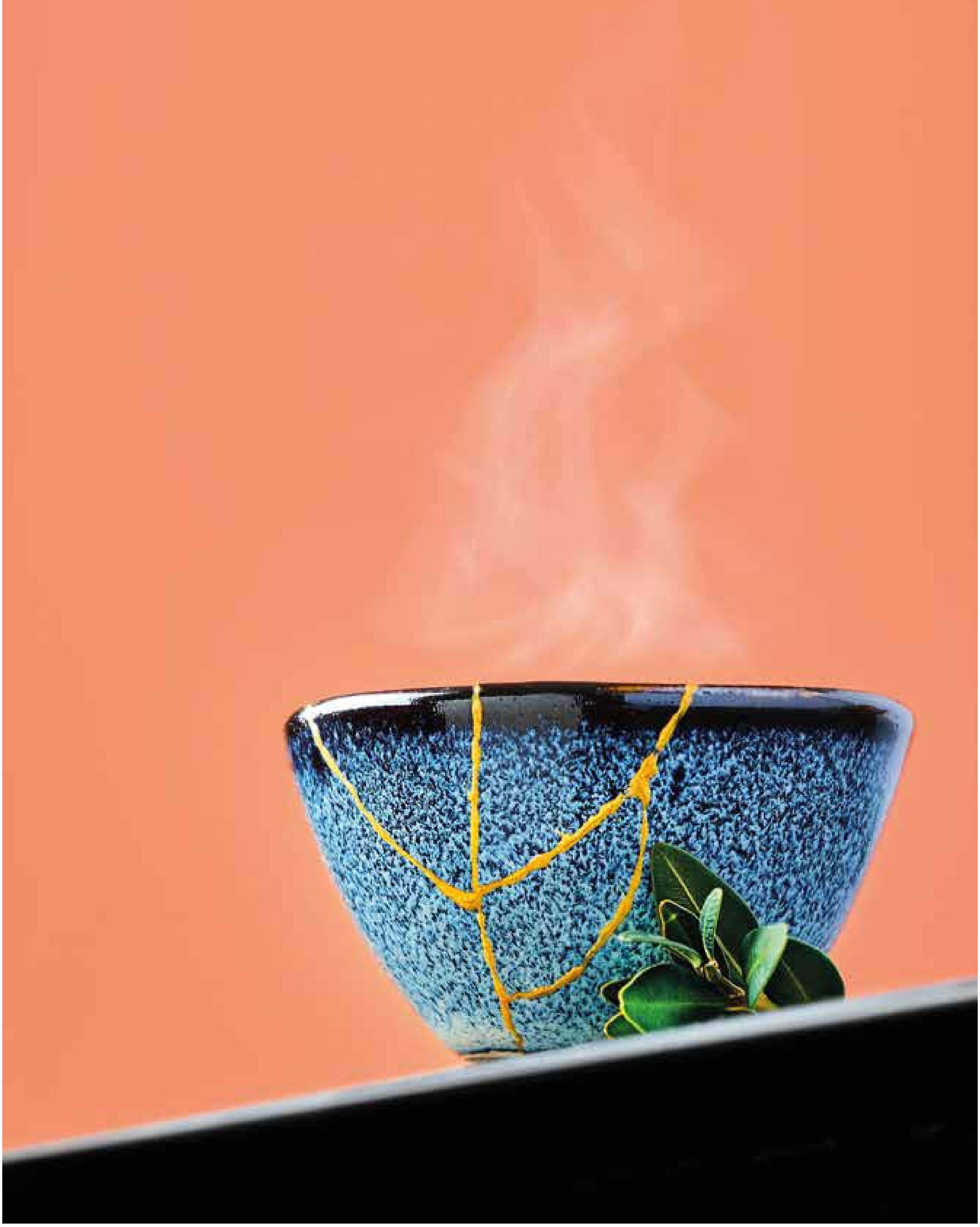
OVERCOMING CHALLENGES
UNLOCKING VALUE



JAPAN FOODS HOLDING LTD. ANNUAL REPORT 2022

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This annual report has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the infomation, statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, Telephone (65) 6590 6881.

CORPORATE PROFILE

Established in Singapore in 1997 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in February 2009, Japan Foods Holding Ltd (“**Japan Foods**”) is one of the leading Japanese restaurant chains in Singapore. Constantly evolving with changing consumer tastes, Japan Foods has successfully expanded its restaurant portfolio to encompass both franchised and self-developed Japanese-concept brands.

To widen its customer reach, the Group launched its first Japanese Halal concept restaurant called “Tokyo Shokudo” in 2020. Since then, it has penetrated deeper into the “no pork, no lard” market segment with the launch of new self-developed brands such as “Yakiniku Shokudo” and “Edo Shokudo”.

Regionally, the Group’s network extends beyond Singapore to include a restaurant in Malaysia under a sub-franchise agreement and restaurants in Hong Kong, China and Indonesia operated by associate companies.

Japan Foods has a joint venture company with Minor Food Group (Singapore) Pte Ltd (“**Minor Singapore**”) called Dining Collective Pte. Ltd., which was formed to conduct the business of franchising and operating existing restaurant brands owned by the Group and Minor Singapore in Thailand, Japan and the People’s Republic of China. In 2020, the parties broadened its partnership to jointly launch a Japanese-Italian pizza concept in Singapore called “Pizzakaya”.

For its efforts in corporate governance, Japan Foods was named the “Most Transparent Company (Catalist)” at the 17th SIAS Investors’ Choice Awards in 2016 and also awarded the “Transparency Award – SMEs” at the 18th SIAS Investors’ Choice Awards 2017. In July 2018, the Group received the “Best Managed Board Award (Gold)” at the Singapore Corporate Awards 2018 and in September 2018, it was named Runner-Up in the “Most Transparent Company – Hotel / Restaurant” award category at the 19th SIAS Investors’ Choice Awards 2018.

9 SELF-DEVELOPED BRANDS

- Curry Is Drink
- Edo Shokudo
- Fruit Paradise
- Ramen Ichiro
- Tokyo Shokudo
- Pizzakaya
- Yakiniku Shokudo
- Sho Ryu Ramen
- Tokyo Kitchen

10 FRANCHISED BRANDS FROM JAPAN

- Afuri
- Ajisen Ramen
- Kagurazaka Saryo
- Kazokutei
- Konjiki Hototogisu
- Menya Musashi
- Menzo Butao
- Osaka Ohsho
- Shitamachi Tendon Akimitsu
- Yonehachi

1 FRANCHISED BRAND FROM MALAYSIA

- New ManLee Bak Kut Teh

AT A GLANCE

OUR NETWORK AND OPERATIONS

(As at 31 March 2022)

56

Self-operated restaurants in Singapore

24

Restaurants through associated companies in China, Hong Kong and Indonesia

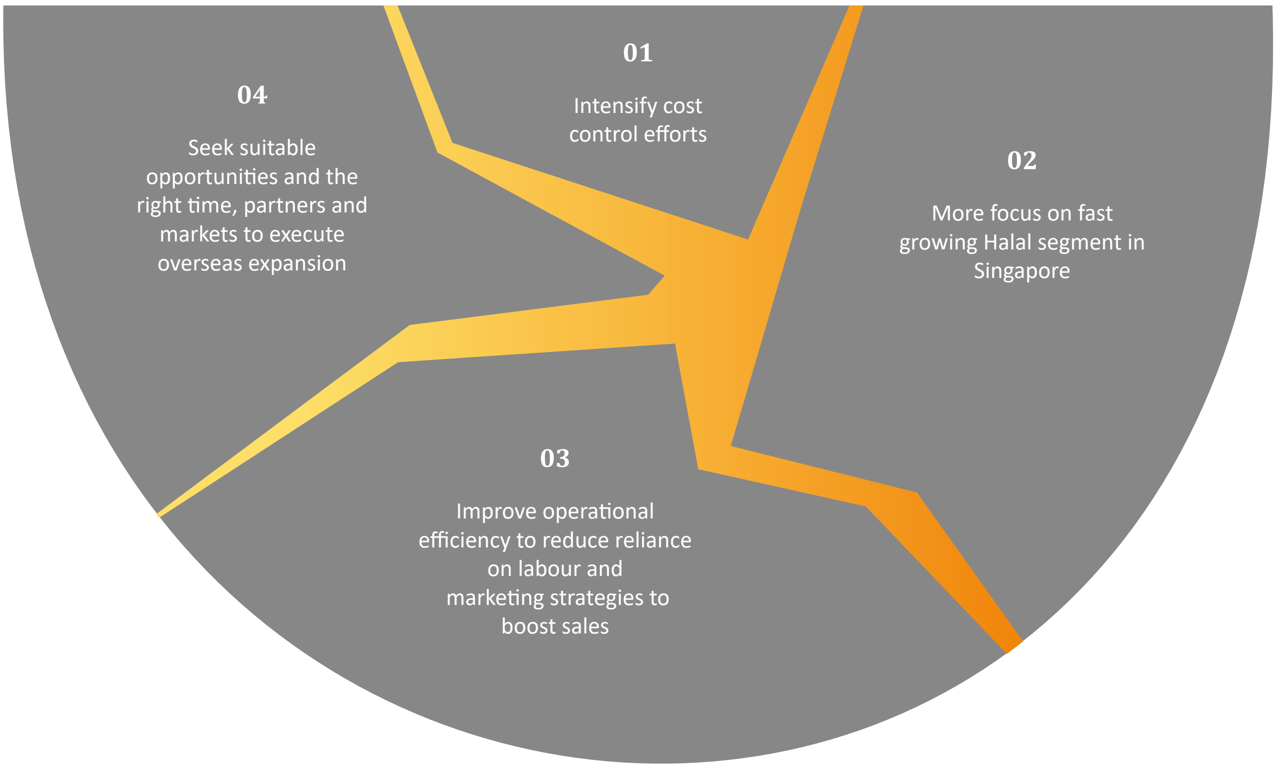
1

Restaurant operated by sub-franchisee in Malaysia

3

Restaurants operated by joint venture company in Singapore

BUSINESS STRATEGY AMIDST MACRO CHALLENGES

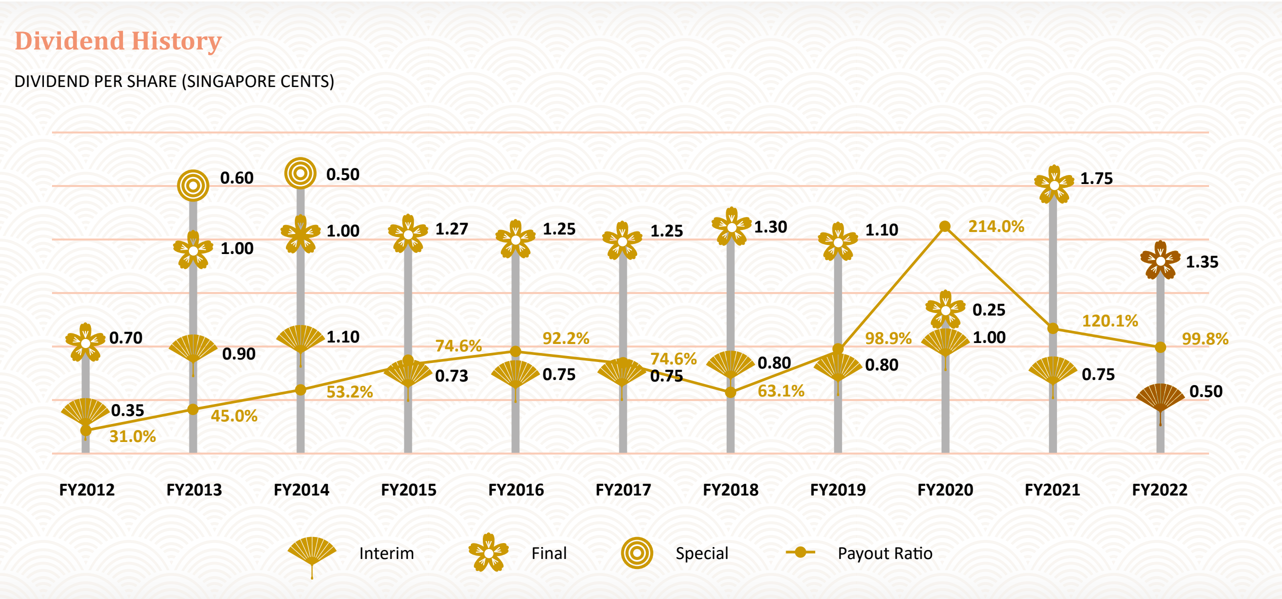


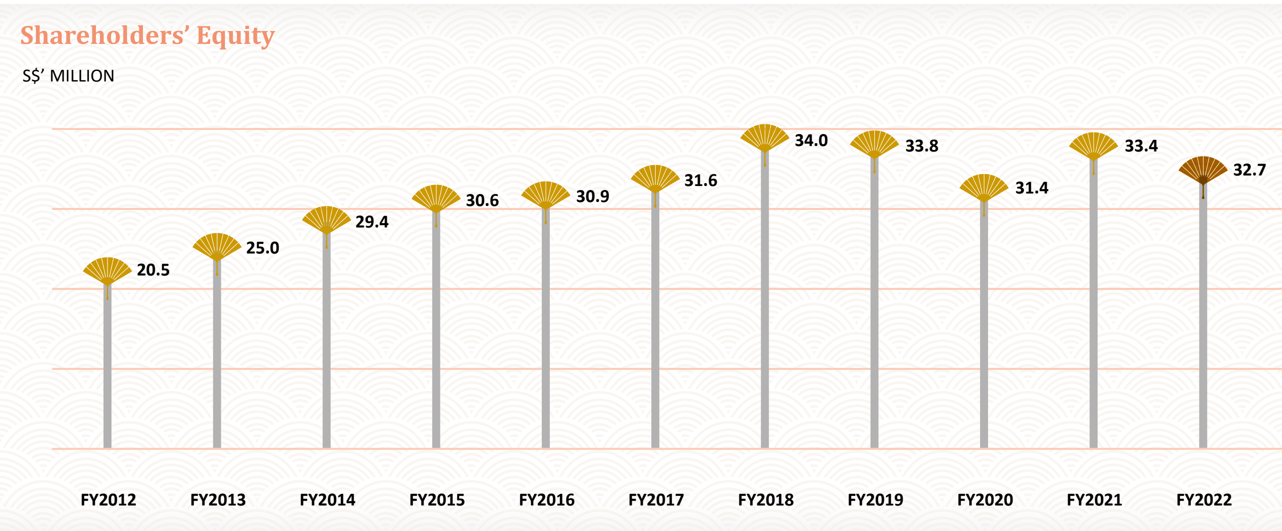
AT A GLANCE

OUR FOCUS ON SHAREHOLDERS' VALUE

We are focused on growing long-term shareholders' value and we have been consistently rewarding shareholders with cash dividends since FY2009[1].

