(iii) Our Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit, provided that such limit as refreshed shall not exceed 10% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of our Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, our Company shall send a circular to the Shareholders containing the information as required under the Listing Rules.

(iv) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the Options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought and that the proposed grantee(s) and his close associates (or his associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, our Company shall send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and any other information as required under the Listing Rules.

(d) Maximum entitlement of each Eligible Person

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12) month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the "**Participant Limit**"), unless:

(i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his close associates shall abstain from voting;

(ii) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Person, the number and terms of the options to be granted and options previously granted to such Eligible Person); and

(iii) the number and terms (including the subscription price) of the options are fixed before our Shareholders' approval is sought.

(e) Grant of options to connected persons

(i) Any grant of options to any Director, chief executive or Substantial Shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is any offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

(ii) Where an option is to be granted to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of our Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour of the grant.

(iii) Where any change is to be made to the terms of any option granted to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the independent Shareholders in general meeting as required under sub-paragraph (ii) above.

(f) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Person within the date as specified in the offer letter issued by our Company, being a date not later than twenty-one (21) days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of our Company of HK$1.00 per option by way of consideration for the grant thereof is delivered to our Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10) year period.

(g) Performance targets

There is no performance target that has to be achieved or minimum period in which an option must be held before the exercise of any option save as otherwise imposed by our Board in the relevant offer of options.

(h) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by our Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (the "**Offer Date**"), which must be a trading day, on which our Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of our Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five (5) trading days after the listing of the Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any Business Day within the period before listing.

(i) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(j) Restrictions on the time of grant of options

No offer of an option shall be made and no option shall be granted to any Eligible Person after inside information (as defined in the Listing Rules) has come to the knowledge of our Board until our Board has announced the information pursuant to the requirements of the Listing Rules. In particular, during the period commencing one (1) month immediately preceding the earlier of (i) the date of the meeting of our Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of our results for any year or half-year or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option shall be granted.

No offer of an option shall be made and no option may be granted to a Director on any day on which financial results of our Company are published and (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(k) Period of the Share Option Scheme

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

(l) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an Eligible Person for any reason other than his serious illness, death, retirement in accordance with his contract of employment or service or the termination of his contract of employment or service on one or more of the grounds specified in paragraph (m) below, the grantee may exercise his outstanding options within three months following the date of such cessation, and any such options not exercised shall lapse and determine at the end of the said period of three (3) months.

(m) Rights on dismissal

If the grantee of an option is an Eligible Person and ceases to be an Eligible Person by reason of a termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, his option (to the extent not already exercised) will lapse automatically on the date of cessation of being an Eligible Person.

(n) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within twelve (12) months from the date of death or such period extended by the Board.

(o) Rights on a general offer

If a general or partial offer is made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), our Directors shall as soon as practicable notify the option holder accordingly. An option holder shall be entitled to exercise his outstanding options in whole or in part within fourteen (14) days of receipt of such notice. To the extent that any option has not been so exercised, it shall upon the expiry of such period lapse and determine.

(p) Rights on winding-up

If notice is given of a general meeting of our Company at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice thereof to all option holders and each option holder shall be entitled, at any time not later than two (2) Business Days prior to the proposed general meeting of our Company to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one (1) Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject to the Share Option Scheme, all options then outstanding shall lapse and determine on the commencement of the winding-up.

(q) Rights on compromise or arrangement between our Company and its creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all option holders on the same date as it gives notice of the meeting to our Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two (2) Business Days prior to the proposed meeting of our Company, to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one (1) Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject to the Share Option Scheme, all options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

(r) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding adjustments (if any), in accordance with Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance issued by the Stock Exchange on 5 September 2005) to:

(i) the number or nominal amount of Shares comprised in each Option for the time being outstanding; and/or

(ii) the subscription price; and/or

(iii) the Scheme Limit; and/or

(iv) the Participant Limit;

as the auditors or the independent financial adviser to our Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

(a) the aggregate subscription price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;

(b) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(c) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and

(d) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

In addition, in respect of any such adjustments, other than any made on a capitalisation issue, the auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

(s) Cancellation of options

Our Board may cancel an option granted but not exercised with the approval of the option holder. Any such options cancelled by our Company cannot be re-granted to the same Eligible Person and the issue of new options must be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the Scheme Limit.

(t) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provision of the Share Option Scheme shall remain in full force and effect. All options granted and accepted and remaining unexercised immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Share Option Scheme.

(u) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

(v) Lapse of option

The right to exercise an option (to the extent not already exercised) shall lapse immediately upon the earliest of:

(i) the expiry of the option period to be determined and notified by our Board to the grantee;

(ii) the expiry of the periods as referred to in sub-paragraphs (l), (n), (o), (p) and (q) respectively;

(iii) subject to sub-paragraph (p), the date of the commencement of the winding-up of our Company;

(iv) the date on which the grantee ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty; and

(v) the date on which the Directors cancel any outstanding option or part thereof on the ground the grantee commits a breach of sub-paragraph (u).