Our total dividend payment in respect of FY2022 will be 1.85 Singapore cents per share, comprising the interim dividend of 0.5 Singapore cent per share already paid in December 2021 and the proposed final dividend of 1.35 Singapore cents per share. This represented a total dividend payout of 99.8% of our Group's net profit in FY2022.





[1] The Group's dividend policy shall be subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances. The actual dividend pay-out ratio will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors.

OUR BRANDS

AJISEN RAMEN

"Ajisen Ramen" is the Group's flagship brand and was first introduced to the Singapore market in 1997. The word "ajisen" means a thousand tastes in Japanese. "Ajisen Ramen" originated from Kumamoto, Japan, in 1968. Known for its rich and aromatic tonkatsu soup base which is derived from hours of boiling pork bones, Ajisen offers a wide selection of ramen to cater to discerning customers. With presence worldwide, it is an internationally recognised brand with presence in Singapore, Malaysia, China, Hong Kong, and the United States.

To rejuvenate the "Ajisen Ramen" brand, Japan Foods introduced "Den by Ajisen Ramen". This brand extension offers wider menu options for both mains and side dishes and five soup bases to choose from.

AFURI

Established in Kanagawa, Japan over 10 years ago, "Afuri Ramen" is famed for its signature chicken and dashi-based broth that is flavoured with a splash of citrusy yuzu. This gives it a light, refreshing and more delicate taste that is favoured by those who are health conscious. The menu also offers other ramen varieties such as vegan ramen, cold ramen and tsukemen.

CURRY IS DRINK

"Curry is Drink" serves Japanese-style curry sauce in a cup with five different levels of heat to choose from. Combo sets come with deep-fried panko-crusted pork, chicken or seafood, shredded cabbage, crispy fried onions and a variety of toppings such as raisins and pickles over a bed of Japanese rice. Diners can choose to dip their meat and seafood into the curry, pour the curry all over their food, or they can drink it from the cup or eat it as a soup.

FRUIT PARADISE

"Fruit Paradise" offers tarts topped with Chantilly cream and a variety of fresh fruits, which are carefully selected daily. Crowd favourites include Chocolate-Banana Tart, Mixed Berries Chocolate Tart and Mango-Strawberry Tart.

KAGURAZAKA SARYO

"Kagurazaka Saryo" is a dessert house known for its range of premium Uji Matcha desserts and drinks. The famous Matcha Fondue is a bittersweet dip made with a mix of high-quality Uji Matcha and white chocolate, served together with strawberries, mochi and vanilla ice cream. Another crowd favourite is the Frozen Matcha Smores, which is a delicious concoction of gooey marshmallows seared to perfection sitting on top of vanilla or matcha ice cream with a crispy caramel cornflake base.

OUR BRANDS

KAZOKUTEI

Udon fans would be familiar with "Kazokutei", one of Osaka's most well-known udon brands with over 200 outlets throughout Japan. Established in 1947, "Kazokutei" takes pride in serving delicious and high quality handmade udon cooked to perfection to bring out the natural taste of the noodles. To ensure consistency in taste, both the udon and dashi soup stock are imported directly from Japan.

KONJIKI HOTOTOGISU

"Konjiki Hototogisu" is a collaboration between Japan Foods and Chef Atsuyuki Yamamoto, who is behind Tokyo's "Sobahouse Konjiki Hototogisu", which was featured in the Michelin Guide Tokyo Bib Gourmand from 2015 until 2017. Since 2018, the restaurant was awarded one Michelin-star. While Chef Yamamoto's Tokyo restaurant is known for its full-bodied clam, chicken and pork-based broth, he has also created oyster and crab-based broths that are unique to the brand in Singapore.

MENYA MUSASHI

Named after the legendary samurai, Miyamoto Musashi, who was famed for his distinctive "double-sword style", the award winning "Menya Musashi" has gained quite a cult following among ramen fans in Japan and abroad since making its debut in Tokyo in 1996. With "originality" as its motto, "Menya Musashi" strives to deliver the preparation of ramen as a fine and revolutionary art-form. It was recognised as one of the first ramen brands to combine meat and fish-based broths and offers multiple concepts and tastes that can be adapted to suit the locality of the store but all with the same unique style that has become synonymous with the brand.

MENZO BUTAO

Established in 1936, "Menzo Butao" specialises in Hakata Tonkatsu Ramen and offers more than 20 varieties of the dish. There are three different and delicious soup bases to choose from – Butao (White), Kuroo (Black) and Akao (Red). The Butao base is pork broth made from boiling pork bones and sinews for over 14 hours to extract all the natural flavour of the bones. This soup base is flown straight to Singapore before it is mixed with more pork bones and simmered for hours to obtain the right consistency and flavour. The Kuroo broth is an emulsion of fried shallots and vegetable oil and the Akao broth is slightly spicy as it contains chilli oil but gets its red colour from the Gochujang (Korean Miso) and Doubanjiang (Chinese Miso).

NEW MANLEE BAK KUT TEH

"New ManLee Bak Kut Teh" is the Group's first non-Japanese concept restaurant, franchised from a business that was established over 40 years ago in Kuala Lumpur, Malaysia. "New ManLee Bak Kut Teh" offers two versions of this dish – Singapore-style white peppery soup and Malaysia-style black herbal soup. Instead of the usual white rice and mee sua noodles, "New ManLee Bak Kut Teh" serves its soups with Japanese rice or Japanese udon noodles.

OUR BRANDS

OSAKA OHSHO

Established in 1969, "Osaka Ohsho" specialises in "gyoza" (Japanese style dumplings), which is a popular street-side snack in Osaka that is also often offered as a side dish in Japan. At "Osaka Ohsho", gyozas are the main event and customers can choose different fillings such as cabbage, chives, ginger and garlic, which are combined with minced pork. Thin gyoza wrappers are then use to envelope the tasty morsels of well-seasoned fillings before the dumplings are pan-grilled to perfection.

PIZZAKAYA

Launched jointly by Japan Foods and Minor Singapore in 2020, Pizzakaya is an adventure on a pizza crust. This pizzeria takes pizza toppings to a whole new creative level, featuring well-known Japanese dishes atop thin-crust pizza bases. Although it offers well-loved classics such as Margherita and Hawaiian, the unique highlights on its menu include pizzas topped with popular Japanese street snacks, such as the Takoyaki pizza, which got its name from the famous balls of octopus embedded dough it is topped with. Other highlights include the Soft-Shell Crab pizza and adding a local twist is the Ondeh-Ondeh dessert pizza.

SHITAMACHI TENDON AKIMITSU

Originally from Asakusa in Tokyo, Japan, "Shitamachi Tendon Akimitsu" specialised in traditional Tendon (or Tempura Donburi). It was started by Chef Akimitsu Tanihara, a 5th generation successor, whose family started and has been operating the Dote No Iseya tempura restaurant in Asakusa since 1889.

SHO RYU RAMEN

"Sho Ryu Ramen" specialises in simple and comforting no-frills Hakata-style ramen in rich pork-bone broth topped with green onions and delectable slices of tender char shu. This style originated from Hakata, a fisherman district in the city of Fukuoka on Japan's western island of Kyushu, known for noodles that are thinner than regular ramen noodles to speed up the cooking time and for better absorption of the flavours in the broth. "Sho Ryu Ramen" offers the "Kaedama system", which allows customers to order smaller portions with the option of adding extra servings to ensure the noodles remain firm.

YONEHACHI

Established in 1976, "Yonehachi" has more than 90 shops across Japan. Using top quality rice from northern Japan such as Iwate and Akita, "Yonehachi" serves okowa (glutinous rice mixed with different ingredients) made the traditional way.

OUR BRANDS

RAMEN ICHIRO

"Ramen Ichiro" features Jiro-style ramen, famed for its thick and chewy noodles complete with mounds of bean sprouts, vegetables and sliced pork. Other delicacies on the menu include Tonkatsu ramen, baked cheese rice and pot pie tsukemen, with a choice of original or spicy broth.

OUR NEW HALAL OFFERINGS

The halal dining scene in Singapore has been flourishing in recent years with a lot more exciting dining concepts sprouting up to capture this growing segment. As customers in this segment become more expose to new cuisine, it presents a new and rapidly expanding market for the Group.

As such, the Group has launched its "Shokudo" brand, which is the new identity of its halal-certified restaurants. "Shokudo" means cafeterias or snack bars and under this umbrella, the Group offers four brands featuring Japanese cuisine with no pork and no lard.

TOKYO SHOKUDO

"Tokyo Shokudo" is the Group's first self-developed halal-certified restaurant. The eatery features ramen and tsukemen with a variety of toppings such as chicken chashu and scallop, and served with a few choices of broth including chicken, yuzu and tom yum. The brand also offers Tendon from its sister brand "Shitamachi Tendon Akimitsu" and all the food is prepared in its in-store halal kitchen.

EDO SHOKUDO

"Edo Shokudo" is the Group's first twin concept restaurant featuring both ramen and teppanyaki. It offers three ramen soup bases – original, spicy and curry, which are rich with collagen from hours of boiling the chicken and keeping it at a constant simmer to give the broth its creamy and rich consistency. The menu also features teppanyaki rice sets, yakisoba and authentic Hiroshima-style okonomiyaki, which is a savoury Japanese pancake with ingredients that are uniquely layered on top of each other and topped with okonomiyaki sauce and aonori (dried seaweed) to complete.

YAKINIKU SHOKUDO

"Yakiniku Shokudo" is a Japanese-style grill restaurant that caters to all meat lovers. It features different cuts of beef including wagyu as well as chicken. Customers can choose between à-la-carte or set meals that come with signature dipping sauces for a meat fest.

TOKYO KITCHEN

Launched in April 2022, "Tokyo Kitchen" is a no pork, no lard restaurant featuring a wide selection of Japanese inspired Western dishes such as steaks, teppan napolitan (Japanese-style tomato-based spaghetti served on a hotplate), baked cheese rice, omurice and Japanese desserts. It also offers desserts from the Group's "Fruit Paradise" and "Kagurazaka Saryo" brands as well as a selection of udon bowls.

OUR NETWORK

01 SINGAPORE

AFURI
- Funan
- VivoCity

AJISEN RAMEN / DEN / KARAMEN
- AMK Hub
- Bedok Mall
- Bugis Junction
- Bukit Panjang Plaza
- Causeway Point
- Compass One
- Hougang Mall
- IMM
- Junction 8
- Lot One Shoppers' Mall
- Square 2
- Tampines Mall
- Tiong Bahru Plaza

CURRY IS DRINK
- Changi City Point

YONEHACHI
- Takashimaya Department Store
- Great World City

FRUIT PARADISE / KAGURAZAKA SARYO
- VivoCity
- Jem
- Funan

KONJIKI HOTOTOGISU
- Chijmes
- Great World City
- Jewel
- Paragon
- Raffles City
- Waterway Point
- 100 AM
- Tanglin Mall

EDO SHOKUDO
- White Sands

YAKINIKU SHOKUDO
- IMM

RAMEN ICHIRO
- The Clementi Mall

KAZOKUTEI
- Bugis Junction

NEW MANLEE BAK KUT TEH
- Bugis+

MENYA MUSASHI
- Bugis Junction
- Takashimaya Departmental Store
- VivoCity
- Westgate

MENZO BUTAO
- Changi City Point

OSAKA OHSHO
- Bugis Junction
- Junction 8
- Raffles City
- Waterway Point

PIZZAKAYA[2]
- VivoCity
- Jem
- Star of Kovan

SHITAMACHI TENDON AKIMITSU
- NEX
- Changi City Point
- The Star Vista
- Takashimaya Department Store
- Plaza Singapura

SHO RYU RAMEN
- Funan

TOKYO SHOKUDO
- Tampines Mall
- Westgate
- Causeway Point
- Vivo City
- City Square Mall
- Lot One Shopping Mall
- Northpoint City

02 CHINA

KONJIKI HOTOTOGISU
- IFC Mall, Shanghai

MENYA MUSASHI[3]
- IAPM Mall, Shanghai
- L+Mall, Shanghai
- Beijing International Trading Plaza
- Beijing Financial Street, Beijing
- New Park, Guangzhou
- K11 Select, Wuhan
- Tianhuan Plaza, Guangzhou
- Cenbest Departmental Store, Nanjing
- The Mixc of Shenzhen, Shenzhen
- PAFC mall, Shenzhen

03 HONG KONG

MENYA MUSASHI[3]
- APM, Kwung Tong, Kowloon
- Maritime Square, Tsing Yi, New Territories
- Sun Hung Kai centre, Wanchai, Hong Kong
- Sunshine City, Ma On Shan, New Territories
- Harbour North, North Point, Hong Kong
- The Lohas, Tseung Kwan O, New Territories
- Longham Place Kowloon
- Sands Building Hong Kong

KONJIKI HOTOTOGISU[3]
- H Zentre, Kowloon
- IFC Mall, Hong Kong
- Festive Walk, Kowloon
- Fashion Walk, Hong Kong

04 INDONESIA

MENYA MUSASHI[3]
- Kota Kasablanka, Jakarta

05 MALAYSIA

AJISEN RAMEN[4]
- Vivacity Megamall, Kuching, Sarawak

Notes:

[2] Operated through joint venture company
[3] Interests through associated companies
[4] Operated by sub-franchisee

CORPORATE STRUCTURE

JAPAN FOODS HOLDING LTD.

100%	BACHMANN ENTERPRISES PTE. LTD.
100%	BACHMANN JAPANESE RESTAURANT PTE. LTD.
100%	JAPAN FOODS ENTERPRISES PTE. LTD.
100%	JAPAN FOODS BRIDGE PTE. LTD.
25%	ACJF HOLDING LIMITED
20%	HIGHLY YIELD LIMITED
30%	FIRST HARMONY HOLDINGS LIMITED
30%	PT MENYA MUSASHI INDONESIA
50%	DINING COLLECTIVE PTE. LTD.
30%	WAKAYAMA INTERNATIONAL LIMITED
30%	GOLDEN BIRD GROUP LIMITED

CHAIRMAN'S MESSAGE

> OUR R&D DEPARTMENT WAS IN HIGH GEAR EVEN AS THE PANDEMIC LULL GAVE US PAUSE TO CONSIDER FUTURE AREAS OF GROWTH AS WELL AS NEW MARKETS, NEW RECIPES AND NEW CONCEPTS. IT WAS DURING THIS TIME THAT OUR NEW HALAL SEGMENT WAS BIRTHED.

DEAR SHAREHOLDERS

After operating in an unpredictable environment for more than two years, I am glad to bring you this message in much happier times.

On 22 April 2022, the F&B industry raised a collective cheer when the government announced a major easing of COVID-19 rules starting from 26 April 2022. This included the removal of restrictions on group sizes and safe distancing requirements. It meant that all our restaurants could run at full dining capacity at long last.

It has been a slow crawl back to normalcy but we had used the time well. Our R&D department was in high gear even as the pandemic lull gave us pause to consider future areas of growth as well as new markets, new recipes and new concepts. It was during this time that our new Halal segment was birthed.

Since we tested the market with our first Halal-certified restaurant "Tokyo Shokudo" at Tampines Mall in November 2020, the response from the Muslim market has far exceeded our expectations and so encouraging that we created two other brands under the "Shokudo" umbrella to differentiate our Halal-brands from our non-Halal ones.

In less than two years, we have grown our Halal segment to nine restaurants operating under three brands including one "Edo Shokudo" restaurant, seven "Tokyo Shokudo" restaurants and one "Yakiniku Shokudo" restaurant as at 31 March 2022. The progress of this segment has been nothing short of amazing for Japan Foods because it all happened during the pandemic period. It is now our fastest growing segment, contributing 20.5% to total revenue for the financial year ended 31 March 2022 ("**FY2022**").

Riding on the strong momentum, we recently launched another brand "Tokyo Kitchen" at Northpoint mall in April 2022, which offers a no-pork, no-lard Japanese-inspired western food menu. The restaurant is awaiting its Halal certification after which it will be added to our stable of Halal brands.

As at 31 March 2022, our Singapore network comprised 19 brands across 56 locations. We will continue to actively manage our restaurant portfolio by converting less performing brands to stronger ones to attract customers based on the demographics of the clientele at each mall. The strength of our portfolio remains a key factor behind our ability to drive sales across our network. We also have three "Pizzakaya" brand restaurants in Singapore together with our joint venture partner Minor Food Group (Singapore) Pte. Ltd. ("**Minor Singapore**").

Elsewhere in the region, our overseas network operated by our associate companies and sub-franchisee also reflected the improvement in the operating environment. As at 31 March 2022, there were 25 restaurants in the network as compared to 19 as at 31 March 2021. These included one "Ajisen Ramen" brand restaurant operated by a sub-franchisee in Malaysia and eight restaurants in Hong Kong, 10 restaurants in China and one restaurant in Indonesia under the "Menya Musashi" brand, as well as four restaurants in Hong Kong and one restaurant in Shanghai under the "Konjiki Hototogisu" brand.

CHAIRMAN'S MESSAGE

With the highly anticipated opening of Japan's borders, we intend to resume our overseas expansion plans. Dining Collective, our joint venture company with Minor Singapore, is scheduled to open its first restaurant in Tokyo in the coming months. We will keep shareholders updated about the progress.

Outlook

Despite the significant easing of COVID-19 rules, there are many other factors that the F&B sector is facing that will make the next 12 months quite challenging. The industry continues to be plagued by a manpower crunch, which has led to high demand and competition for service staff. This has intensified since the lifting of restrictions on dining-in and social gatherings and if the situation does not improve, it may mean that staff costs will continue its upward trend.

However, we believe that we are well-prepared for this. Besides developing our Halal brands, we have streamlined our operations significantly over the years to increase efficiency and to reduce our reliance on labour. In addition to having a central kitchen to prepare the raw ingredients and broth for our restaurant network, we were also one of the first restaurant groups to introduce an iPad self-ordering system in 2013. We will continue to explore and introduce other digital and technological solutions that will enable us to do our work more productively.

We expect inflationary pressures to lead to higher raw material costs, which were already high due to supply chain disruptions. This has been exacerbated by the recent flip-flops in Indonesia's policy on palm oil exports and Malaysia's announcement of an unprecedented ban on poultry exports for the month of June. However, Japan Foods is in a stable position as we are not overly reliant on any single source and our purchasing team is always actively looking for the best suppliers in order to keep both quality and costs at the optimum levels.

While we are optimistic of better days ahead because of higher consumer footfalls at the malls where our restaurants are located, we are mindful that the uncertain global economic outlook has fuelled recessionary fears that may lead to weak consumer sentiment. To safeguard our bottom-line, we will continue to exercise financial prudence and management.

With nearly 25 years of operating restaurants in Singapore through both good and bad times, we believe our business model is sound. Our Group has always emerged stronger with the challenges that we had overcome in the past. We are confident that our performance track record, strong restaurant portfolio, healthy balance sheet and debt-free position will continue to hold us in good stead.

FY2022 Financial Roundup

In FY2022, we achieved a 7.1% year-on-year ("**YOY**") increase in revenue to S$54.6 million as compared to S$51.0 million in the corresponding financial year in 2021 ("**FY2021**"). This was mainly attributable to the performance of our Halal segment. Rising in tandem with the improved revenue, gross profit came in 6.9% higher YOY to S$46.2 million, while gross profit margin remained favourable at 84.6%.

However, we incurred higher expenses due to the ramping up of our operations in expectation of post-COVID-19 re-opening, while our other income fell due to a decrease in government grants and lower rental concessions from landlords. This resulted in a 10.8% YOY decline in our net profit to S$3.2 million in FY2022.

Our financial position stayed strong with a slight increase in cash and bank balances to S$23.2 million as at 31 March 2022.

In view of our healthy balance sheet and to demonstrate our confidence in the business, the Board of Directors (the "**Board**") has proposed a final dividend of 1.35 Singapore cents per share, which together with the interim dividend of 0.50 Singapore cents per share paid out in December 2021, brings total dividend in respect of FY2022 to 1.85 Singapore cents per share or 99.8% of net profit for the financial year.

Sustainability Matters

As a leading Japanese restaurant chain, we are committed to maintain a robust sustainability reporting framework to fulfil our social responsibility and safeguard the interests of our Group's stakeholders.

As part of this annual report, we are including our sixth sustainability report, which is guided by the Global Reporting Initiative ("**GRI**") Standards: Core Option. In this report, we provide insights into the way we operate our business, while highlighting our environmental, social, governance ("**ESG**") and economic performance.

Acknowledgement

I would like to take this opportunity to warmly welcome our new Independent Director, Ms Sylvia Koh, to our Board. As a human resource veteran with nearly 30 years of experience, I believe we will learn a lot from her especially because the F&B industry is constantly facing staffing challenges. She also brings greater diversity to our Board.

It has been a difficult past two years for everyone but I believe that Japan Foods has emerged stronger and more resilient because of the support from many stakeholders through the challenging period.

In closing, I want to thank all shareholders for your unwavering confidence in the Group's ability to deliver favourable returns on your investment.

I also want to express my deepest appreciation to the management team and our staff, for working tirelessly to ensure that our operations ran smoothly and in compliance with the latest COVID-19 measures despite the multiple and often last-minute notices for change.

I am grateful for the guidance that my fellow Directors on the Board have given to our Group over the years to ensure that we continue to uphold the high standards of corporate governance that we have been recognised for. And finally, I want to thank our brand and business partners for working closely with us to overcome mutual challenges and achieve business goals.

Takahashi Kenichi
Executive Chairman and CEO

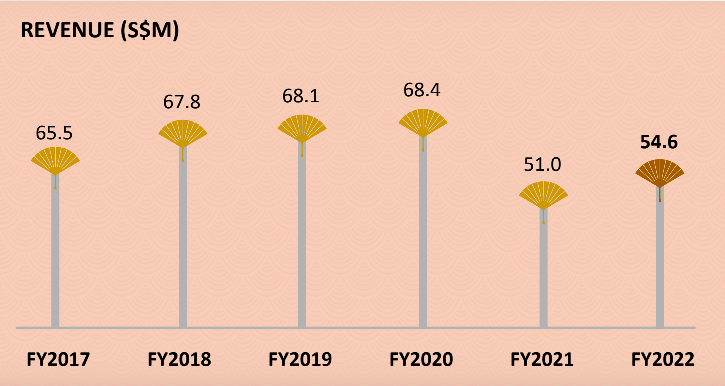
FINANCIAL HIGHLIGHTS

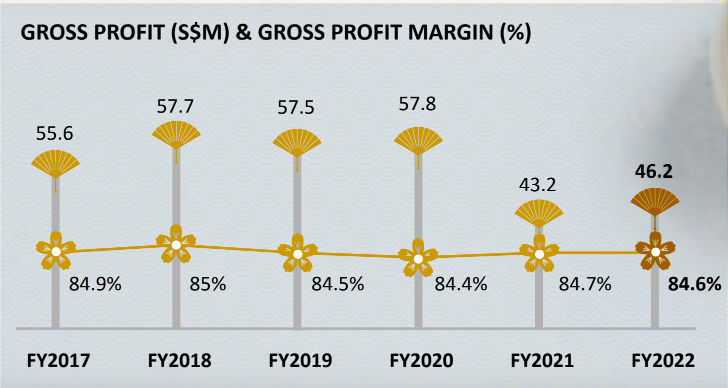
S$' MILLION	FY2018	FY2019	FY2020	FY2021	FY2022
Financial Results					
Revenue	67.8	68.1	68.4	51.0	**54.6**
Gross profit	57.7	57.5	57.8	43.2	**46.2**
Profit before tax	7.0	4.1	1.4	4.2	**3.2**
Net profit	5.8	3.3	1.0	3.6	**3.2**
Cash Flow Statement					
Net cash provided by operating activities	9.3	8.5	23.2	19.5	**25.4**
Net cash used in investing activities	(4.0)	(4.5)	(4.6)	(2.2)	**(3.5)**
Net cash used in financing activities	(3.7)	(4.3)	(20.4)	(14.2)	**(22.6)**
Cash and cash equivalents at end of financial year[6]	19.8	19.5	17.6	20.6	**19.9**
Balance Sheet					
Current assets	25.6	26.8	25.5	26.9	**27.6**
Non-current assets	17.6	16.9	52.6	41.2	**50.2**
Total assets	43.2	43.7	78.1	68.1	**77.8**
Current liabilities	8.8	9.6	27.1	22.7	**26.1**
Non-current liabilities	0.4	0.3	19.6	12.0	**19.0**
Total liabilities	9.2	9.9	46.7	34.7	**45.1**
Share capital	9.1	9.1	9.4	9.5	**9.5**
Reserves	24.9	24.7	22.0	23.9	**23.2**
Total shareholders' equity	34.0	33.8	31.4	33.4	**32.7**
Financial Ratios Analysis					
Gross profit margin (%)	85.0	84.5	84.4	84.7	**84.6**
Earning per share (Singapore cents)	3.33	1.92	0.58	2.08	**1.85**
Net asset value per share (Singapore cents)	19.63	19.48	18.03	19.14	**18.75**
Return on assets (%)	13.3	7.6	1.3	5.3	**4.1**
Return on equity (%)	17.0	9.9	3.2	10.8	**9.8**
Net debt to equity ratio	Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**
Asset turnover (times)	1.6	1.6	0.9	0.7	**0.7**