(w) Alterations to the Share Option Scheme

(i) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the Listing Rules by resolution of our Board except that the following alterations must first be approved by a resolution of the Shareholders in general meeting:

(a) the purpose of the Share Option Scheme;

(b) the definitions of ‘‘Eligible Person’’, ‘‘Option Period’’ and ‘‘Scheme Period’’;

(c) the Scheme Limit;

(d) the Participant Limit;

(e) the period within which the Shares must be taken up under the option;

(f) the minimum period for which an option must be held before it can be exercised;

(g) the statement as to performance targets that must be achieved before an option may be exercised;

(h) the amount payable on acceptance of an option and the period within which it must be paid for such purpose;

(i) the basis of determination of the subscription price;

(j) the rights to be attached to the Shares to be issued upon the exercise of options;

(k) the life of the Share Option Scheme;

(l) the circumstances under which options will automatically lapse;

(m) the adjustment made in the event of any alterations of the capital structure of our Company;

(n) the cancellation of options granted but not exercised;

(o) the effect on existing options of an early termination of the Share Option Scheme;

(p) the transferability of options;

(q) this sub-paragraph (w);

(r) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted to the advantage of such grantees; and

(s) any change to the authority of the Directors in relation to any alterations to the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options shall comply with Chapter 17 of the Listing Rules.

(ii) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be altered in any respect by resolution of our Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guideline issued by the Stock Exchange from time to time.

(iii) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(x) Conditions

The Share Option Scheme is conditional upon:

(i) the passing of the necessary resolutions by the Shareholders to approve and adopt the Share Option Scheme;

(ii) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme; and

(iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions referred to above are not satisfied on or before the date falling thirty (30) days after the date of this prospectus, the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

(y) Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Scheme and any other share option scheme(s) of our Company shall not exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme, provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit above mentioned.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

OTHER INFORMATION

15. Tax and other indemnities

Each of Strong Oriental and Mr. Chu (collectively the "**Indemnifiers**") has entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries) on 1 February 2019 being one of the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in this appendix, to provide indemnities on a joint and several basis in respect of, among other matters, the following:

(a) the amount of any and all taxation falling on any member of our Group (the "**Group Member**") resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the Listing Date;

(b) any amount of taxation falling on any of the Group Members anywhere in the world, whether arising prior to or after the Listing and resulting from any member of our Group conducting its business operations in such jurisdictions prior to Listing and shall include any costs, expenses, interests, penalties or other liabilities in connection therewith;

(c) all costs (including all legal costs), expenses, interests, penalties or other liabilities which any of the Group Members may reasonably and properly incur in connection with:

(i) the investigation, assessment or the contesting of any claim;

(ii) the settlement of any claim;

(iii) any legal proceedings in which any of the Group Members claims under or in respect of the Deed of Indemnity and in which judgment is given in favour of any of the Group Members;

(iv) the enforcement of any such settlement or judgment; and

(v) any non-compliance with the applicable laws, rules or regulations by the Company and/or any Group Member on or before the date on which the Share Offer becomes unconditional.

(d) any and all expenses, payments, sums, outgoings, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties (collectively the"**Costs**") in connection with any failure, delay or defects of corporate or regulatory compliance under, or any violation or non-compliance of any applicable laws, rules or regulations (whether currently in force or repealed) in the Cayman Islands, the BVI, Hong Kong and/or Singapore by any of the Group Members on or before the date on which the Share Offer becomes unconditional (the "**Effective Date**");

(e) any and all Costs which any of the Group Members may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any failure to obtain the necessary licences, consents or permits under the laws of the Cayman Islands, the BVI, Hong Kong and/or Singapore for any Group Member's valid and legal establishment and/or operation on or before the Effective Date;

(f) any irregularities in relation to any corporate documents of any of the Group Members; and

(g) all direct losses and damages that any Group Member may suffer as a result of the breach of non-compliance incidents as disclosed in this prospectus.