Note

[6] This excludes bank deposit pledged as security for bank facilities

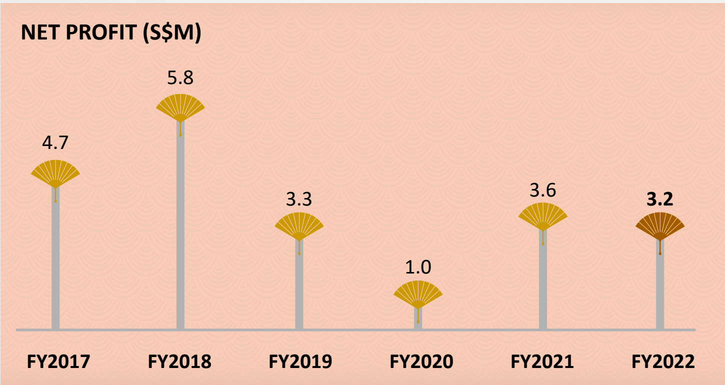
FINANCIAL HIGHLIGHTS

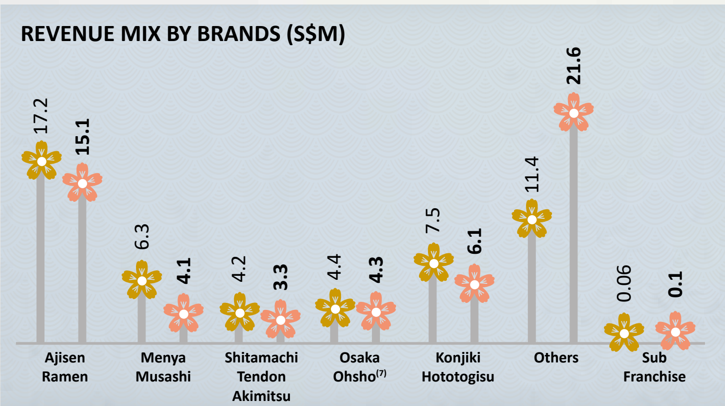




GROSS PROFIT

GROSS PROFIT MARGIN



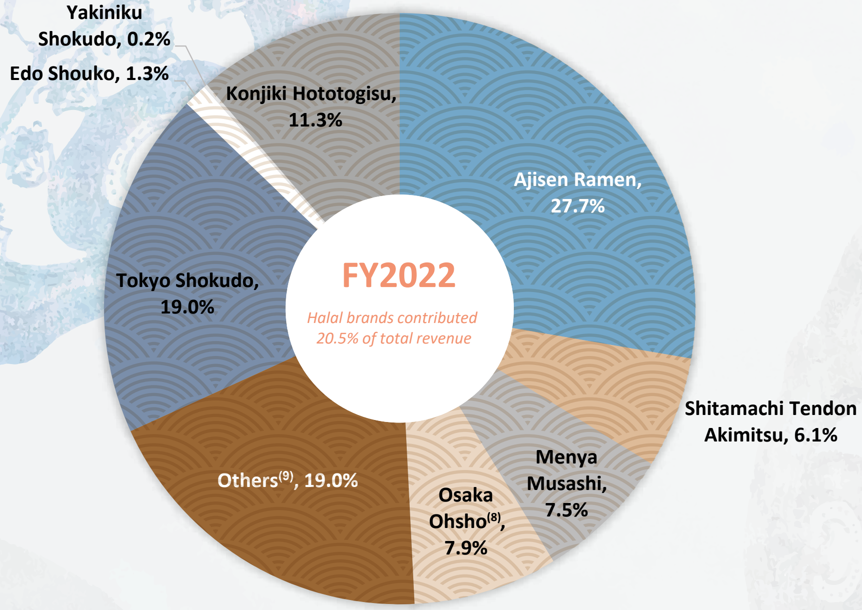


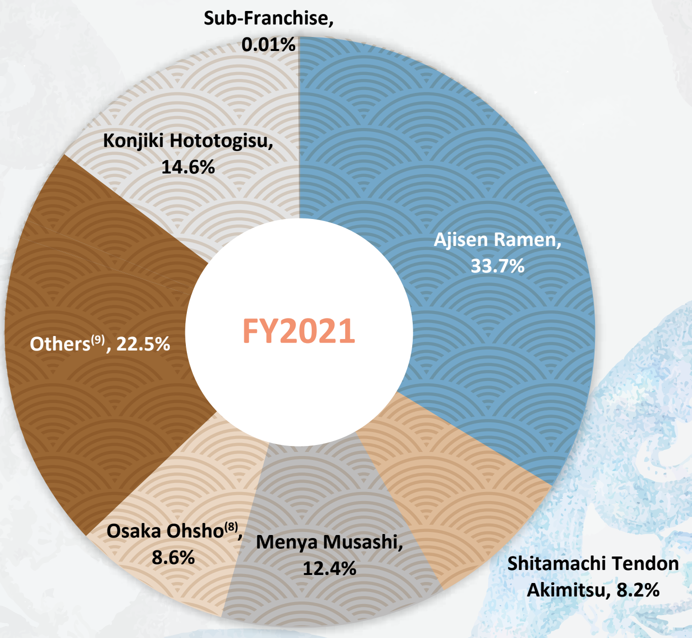
FY2021

FY2022

(7) Includes 1 " Kotsujiru Nabe " brand restaurant, which is a brand extension of the "Osaka Ohsho " brand

FINANCIAL HIGHLIGHTS





Notes:

[8] Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

[9] Includes the impact of JFH Rewards where reward points known as J$ earned by members (net of expired points of approximately S$0.1 million) amounting to S$0.8 million was deducted from the corresponding revenue recognised in FY2022 in accordance with the relevant accounting standard (as compared to S$0.7 million in FY2021).

FINANCIAL HIGHLIGHTS

VALUE ADDED STATEMENT

S$'000	FY2018	FY2019	FY2020	FY2021	FY2022
Value added from:					
Revenue	67,845	68,079	68,413	51,002	**54,614**
Less: Purchases of materials & services	(38,841)	(40,005)	(25,772)	(17,428)	**(19,212)**
	29,004	28,074	42,641	33,574	**35,402**
Add/(less):					
Other income	971	663	762	10,999	**7,285**
Share of profits of associated companies / JV	474	132	(342)	(58)	**83**
Gain/(Loss) on disposal of plant and equipment / ROU	(1)	(1)	–	18	**40**
Plant & equipment W/O	(160)	(104)	(189)	(309)	**(28)**
Inventories W/O	(4)	(4)	(3)	–	**–**
Impairment of plant and equipment / ROU / Intangible Assets	–	(110)	(665)	(389)	**(107)**
Currency translation gain/(loss)	(11)	9	5	(25)	**(14)**
Total value added	30,273	28,659	42,209	43,810	**42,672**
Distribution of total value added:					
To employees					
Salaries and other staff costs	18,911	20,357	19,755	16,477	**18,024**
To government					
Corporate tax	1,223	789	381	613	**(1)**
To providers of capital					
Dividend	3,557	3,653	3,651	1,739	**3,925**
Finance costs[10]	–	–	984	1,008	**813**
Retained for future capital requirements					
Depreciation and amortisation[11]	4,364	4,178	20,072	22,087	**20,595**
Retained profit	2,218	(318)	(2,634)	1,886	**(693)**
Total distribution	30,273	28,659	42,209	43,810	**42,672**
Productivity analysis					
Value added per $ employment cost	1.6	1.4	2.1	2.7	**2.4**
Value added per $ investment in fixed assets	0.9	0.8	1.1	1.2	**1.1**
Value added per $ sales (S$)	0.4	0.4	0.6	0.9	**0.8**
Fixed assets (Cost)	34,604	36,645	39,577	35,845	**39,395**

Notes:

(10) Include Lease Interest Expenses from FY2020 upon adoption of FRS(I)16.
(11) Include Depreciation of ROU Assets from FY2020 upon adoption of FRS(I)16.

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE FOR FY2022

Revenue

The Group's revenue increased by S$3.6 million or 7.1% from S$51.0 million for the financial year ended 31 March 2021 ("**FY2021**") to S$54.6 million for the financial year ended 31 March 2022 ("**FY2022**"). The increase in the Group's revenue was a result of the following:

(i) net increase in revenue of S$8.7 million from the restaurants operating under the "Tokyo Shokudo" brand

The Group launched a Halal brand "Tokyo Shokudo" in November 2021. It generated S$10.3 million of revenue in FY2022. There were 7 restaurants under "Tokyo Shokudo" as at 31 March 2022. The increase was due to opening of 5 new "Tokyo Shokudo" restaurants in FY2022.

(ii) net decrease in revenue of S$2.1 million from the restaurants operating under the "Ajisen Ramen" brands

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S$17.2 million in FY2021 to S$15.1 million in FY2022 due to (i) closure of outlets at Changi City Point and Plaza Singapura in January 2021 and March 2021 respectively; (ii) conversion of a restaurant at Nex to "Shitamachi Tendon Akimitsu" brand in June 2021. The decrease was partially offset by higher revenue generated by certain existing restaurants.

(iii) net decrease in revenue of S$2.2 million from the restaurants operating under "Menya Musashi" brand

The Group's revenue from restaurants operating under the "Menya Musashi" brand decreased from S$6.3 million in FY2021 to S$4.1 million in FY2022 due to (i) the closure of restaurants at North Point Mall in March 2021 and Chinatown Point in September 2021; (ii) conversion of a restaurant at Clementi Mall to "Ramen Ichiro" brand in September 2020; (iii) conversion of a restaurant at Tampines Mall to "Tokyo Shokudo" brand in November 2020; (iv) conversion of a restaurant at Star Vista to "Akimitsu" brand in September 2021.

(iv) net decrease in revenue of S$0.7 million from the restaurants operating under "Shitamachi Tendon Akitmitsu" brand

The Group's revenue from restaurants operating under the "Shitamachi Tendon Akitmitsu" brand decreased from S$4 million in FY2021 to S$3.3 million in FY2022 mainly attributable to (i) the closure of outlets at North Point Mall and Ang Mo Kio Hub in 8 March 2021 and 4 April 2021 respectively; (ii) conversion of a restaurant at Westgate and Vivo City to "Tokyo Shokudo" brand in January 2021 and September 2021 respectively. The decrease was partially offset by (i) opening of a restaurant at Takashimaya in March 2022; (ii) conversion of restaurants at Nex and Star Vista in June 2021 and September 2021 respectively.

(v) net decrease in revenue of S$55,000 from the restaurants operating under other brands

The Group recorded a decrease in revenue from restaurants operating under other brands in FY2022 as compared to FY2021, which was mainly contributed by lower revenue from restaurants operating under the "Afuri Ramen", "Osaka Ohsho" and "Konjiki Hototogisu" brands. The decrease in revenue from these restaurants was partially offset by an increase in revenue due to (i) opening of restaurants operating under the "Edo Shokudo" and "Yakiniku Shokudo" brand in October 2021 and February 2022 respectively; (ii) higher revenue generated by "Fruit Paradise", "Ramen Ichiro" and "Yonehachi" brand.

(vi) impact of JFH Rewards

The reward points known as $J earned by members (net of expired points of approximately S$0.1 million) under JFH Rewards amounted to S$0.8 million in FY2022 compared to S$0.7 million in FY2021. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial periods.

OPERATING AND FINANCIAL REVIEW

Table 1: The Group's portfolio in Singapore

Non-Halal Restaurant Brands	As at 31 March 2022	As at 31 March 2021
Ajisen Ramen[12]	13	14
Afuri	2	2
Curry is Drink	1	1
Fruit Paradise	2	1
Ramen Ichiro	1	1
Kagurazaka Saryo	1	1
Kazokutei	1	1
Konjiki Hototogisu	8	8
Menya Musashi	4	6
Menzo Butao	1	1
New ManLee Bak Kut Teh	1	1
Osaka Ohsho[13]	4	4
Shitamachi Tendon Akimitsu	5	3
Sho Ryu Ramen	1	2
Yonehachi	2	2
Halal Restaurant Brands		
Edo Shokudo	1	-
Tokyo Shokudo	7	2
Yakiniku Shokudo	1	-
TOTAL RESTAURANTS	**56**	**50**

(12) Includes 5 "Den by Ajisen Ramen" brand restaurants

(13) Includes 1 "Kotsujiru Nabe" brand restaurant, which is an extension of the "Osaka Ohsho" brand

Table 2: Restaurants operated by associated and joint venture companies

Restaurant Brands	As at 31 March 2022	As at 31 March 2021
Ajisen Ramen (operated by sub-franchisee)		
• Malaysia	1	1
Menya Musashi (interests via associated companies)		
• Indonesia	1	1
• Hong Kong	8	7
• China	10	9
Konjiki Hototogisu (interests via associated companies)		
• Hong Kong	4	2
• China	1	-
Pizzakaya (operated by a joint venture company with Minor Singapore)		
• Singapore	3	1
TOTAL RESTAURANTS	**28**	**21**

OPERATING AND FINANCIAL REVIEW

Gross profit

The Group's gross profit increased by S$3.0 million or 6.9% from S$43.2 million in FY2021 to S$46.2 million in FY2022, which was generally in line with the increase in the Group's revenue. Gross profit remained favourable at 84.6% in FY2022 (FY2021: 84.7%).

Expenses

Selling and distribution expenses: The Group's selling and distribution expenses increased by S$0.6 million or 1.4% from S$44.1 million in FY2021 to S$44.7 million in FY2022 is in line with higher business activities during the period. The higher selling and distribution costs were mainly due to higher manpower cost, utilities and on-line delivery expenses. The increase was partially offset by lower depreciation plant and equipment and ROU assets as there were lesser outlets operating in 1H2022.

Administrative expenses: The Group's administrative expenses increased by S$0.6 million or 19.2% from S$3.1 million in FY2021 to S$3.7 million in FY2022 mainly due to higher manpower cost and professional fee incurred for the Group's higher business operations level.

Other operating expenses: The Group's other operating expenses decreased by S$0.6 million or 30.5% from S$1.8 million in FY2021 to S$1.2 million in FY2022 due to lower fixed assets written off and impairment of plant and equipment and right-of-use assets.

Share of results of associated companies and joint venture

The Group recorded its share of profit of its associated companies of S$83,000 in FY2022 as compared to share of profit of S$33,000 in FY2021. The associated companies operating the "Hototogisu" brand restaurant in Hong Kong had generated higher profits during FY2022. This profit was partially offset by the Group's share of loss incurred at "Menya Musashi" brand restaurants in China, Hong Kong and Indonesia.

The "Pizzakaya" brand under the joint venture company, Dining Collective Pte Ltd, had commenced operations in December 2020. There are currently three restaurants in operation which are incurring losses in FY2022 due to the impact of Phase 2 (Heightened Alert) ("**P2HA**") measures extended until 24th November 2021. No share of loss was captured in FY2022 as the cumulative loss has exceeded the capital contribution of S$100,000.

Income tax expenses

There are no income tax expenses as the government grant under Job Support Scheme of S$1.8 million and Rental Support Scheme of S$3.2 million cash payout are exempted from income tax. Tax credit of S$1,000 was the refund of over payment for prior year assessment.

Net profit

As a result of the reasons mentioned above, the Group recorded a decrease in the net profit attributable to equity holders of the Company of S$0.4 million or 10.8% from S$3.6 million in FY2021 to S$3.2 million in FY2022.

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets

The Group's total current assets increased by S$0.7 million, from S$26.9 million as at 31 March 2021 to S$27.6 million as at 31 March 2022. This was mainly due to increase in cash and bank balances of S$0.1 million and other current assets of S$0.5 million (comprising current portion of rental deposit and prepaid expenses of S$0.3 million and S$0.2 million respectively) and trade receivables of S$0.2 million. The increase was partially offset by the decrease in inventories of S$0.1 million.

Non-current assets

The Group's total non-current assets increased by S$9.0 million, from S$41.2 million as at 31 March 2021 to S$50.2 million as at 31 March 2022.

This was mainly due to the increase in net book value of right-of-use assets and plant equipment of S$9.2 million and S$1.0 million respectively arising from leasing of premises and capex for new outlets as well as loan to joint venture company of S$0.3 million. The increase is partially offset by the decrease of long-term security deposits of S$0.7 million, other investment of S$0.5 million and investment in associated companies of S$0.3 million.

Current liabilities

The Group's total current liabilities increased by S$3.4 million, from S$22.7 million as at 31 March 2021 to S$26.1 million as at 31 March 2022, mainly due to higher current portion of lease liabilities of S$1.7 million and trade and other payables and accruals of S$2.1 million. This is offset with lower current income tax liabilities of S$0.4 million.

Non-current liabilities

The Group's total non-current liabilities increased by S$7.0 million, from S$12.0 million as at 31 March 2021 to S$19.0 million as at 31 March 2022 due to the increase in long-term portion of lease liabilities from the renewal of leases.

Shareholders' equity

The Group's shareholders' equity decreased by S$0.7 million, from S$33.4 million as at 31 March 2021 to S$32.7 million as at 31 March 2022. The decrease was mainly due to the distribution of final dividend in respect of FY2021 and interim dividend for FY2022 amounting to S$3.9 million, the purchase of treasury shares amounting to S$0.2 million in aggregate. The decrease is partially offset by transfer of treasury shares to the Group's employees pursuant to the Japan Foods Performance Share Plan (as announced on 25 June 2021) amounting to S$0.2 million and net profit recorded by the Group of S$3.2 million in FY2022.

REVIEW OF STATEMENT OF CASH FLOW FOR FY2022

The Group's net cash generated from operating activities in FY2022 was S$25.4 million. This was mainly due to operating profit after working capital changes of S$25.8 million offset by the payment of income tax of S$0.4 million.

The Group's net cash used in investing activities in FY2022 was S$3.4 million arising from renovation cost and purchase of plant and equipment for the Group's restaurants of S$4.0 million and additional loan of S$0.3 million to the joint venture company. These were offset by the receipt of dividends from associated company of S$0.4 million and redemption of financial assets of S$0.5 million.

The Group's net cash used in financing activities in FY2022 was S$22.6 million due to dividend payment of S$3.9 million, repayment of lease liabilities of S$16.9 million, interest on leases of S$0.8 million, increase of short-term deposit pledged of S$0.8 million and purchase of treasury shares of S$0.2 million.

BOARD OF DIRECTORS

TAKAHASHI KENICHI
EXECUTIVE CHAIRMAN AND CEO

Date of Appointment
18 February 2008

Date of Last Re-Appointment
9 September 2020

Present and Past Directorships in other Listed Companies and Major Appointments
Nil

Skills & Experience
- Founded the Group in 1997
- 25 years of F&B experience
- Professional engineer in research and development of Pioneer Asia Singapore from April 1978 to March 1997
- Graduated from Sophia University with a Certificate of Mechanical and Engineering

WONG HIN SUN, EUGENE
NON-EXECUTIVE VICE CHAIRMAN

Date of Appointment
24 November 2008

Date of Last Re-Appointment
21 July 2021

Length of Service
14 years
(Non-executive Director since November 2008)

Present Directorships in other Listed Companies and Major Appointments
- Founder and Managing Director of Sirius Venture Capital Pte Ltd
- Non-executive chairman of APAC Realty Limited
- Non-executive director of Singapore Cruise Centre Pte Ltd
- Non-executive director of Dining Collective Pte. Ltd.
- Non-executive director of SGX-ST listed Jason Marine Group limited
- Non-executive director of SGX-ST listed Alliance Healthcare Group Limited
- Vice Chairman, SBF's China North Asia Business Group
- Non-executive chairman of NTUC Learninghub Pte Ltd
- Non-executive chairman of NTUC Learninghub Co-operative Limited
- Council member, China-Singapore Business Council
- Non-executive director of Mekhala Pte. Ltd.
- Non-executive director of Aerospring Gardens Pte. Ltd.

Past Directorships in other Listed Companies Held Over the Preceding Three Years
- Board member of Agri-food & Veterinary Authority of Singapore from 1 April 2012 to 21 March 2019
- Board member of Enterprise Singapore from 1 April 2018 to 31 March 2020

Skills & Experience
- Graduated with a Bachelor of Business Administration (First Class Honours) from the National University of Singapore in 1992
- Obtained Master of Business Administration from the Imperial College of Science, Technology and Medicine from the University of London in 1998
- Completed the Owner President Management Program from Harvard Business School in 2011
- A Chartered Financial Analyst (CFA) since 2001
- A Chartered Director (CDir) since 2014
- A Fellow of the Australian Institute of Company Directors and UK Institute of Directors
- A Chartered Valuer and Appraiser since 2018

BOARD OF DIRECTORS

LEE SOK KOON, CONSTANCE
LEAD INDEPENDENT DIRECTOR

Date of Appointment
1 September 2011

Date of Last Re-Appointment
21 July 2021

Length of Service
11 years
(since September 2011)

Present Directorships in other Listed Companies and Major Appointments
- Independent Director of NUS America Foundation, Inc. since 27 August 2013
- Honaray member of Fundraising Committee of Singapore Arts School Ltd
- Independent director at SGX-ST listed SBS Transit Ltd since 1 May 2017
- Independent director at SGX-ST listed Lum Chang Holdings Ltd since 27 August 2021
- Independent director at SGX-ST listed Mooreast Holding Ltd since 28 October 2021

Past Directorships in other Listed Companies and Major Appointments Held Over The Preceding Three Years
- Director on the Board of Singapore Arts School Ltd from 22 August 2011 to 31 January 2020

Skills & Experience
- Bachelor of Accountancy (Second Class Honours) from the National University of Singapore
- A Fellow of the Institute of Singapore Chartered Accountants
- A member of the Singapore Institute of Directors

TAN LYE HUAT
INDEPENDENT DIRECTOR

Date of Appointment
24 November 2008

Date of Last Re-Appointment
9 September 2020

Length of Service
14 years
(since November 2008)

Present Directorships in other Listed Companies and Major Appointments
NIL

Past Directorships in other Listed Companies and Major Appointments Held Over the Preceding Three Years
- Independent Director of Nera Telecommunications Ltd from 28 January 2013 to 29 May 2020.
- Independent Director of Dynamic Colours Limited from 23 May 2011 to 17 August 2020
- Independent Director of Neo Group Limited from 11 June 2012 to 10 June 2021.
- Independent Director of SP Corporation Limited from 1 January 1999 to 8 April 2022.

Skills & Experience
- A Fellow Chartered Director of the Institute of Directors, UK
- A Fellow of the Association of Chartered Certified Accountants
- A life member of the Institute of Singapore Chartered Accountants
- A member of the Australian Institute of Company Directors

CHIA SIOK MEI, SYLVIA
INDEPENDENT DIRECTOR

Date of Appointment
1 March 2022

Date of Last Re-Appointment
NA

Length of Service
4 months

Present Directorships in other Listed Companies and Major Appointments
- Chief People Officer, CrimsonLogic Pte Ltd (2014 - present)

Past Directorships in other Listed Companies and Major Appointments Held Over the Preceding Three Years
NIL

Skills & Experience
- Bachelor of Science (Pharmacy), National University of Singapore
- Certificate in Administrative Management with Distinctions with the Institute of Administrative Management, UK
- A Chartered Fellow of the Chartered Institute of Personnel and Development

KEY MANAGEMENT

CHAN CHAU MUI
Chief Operating Officer

Chan Chau Mui was our Chief Operating Officer from April 1999 until 31 May 2022 when she retired to pursue other commitments. She was in charge of the overall daily operation of our Group and was responsible for the successful execution of our business strategies. Ms Chan first joined our Group as an executive director of Bachmann Enterprises Pte Ltd and Bachmann Japanese Restaurant Pte Ltd, which are the Company's subsidiaries. She oversaw our Group's restaurant operations and contributed significantly to the expansion of our Group over the years and was appointed as our Chief Operating Officer in April 2015. She is deemed an associate of Mr Takahashi Kenichi, our Executive Chairman and Chief Executive Officer. Since her retirement, Ms Chan's function and role has been covered by our Chief Executive Officer and Head of Operations.

KENNETH LIEW KIAN ER
Chief Financial Officer

Kenneth Liew Kian Er is our Chief Financial Officer. He is primarily responsible for overseeing all financial, accounting and corporate secretarial matters of our Group. Mr Liew has more than 25 years of experience in accounting, audit and finance. Prior to joining our Group as Financial Controller in July 2008, Mr Liew was with Abterra Ltd, a company listed on the Main Board of the SGX-ST, serving as its financial controller from March 2007 to July 2008 and as finance manager from January 2007 to March 2007. Mr Liew was an associate at Bensyl Consultancy Services Pte Ltd from May 2004 to December 2006. He was with Sunstar Logistic Singapore Pte Ltd serving as its accounting manager from July 1997 to March 2002 and as deputy general manager from April 2002 to April 2004. Mr Liew is a member of the Institute of Singapore Chartered Accountants and a fellow of the Chartered Association of Certified Accountants (UK).

KEY MANAGEMENT

FONG SIEW GEEN
Head of Operations

Fong Siew Geen is our Head of Operations. She is primarily responsible for the operation of our Group's restaurants and for overseeing all operational aspects from quality assurance to menu layout. Ms Fong joined our Group as a service crew in October 2003 and was promoted to Floor Manager in April 2008. She rose through the ranks to become our Senior Operations Manager in May 2009 and was appointed our Head of Operations in April 2015.

CHAN FUANG CHIANG
Chief Chef

Chan Fuang Chiang is our Chief Chef. He is primarily responsible for ensuring high food quality standards in all our restaurants and for creating new menu items to meet the changing demands of our customers. Mr Chan has more than 20 years of experience as a chef. Prior to joining our Group in 2001, he was a chef in Restaurant Parkway, 锦龙中华料理 and Restaurant Sia Si Wan from 1991 to 2001.