The Deed of Indemnity does not cover any taxation claim and the Indemnifiers shall be under no liability under the Deed of Indemnity in respect of any taxation or liability:

(a) to the extent that full provision or reserve has been made for such taxation, taxation claim or liabilities in the audited consolidated accounts of our Group for the 3 years ended 31 December 2017 and the 10 months ended 31 October 2018 (the "**Accounts Date**") as set out in Appendix I to this prospectus;

(b) to the extent that such taxation or liability would not have arisen but for some act or omission by any of the Group Members voluntarily effected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed), otherwise than in the ordinary cause of business after the date of the Deed of Indemnity;

(c) for which any of the Group Members is primarily liable as a result of transactions entered into in the ordinary course of business after the Accounts Date;

(d) to the extent of any provision or reserve made for taxation in the audited consolidated accounts of our Group for the 3 years ended 31 December 2017 and the 10 months ended 31 October 2018 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve;

(e) to the extent that such taxation or taxation claim arises or is incurred as a result of the imposition of taxation or taxation claim as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department, the Inland Revenue Authority of Singapore or any other relevant authority coming into force after the date of the Deed of Indemnity or to the extent such taxation or taxation claim arises or is increased by an increase in rates of taxation or taxation claim after the date of the Deed of Indemnity with retrospective effect; and

(f) to the extent that such taxation or liability arises as a result of a breach of any provision of the Deed of Indemnity by any of the Group Members.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have given indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by any of our Group member by reason of any transfer of property to any of the Group Members on or before the

Listing Date. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Singapore, the BVI, being jurisdictions in which the companies comprising our Group are incorporated.

16. Litigation

Save as disclosed herein, during the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of its subsidiaries has been engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

17. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor's fee in relation to the Listing is approximately HK$5 million.

The Sole Sponsor has made an application on our Company's behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made for the Shares to be admitted into CCASS.

18. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed HeungKong Capital Limited as its compliance adviser to provide consultancy services to our Company to ensure compliance with Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the Listing Rules in respect of its financial results for the first full financial commencing after the Listing Date.

19. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$44,000 and are payable by our Company.

20. Promoter

Our Company does not have any promoter (as defined in the Listing Rules). Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

21. Qualifications and consents of experts

Name	Qualification
HeungKong Capital Limited	Licenced corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
HLB Hodgson Impey Cheng Limited	Certified public accountants
Rajah & Tann Singapore LLP	Legal advisers to our Company as to Singapore law
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands law
China Insights Industry Consultancy Limited	Independent industry consultant
Cushman & Wakefield VHS Pte. Ltd.	Independent property valuer
Nexia TS Tax Services Pte. Ltd.	Tax adviser
Fan, Mitchell & Co., Limited	Independent internal control consultant

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

22. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

23. Taxation of holders of Shares

(a) Hong Kong

(i) Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intended holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

24. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages (other than under the Underwriting Agreement) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iii) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and

(iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(b) Saved as disclosed in this prospectus, no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2018 (being the date to which the latest audited consolidated financial statements of our Group were prepared);

(d) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus;

(e) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought;

(f) None of our Directors nor any of the persons whose names are listed in paragraph headed "21. Qualification and consents of experts" in this section has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group;

(g) There has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this prospectus;

(h) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Boardroom Share Registrars (HK) Limited. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands;

(i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS;

(j) Our Company has no outstanding convertible debt securities or debenture;

(k) There is no arrangement under which future dividends have been waived; and

(l) No company within our Group is presently listed on any stock exchange or traded on any trading system.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this prospectus, the English language version shall prevail.

26. No material adverse change

Saved as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since 31 October 2018 (being the date on which the latest audited consolidated financial information of our Group was prepared).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(1) a copy of each of the **WHITE** and **YELLOW** Application Forms;

(2) the written consents referred to in the paragraph headed "Other information — 21. Qualifications and consents of experts" in Appendix VI to this prospectus; and

(3) a copy of each of the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Robertsons, at 57/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the Accountants' Report of our Group prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this prospectus — "Accountants' Report";

(c) the audited consolidated financial statements of our Group for each of the three years ended 31 December 2015, 2016 and 2017 and ten months ended 31 October 2018;

(d) the report on unaudited pro forma financial information of our Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this prospectus;

(e) the letters relating to the profit estimate issued by HLB Hodgson Impey Cheng Limited and the Sole Sponsor respectively, the text of which are set out in Appendix III to this prospectus;

(f) the rules of our Share Option Scheme;

(g) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Companies Law referred to in Appendix V to this prospectus;

(h) the Cayman Companies Law;

(i) the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in Appendix VI to this prospectus;

(j) the written consents referred to in the section headed "Other information — 21. Qualifications and consents of experts" in Appendix VI to this prospectus;

(k) the service contracts referred to in the paragraph headed "Further information about our Directors and Substantial Shareholders — 9. Particulars of Directors' service contracts and letters of appointment" in Appendix VI to this prospectus;

(l) the legal opinion issued by Rajah & Tann Singapore LLP, the legal advisers to our Company as to Singapore law;

(m) the industry report prepared by China Insights Industry Consultancy Limited referred to in the section headed "Industry Overview" of this prospectus;

(n) the tax opinion issued by Nexia TS Tax Services Pte. Ltd., the tax adviser to our Company; and

(o) the letter, summary of valuations and valuation certificates issued by Cushman & Wakefield VHS Pte. Ltd., the text of which is set out in Appendix IV to this prospectus.

K2 F&B Holdings Limited