ICHIRO OTSUKA
Central Kitchen, Operations Manager

Ichiro Otsuka is our Central Kitchen Operations Manager. He is primarily responsible for the day-to-day operations of our central kitchen facility. Mr Ichiro joined our Group in November 2011 and was then in charge of spearheading the expansion of our central kitchen. Under his leadership, our Group successfully established a noodle production facility at our central kitchen in April 2012. Mr Ichiro has more than 15 years of experience in managing central kitchens through his various work engagements in Japan.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAKAHASHI KENICHI
Executive Chairman and CEO

WONG HIN SUN, EUGENE
Non-Executive Vice Chairman

LEE SOK KOON, CONSTANCE
Lead Independent Director

TAN LYE HUAT
Independent Director

CHIA SIOK MEI, SYLVIA
Independent Director

AUDIT AND RISK COMMITTEE

TAN LYE HUAT, Chairperson

LEE SOK KOON, CONSTANCE

WONG HIN SUN, EUGENE

CHIA SIOK MEI, SYLVIA

NOMINATING COMMITTEE

LEE SOK KOON, CONSTANCE,
Chairperson

TAN LYE HUAT

WONG HIN SUN, EUGENE

CHIA SIOK MEI, SYLVIA

REMUNERATION COMMITTEE

LEE SOK KOON, CONSTANCE,
Chairperson

TAN LYE HUAT

WONG HIN SUN, EUGENE

CHIA SIOK MEI, SYLVIA

COMPANY SECRETARYS

CHEW PEI TSING
ACS, ACG

REGISTERED OFFICE

420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781
Fax: (65) 6333 9782

SHARE REGISTRAR

B.A.C.S. PRIVATE LIMITED
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

SPONSOR

UOB KAY HIAN PRIVATE LIMITED
8 Anthony Road
#01-01
Singapore 229957

INDEPENDENT AUDITOR

NEXIA TS PUBLIC ACCOUNTING CORPORATION
80 Robinson Road
#25-00
Singapore 068898

Director-in-charge:
Lee Look Ling
Appointed since financial year ended 31 March 2020

PRINCIPAL BANKER

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
Singapore 049513

INVESTOR RELATIONS

AUGUST CONSULTING PTE. LTD.
101 Thomson Road
#29-05 United Square
Singapore 307591
Email: ir@jfh.com.sg

SUSTAINABILITY REPORT

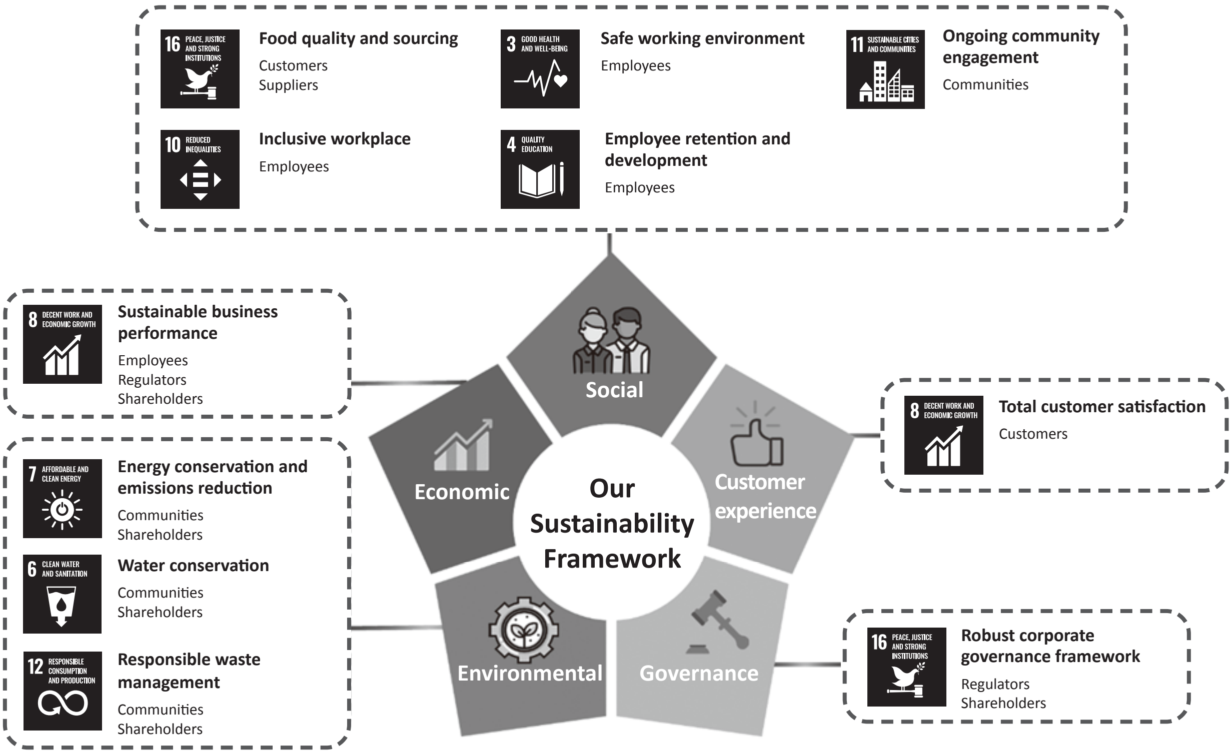
1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report ("**Report**"). In this Report, we provide insights to the way we do business, while highlighting our environmental, social, governance ("**ESG**") factors, economic performance and customer experience (collectively as "**Sustainability Factors**").

We are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the Group's future. In line with our commitment, the Board of Directors ("**Board**") having considered sustainability issues as part of its strategic formulation, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors.

We have a sustainability policy ("**SR Policy**") that covers our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors, which also serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, as well as relevant organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("**SDGs**" or "**Global Goals**") and is supported by our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



SUSTAINABILITY REPORT

A summary of our key sustainability performance in FY2022 is as follows:

Sustainability factor	Performance indicator	Sustainability performance FY2022	Sustainability performance FY2021
Customer experience	Number of restaurants	56	50
	Number of members	327,000	280,000
Economic	Tax (refund from)/ to government	(S$0.001) million	S$0.6 million
	Salaries to employees	S$18.0 million	S$16.5 million
	Dividend paid to equity holders[1]	S$3.9 million	S$1.7 million
	Reinvestment via retained profit	(S$0.7) million	S$1.9 million
Environmental	Total GHG emissions (tonnes CO_2e)	16,970	17,127
	GHG emissions intensity (tonnes CO_2e/ revenue S$'000)	0.3	0.3
	Water consumption intensity (CuM/ revenue S$'000)	1.5	1.5
Social	Percentage of restaurants graded A by the Singapore Food Agency ("**SFA**")[2]	94%	98%
	Number of major food safety incidents[3]	0	0
	Number of reported incidents of unlawful discrimination[4] against employees	0	0
	Number of workplace fatalities	0	0
	Number of high-consequence[5] work-related injuries	0	0
	Number of recordable work-related injuries[6]	26	16
	Number of work-related ill health cases[7]	0	0
Governance	Number of valid[8] complaints received via whistle blowing channel	0	0
	Singapore Governance and Transparency Index ("**SGTI**") score	73	82

The Group expects the operating environment for the local food and beverage industry to be challenging as the industry faces a manpower crunch intensified by the lifting of Coronavirus disease 2019 ("**COVID-19**" or "**Pandemic**") restrictions. The Group also expects to face a higher cost of operations due to inflationary pressures and an uncertain economic outlook. To cushion our bottom line against rising costs, we will intensify our efforts to manage our expenses and maintain a healthy balance sheet, while maintaining a compelling portfolio of brands and locations that appeals to customers. The Group believes that its operational track record and healthy balance sheet will enable it to ride through this challenging period.

1 Dividend paid to equity holders includes the final dividend paid in respect of the preceding financial year and interim dividend paid in the reporting financial year.
2 Where available and excludes new outlets in their first year of operations.
3 A major food safety incident is defined as an incident whereby at least 5 unrelated customers (at the same venue or event) are affected from consuming food items produced by the Central Kitchen.
4 Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.
5 High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
6 Recordable work-related injuries refer to all work-related injuries that the Company is required to report to the Ministry of Manpower.
7 Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.
8 As defined in our whistle blowing policy.

2. REPORTING FRAMEWORK

This Report has been prepared in accordance with the GRI Standards 2016: Core option and published in pursuant to 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found in Appendix 2.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 (“**UN Sustainability Agenda**”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures and our disclosures are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”).

While we have not sought for external assurance for this Report, we have relied on internal data monitoring and verification to ensure accuracy. We will work towards external assurance for our future sustainability reports.

3. REPORTING PERIOD AND SCOPE

This Report articulates our strategies and practices in key aspects of sustainability and provides a detailed account of our sustainability performance in our operations and is applicable for the Group’s financial year ended 31 March 2022 (“**FY2022**” or “**Reporting Period**”). This Report covers all our subsidiaries and a sustainability report is published annually in accordance with our SR Policy.

4. FEEDBACK

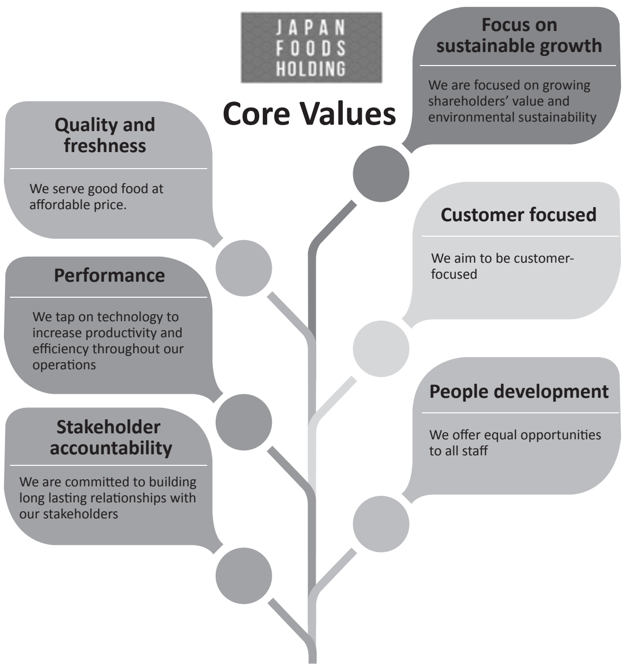
Your feedback on this Report will help us to make improvements to our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at ir@jfh.com.sg.

5. OUR SUSTAINABILITY JOURNEY

Our sustainability journey is driven by the Group’s core values as well as the SDGs or Global Goals as they shape our business culture and strategies.

As we move on with our sustainability journey, we face potential risks relating to the identified Sustainability Factors. We recognise that if risks are identified early and managed well, they will lead to opportunities.

Refer to section 9 for more details on the alignment of our material Sustainability Factors with our core values, corresponding risks and opportunities and the SDGs.



SUSTAINABILITY REPORT

6. OUR BUSINESS

The Group is principally involved in the operations of a chain of restaurants under franchised and self-developed brands. Our key ingredients are sourced from both overseas and local suppliers. Ingredients are processed in our central kitchen for economic and quality control reasons before they are supplied to our restaurants in the form of processed food such as sauces, soup, noodles and processed meat for further handling before they are served to customers.

Suppliers
Procure food ingredients from reliable suppliers

Central kitchen
Central kitchen to process ingredients

Operations
Restaurant operations

7. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include individuals or groups that have an interest that is affected or could be affected by our activities. Our efforts are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each Sustainability Factor identified, based on the extent to which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

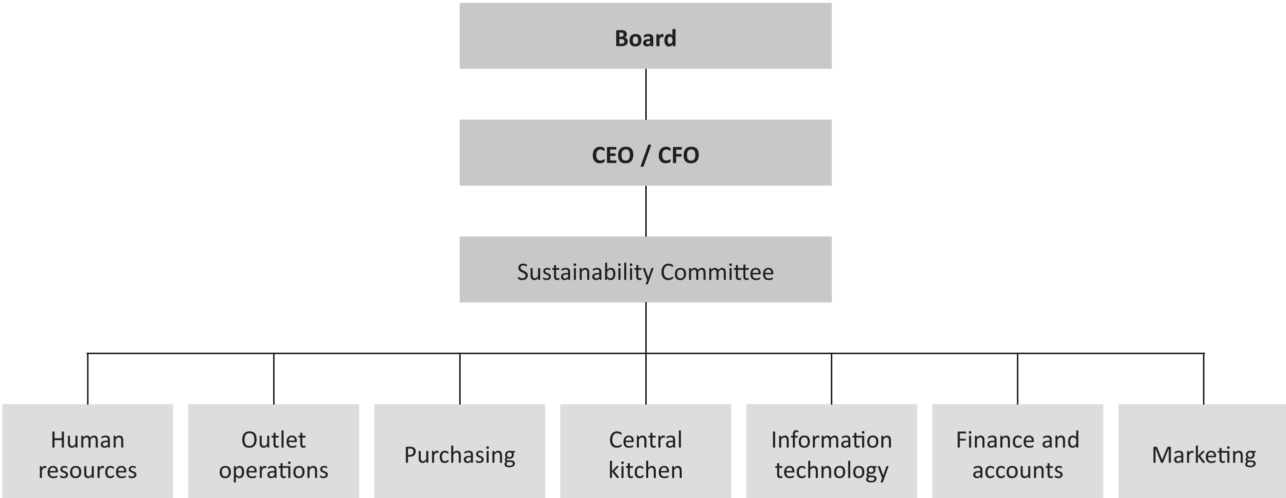
S/N	Key stakeholder	Key engagement channel	Frequency of engagement	Key concern raised by stakeholder
1	Communities	Community campaigns	Ongoing	• Social inclusion • Environmental initiatives
2	Customers	• Customer questionnaires • Online feedback forms • JFH Rewards programme	Daily	• Customer service standards • Food safety
3	Employees	• Staff evaluation	Annually	• Equal employment opportunity • Career development and training opportunities • Job security • Remuneration
4	Regulators	Consultations and briefing organised by key regulatory bodies such as Singapore Stock Exchange, Ministry of Manpower and Singapore Food Agency	As and when required	• Corporate governance • Environmental compliance
5	Shareholders	• Annual general meeting • Issuance of annual report	Annually	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
		• Results announcements	Half-yearly	
		• Investor relations communication	Ongoing	
6	Suppliers	• Suppliers' evaluation • Feedback provided by procurement teams to suppliers	As and when required	Order volatility

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

8. POLICY, PRACTICE AND PERFORMANCE REPORTING

8.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Group's Sustainability Committee, which includes senior management executives and key managers from various functions, is led by the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"). The Sustainability Committee is tasked to develop the sustainability strategy with consideration of climate-related issues, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.



8.2 Sustainability reporting processes

Under our SR Policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material Sustainability Factors disclosed in this Report. Processes involved are as shown in the chart below:

Identification	Identification of the material factors that are relevant to the Group's activities and data points for performance reporting
Prioritisation	Prioritisation of the material factors and identification of key Sustainability Factors to be reported
Validation	Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key Sustainability Factors to finalise the Report content
Review	Monitor, review and update our material Sustainability Factors from the previous reporting period, taking into account the feedback received from engagement with stakeholders as well as organisational and external developments

SUSTAINABILITY REPORT

8.3 Materiality assessment

The materiality assessment is supported by a material factor matrix which considers the likelihood of the occurrence of potential negative and positive impacts ("Likelihood of Impact") and significance of impacts on the economy, environment, people and their human rights, which in turn can indicate its contribution to sustainable development ("Significance of Impact"). Refer to section 9 for the material factor matrix.

8.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points (i.e. the information source of the relevant factor) and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capturing systems. The sustainability trends can be found in Appendix 1.

9. MATERIAL FACTORS

A materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of material Sustainability Factors and material factor matrix applicable to the Group:

<u>List of material Sustainability Factors</u>

S/N	Material Sustainability Factor	Core value	SDG	Key stakeholder
Customer experience				
1	Total customer satisfaction	Customer focused	Decent work and economic growth	Customers
Economic				
2	Sustainable business performance	Focused on sustainable growth	Decent work and economic growth	• Employees • Regulators • Shareholders
Environmental				
3	Energy conservation and emissions reduction	Focused on sustainable growth	Affordable and clean energy	• Communities • Shareholders
4	Water conservation	Focused on sustainable growth	Clean water and sanitation	• Communities • Shareholders
5	Responsible waste management	Focused on sustainable growth	Responsible consumption and production	• Communities • Shareholders
Social				
6	Food quality and sourcing	Quality and freshness	Responsible consumption and production	• Customers • Suppliers
7	Inclusive workplace	People development	Reduced inequalities	Employees
8	Safe working environment	People development	Good health and well-being	Employees
9	Employee retention and development	People development	Quality education	Employees
10	Ongoing community engagement	Stakeholder accountability	Sustainable cities and communities	Communities

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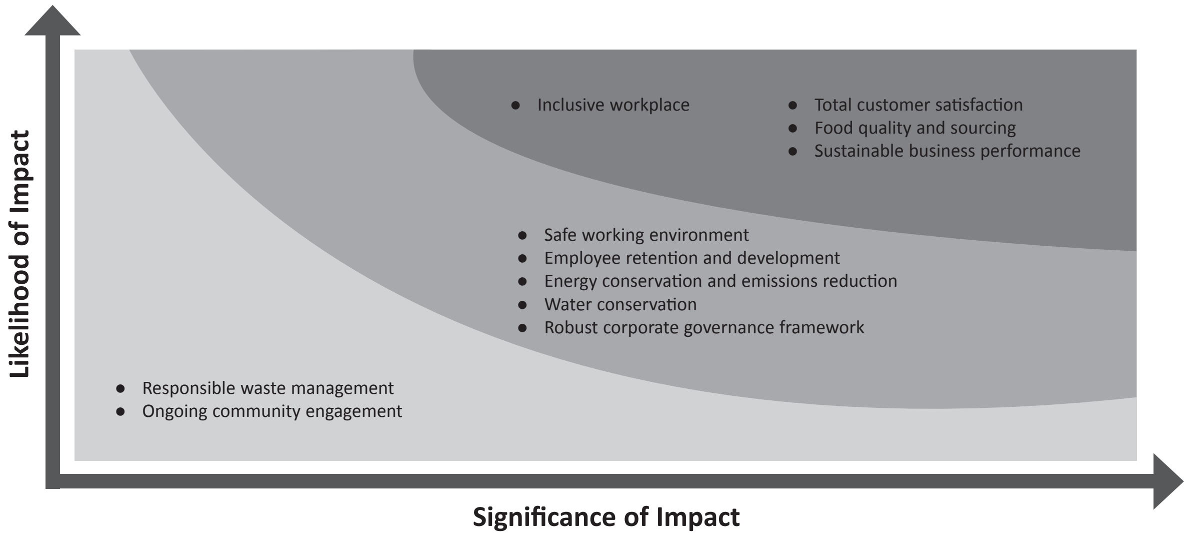
S/N	Material Sustainability Factor	Core value	SDG	Key stakeholder
Governance				
11	Robust corporate governance framework	Stakeholder accountability	Peace, justice and strong institutions	• Regulators • Shareholders

Material factor matrix



Legend

High Medium Low

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

9.1 Total customer satisfaction

In line with our core values to be customer-focused, we are committed to build a loyal customer base for our long-term sustainability by maximising customer's satisfaction through the following:

Offer a diverse portfolio of brands

With an in-depth understanding of our market, we constantly review our brand portfolio to bring new tastes and experiences to satisfy the diverse needs of our customers. We introduced new brands which include Edo Shokudo that offers Halal certified ramen and teppanyaki, Yakiniku Shokudo that offers Halal-certified Japanese Style BBQ and Tokyo Kitchen that offers no pork no lard Japanese Western delicacies.

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To date, our franchise restaurant brands include “Ajisen Ramen”, “Kazokutei”, “Menya Musashi”, “Shitamachi Tendon Akimitsu”, “Osaka Ohsho”, “New ManLee Bak Kut Teh”, “Afuri”, “Menzo Butao“, “Yonehachi“, “Kagurazaka Saryo“ as well as Michelin-starred “Konjiki Hototogisu” brands. Over the years, we have also developed our own brands such as “Fruit Paradise”, “Curry is Drink”, “Pizzakaya”, “Ramen Ichiro”, “Tokyo Shokudo”, “Sho Ryu Ramen”, “Edo Shokudo”, “Tokyo Kitchen” and “Yakiniku Shokudo”.

Maintain presence and proximity to our customers
We recognise that a convenient location is key to attract returning customers. Over the years, we have established good relationships with major mall operators and we are able to secure good locations to build a network of 56 restaurants as at 31 March 2022 (as at 31 March 2021: 50 restaurants) in high-traffic and popular malls island-wide.

Encouraged by the positive response since our first Halal concept restaurant “Tokyo Shokudo” which commenced operations at Tampines Mall in November 2020, we have created “Shokudo” as an umbrella brand for our Halal brands and expanded the number of Halal restaurants to 9 restaurants as at 31 March 2022 to serve our customers better.

Provide good food at affordable prices
Our strategy is to offer authentic Japanese cuisine at affordable prices. Under this strategy,

- Our research and development team constantly adds new recipes to our menus to attract customers;
- We operate a central kitchen to process ingredients for our restaurants so that we are able to ensure consistency of food standards and enjoy economies of scale through bulk purchases; and
- We play an active role in sourcing for suppliers to ensure that they offer quality products with competitive pricing. Strategic suppliers are regularly evaluated through measures such as annual assessments and visits to suppliers’ facilities.

Provide quality and safe products
We adopt market standards and best practices in our operations to ensure quality and safety of our products and services. For further details on how we maintain product safety and consistency in quality, refer to section 9.6.

Proactively gather customer feedback through technology for improvements and to develop strategies
We embrace technology to stay agile in addressing customer feedback, which is collected through various touchpoints such as social media and a customer relationship management system that allows a deeper and more meaningful analysis of customer preferences. Insights gathered are discussed during our management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

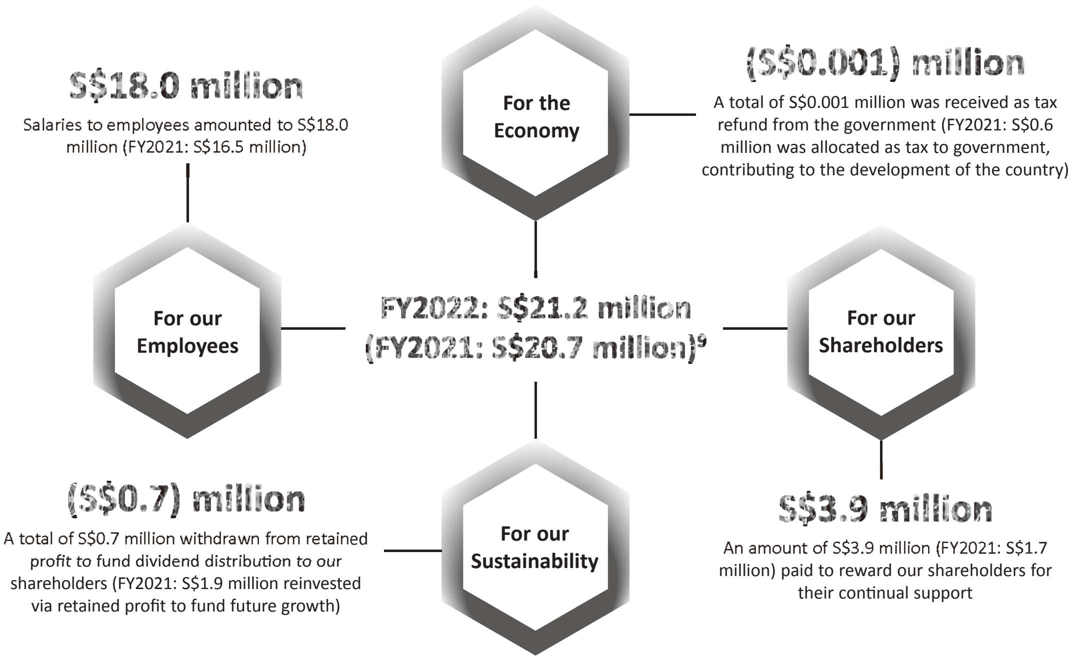
Build loyalty through the membership program
Our JFH Rewards loyalty program aims to build loyalty amongst customers. Under the program, members are connected via social media that promote the latest additions to our menus and promotions. Members also enjoy discounts when they patronise our restaurants. As at 31 March 2022, we have accumulated 327,000 members (as at 31 March 2021: 280,000).

Maintain a sense of trust and confidence amongst our customers during the Pandemic
In view of the social distancing measures implemented as a result of the Pandemic, we encouraged our customers to opt for takeaways instead of dining in by providing discounts for takeaway orders for selected brands during the promotional period. This effort is part of our initiative to build social resilience and support our community during the Pandemic.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain a balanced and attractive brand portfolio • Maintain or improve market presence subject to market conditions • Maintain or increase the number of members subject to market conditions	Target met as follows: • Introduced 2 new brands and expanded number of restaurants under our Halal brands • Number of restaurants operated increased to 56 and number of restaurants under Halal brands increased to 9 • Number of members increased to 327,000	• Maintain a balanced and attractive brand portfolio • Maintain or improve market presence subject to market conditions • Maintain or increase the number of members subject to market conditions
Risk and opportunity analysis		
Risk	Risks identified: • Lack of choice in outlet locations • Reduction of gross sales due to unattractive pricing • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To expand our brand presence and enhance our attractiveness as a franchise partner to Japanese food and beverages brand owners who are looking to expand their business beyond their local market	

9.2 Sustainable business performance

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created in FY2022 is distributed as follows to enable a more sustainable future:



[9] Total economic value created differs from the amount disclosed in the value-added statement as it excluded finance costs, depreciation and amortisation.

SUSTAINABILITY REPORT

Further details of our economic performance can be found in the financial contents and audited financial statements of the Annual Report.

Target for FY2022	Performance in FY2022	Target for FY2023
• Improve or maintain our financial performance subject to market conditions • Distribute dividend in accordance with our dividend policy	Target met as follows: • Total economic value distributed and reinvested increased to S$21.2 million • Total dividend payment in respect of FY2022 will be 1.85 Singapore cents per share, comprising the interim dividend of 0.5 Singapore cents per share already paid in December 2021 and the proposed final dividend of 1.35 Singapore cents per share. This represented a total dividend payout of 99.8% of our Group's net profit in FY2022	• Maintain or improve total economic value created subject to market conditions • Distribute dividend in accordance with our dividend policy
Risk and opportunity analysis		
Risk	Risks identified: • Lack of choice in outlet locations • Reduction of gross sales due to unattractive pricing • Escalating costs due to pandemic outbreak, geo-political situations and/or climate changes • Business disruption in the event of a pandemic outbreak Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To create long-term economic value for our shareholders	

9.3 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction through enhancing energy usage efficiency to combat climate change.

We operate a head office, a central kitchen and various restaurants in Singapore. To run our operations, we rely mainly on the following energy sources:

- Liquefied petroleum gas ("**LPG**") for operating cooking equipment;
- Electricity for running equipment for refrigeration, lighting, office work, cooling and ventilation; and
- Diesel for motor vehicles.

SUSTAINABILITY REPORT

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
LPG consumption	kWh	4,832,465	4,894,151
Diesel consumption	litre	10,093	8,873
Electricity consumption	kWh	6,189,856	6,135,216
Energy consumption intensity			
LPG consumption intensity	kWh/ revenue S$'000	88.5	96.0
Diesel consumption intensity	litre/ revenue S$'000	0.2	0.2
Electricity consumption intensity	kWh/ revenue S$'000	113.3	120.3
GHG emissions			
Direct GHG emissions (Scope 1[10])	tonnes CO_2e	14,462	14,643
Indirect GHG emissions (Scope 2[11])	tonnes CO_2e	2,508	2,484
Total GHG emissions	tonnes CO_2e	16,970	17,127
GHG emissions intensity	tonnes CO_2e/ revenue S$'000	0.3	0.3

The decrease in LPG and electricity consumption intensities are mainly due to a more than proportional increase in revenue. We track and review energy consumption regularly to control usage. One of our proactive measures to control energy consumption is the implementation of a systematic maintenance program for operating equipment to optimise energy efficiency and achieve cost savings by limiting equipment degradation.

Target for FY2022	Performance in FY2022	Target for FY2023
Reduce or maintain the energy consumption rate	Target met as follows: LPG and electricity consumption intensities decreased to 88.5 kWh / revenue S$'000 and 113.3 kWh / revenue S$'000 respectively and no material changes to diesel consumption intensity	● Reduce or maintain the energy consumption intensity ● Reduce or maintain GHG emissions intensity
Risk and opportunity analysis		
Risk	Risk identified: ● Escalating costs due to pandemic outbreak, geo-political situations and/or climate changes Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

[10] GHG emissions from consumption of LPG and diesel controlled by the Company (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the NEA.

[11] GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the average emissions factors published by the Energy Market Authority.

SUSTAINABILITY REPORT

9.4 Water conservation

We are committed to responsible usage of water resources through enhancing our water consumption efficiency.

Key statistics on water consumption during the Reporting Period are as follows:

	Water consumption (CuM)		Water consumption intensity (CuM/ revenue S$'000)	
Resource	**FY2022**	**FY2021**	**FY2022**	**FY2021**
Water	80,712	74,484	1.5	1.5

We rely on water resources to run our operations primarily in the following areas:
- Central kitchen such as running water to thaw meat and washing;
- Central kitchen and restaurants as an ingredient in our products such as soup bases; and
- Restaurants such as for dishwashing.

Our water conservation initiatives include performing periodic inspections to check faucets and pipes for leaks and encourage staff to use water responsibly, such as to operate the dishwasher only when the wash basin is filled with utensils for washing.

Target for FY2022	Performance in FY2022	Target for FY2023
Reduce or maintain the water consumption rate	Target met as follows: No material changes in water consumption intensity	Reduce or maintain the water consumption intensity
Risk and opportunity analysis		
Risk	Risk identified: ● Escalating costs due to pandemic outbreak, geo-political situations and/or climate changes Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

9.5 Responsible waste management

We believe that responsible waste management can help to preserve the environment in which we operate in. Accordingly, we are committed to improve the management of waste generated in operations.

Ingredient waste generated from our operations is deemed not to be material as the products we serve are mostly fast-moving and semi-processed food such as char siew can be used interchangeably for different dishes whilst the final dishes are cooked only when ordered.

Nonetheless, we have initiated various initiatives to minimise waste generated in operations. Such initiatives include having a barcode system in place to track the shelf life of our products, ensuring that the waste oil generated in operations is collected by licensed waste collectors, not providing disposable chopsticks when customers dine at our restaurants. During the Reporting Period, all waste oil generated in operations of 19,202 litres (FY2021: 100% of waste oil generated in operations of 17,696 litres) was disposed through a licensed oil collector.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve the proportion of waste oil generated from operations that is properly disposed	Target met as follows: Maintained 100% of waste oil generated from operations that was properly disposed	Maintain the proportion of waste oil generated from operations that is properly disposed
Risk and opportunity analysis		
Risk	No material residual risk associated with this Sustainability Factor is identified	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

9.6 Food quality and sourcing

To fulfil our core value of ensuring quality and freshness for our customers, the following key measures are in place:

Maintain high food hygiene standards at our restaurants
As at 31 March 2022, 94% (FY2021: 98%) of our restaurants were graded A by the SFA for the overall hygiene, cleanliness and housekeeping standards[12]. There was no major food safety incident during the Reporting Period (FY2021: zero incident).

94%

of our restaurants are graded A by SFA

We will continuously work towards improving food hygiene standards at our restaurants.

To fulfil our commitment to the health and safety of customers whilst dining at our premises during the Pandemic, we have implemented the following precautionary measures:

- Provision of hand sanitisers for our diners;
- Thorough and extensive disinfection for all surfaces every night; and
- Comply with the Safe Management Measures[13] to protect our customers.

Proactive supply quality and security management
We play an active role in ensuring that our ingredients are obtained from competent and reliable suppliers. We have put in place Hazard Analysis Critical Control Point ("HACCP") policies, a market standard which is designed to prevent or reduce the occurrence of health hazards.

To uphold our standard on food quality and safety, we have implemented the following measures:

- Strategic suppliers are constantly evaluated through measures such as annual assessments and visits made to suppliers' facilities. The procurement team constantly furnishes feedback to suppliers to make improvements. A supplier that does not meet assessment criteria or improve will be disqualified;
- A set of receiving inspection procedures is in place for ingredients and raw materials to comply with our established product standards;
- Key ingredients manufactured internally at our central kitchen are subject to a stringent set of quality control procedures; and
- A third-party laboratory is engaged to perform periodic testing of our food products to ensure food safety and quality.

[12] As part of the licensing requirements to operate a food and beverage business in Singapore, each restaurant is assessed by the SFA and assigned a grading based on the overall hygiene, cleanliness and housekeeping standards of the premises. The grading ranges from A to D with A being the best and D being the worst.

[13] The Ministry of Manpower ("MOM"), the National Trades Union Congress ("NTUC"), and the Singapore National Employers Federation ("SNEF") have issued details of the Safe Management Measures for employers to resume operations.

Being committed to eco-friendly and sustainable supply chain processes, we will monitor the industry development on sustainable sources and explore viable sustainable ingredients.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain or improve SFA Grade A for all our restaurants • Maintain zero food safety incident	Target partially met as follows: • 94% of our restaurants were graded A, which was a slight decrease from the previous year • Maintained zero food safety incident	Maintain zero major food safety incident
Risk and opportunity analysis		
Risk	Risk identified: • Improper food handling resulting in food poisoning cases • Business disruption in the event of a pandemic outbreak Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To build customer confidence in our products and services	

9.7 Inclusive workplace

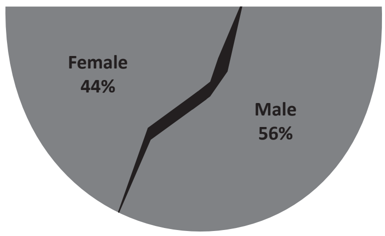
To focus on people development, we aim to provide a work environment for our employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. We were recognised as one of the top 200 companies in the list of Singapore's Best Employers 2021[14]. The total number of full-time employees in the Group as at 31 March 2022 was 409 (as at 31 March 2021: 408).

For gender diversity, 44% (as at 31 March 2021: 40%) of our full-time employees were made up of female employees whilst the percentage of female managers was 33% (as at 31 March 2021: 32%) of total managers. We will continuously move towards a more balanced gender ratio. We also view diversity at the Board level as an essential element in supporting sustainable development with two (as at 31 March 2021: one) female Board members or 40% (as at 31 March 2021: 25%) female representation on the Board.

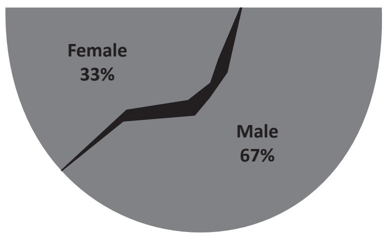
Matured workers are valued in the Group for their experience, knowledge and skills. As at 31 March 2022, 34% (as at 31 March 2021: 36%) of our full-time employees were at least 40 years old.

To promote equal opportunity, we have a comprehensive Human Resource Policy to ensure that employees are recruited and promoted based on merit and competency. We also perform annual assessment to share information with all levels of employees and align business goals and objectives with them. As at 31 March 2022, we had no (FY2021: zero incident) reported incident of unlawful discrimination against employees.

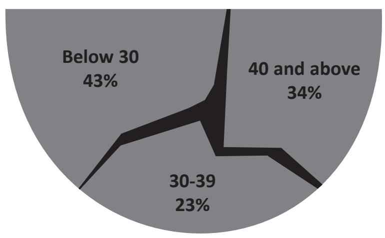
Gender diversity (full-time employees)



Gender diversity (managers)



Age diversity (full-time employees)



[14] The list of Singapore's Best Employers 2021 is a list of 200 companies with the best scores on employees' opinion of their employers based on a research project conducted by Statista, a research partner of The Straits Times.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero reported incident of unlawful discrimination against employees	Target met as follows: Maintained zero reported incident of unlawful discrimination against employees	Maintain zero reported incident of unlawful discrimination against employees
Risk and opportunity analysis		
Risk	Risk identified: ● Turnover of managerial staff ● Shortage of operational staff Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To create a diverse and inclusive workplace that will bring new perspectives into our business and strengthen our ability to overcome new challenges and innovate	

9.8 Safe working environment

A safe working environment allows our employees to work safely without the fear of getting injured. This helps to build loyalty amongst our employees and support the sustainability of the Group. Accordingly, we are committed to maintain a safety and security conscious culture amongst our employees of all levels.

We recorded no (FY2021: zero) workplace fatalities, no (FY2021: zero) high-consequence work-related injuries, 26 (FY2021: 16) recordable work-related injuries and no (FY2021: zero) work-related ill health cases during the Reporting Period. The recordable work-related injuries which resulted in 199 man-days lost (FY2021: 278 man-days lost) during the Reporting Period are mainly associated with burns and cuts. Nonetheless, we remain committed to maintain a safe working environment and ensure that lessons from the workplace accidents are shared across business units to prevent recurrence. We will continuously work towards reducing both the occurrence and severity of workplace accidents.

Key measures adopted to manage health and safety in the workplace environment include:
- A set of safety rules and regulations is in place;
- A safety committee is in place and safety inspections are performed regularly;
- New employees are briefed on safety procedures during orientation; and
- First aid kits are placed at key locations with easy access.

As protecting employees is a priority amidst the Pandemic, we comply with prevailing Safe Management Measures to protect our employees at the workplace.

Target for FY2022	Performance in FY2022	Target for FY2023
Reduce the number of workplace accidents	Target not met as follows: Number of workplace accidents increased to 26, but number of man-days lost decreased to 199	Reduce the number of recordable work-related injuries and ill health cases
Risk and opportunity analysis		
Risk	Risk identified: ● Accidents at the central kitchen and restaurants leading to injuries or fatalities Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To create a safe working environment that will reduce absenteeism and turnover, increase productivity, raise employee morale and lower injury or illness costs	

SUSTAINABILITY REPORT

9.9 Employee retention and development

In line with our commitment to focus on people development, we place a high priority on talent retention and competency development of our employees as we believe that well-trained employees are vital to the long-term success of our business. Due to the nature of our business, we experienced high employee turnover and our turnover rate was 51% during the Reporting Period (FY2021: 47%). We will continuously work towards improving our turnover rate.

In order to provide employees with a clear and forward-looking career path with better prospects, we have introduced the following initiatives:

<u>Systematic and comprehensive training programs</u>
Our employees play a vital role in contributing to the success of our business as they interact first-hand with customers and are also responsible for maintaining food safety and hygiene standard of our restaurants.

To equip our employees with the right capabilities, we implemented various training programs ranging from kitchen housekeeping to food hygiene and safety courses. Such programs also motivate them to maintain a high level of performance.

<u>Robust performance appraisal system</u>
Staff assessment serves as a platform to evaluate the performance of the employees and to discuss areas for improvement. It also encourages employees to take self-initiated enrichment actions to improve their current skillsets, which in turn helps to value-add to our business.

Target for FY2022	Performance in FY2022	Target for FY2023
Continuously identify opportunities to upskill workforce	Target met as follows: Training programs ranging from kitchen housekeeping to food hygiene and safety courses were in place to equip our employees with the right capabilities	Continuously identify opportunities to upskill workforce
Risk and opportunity analysis		
Risk	Risks identified: ● Turnover of managerial staff ● Shortage of operational staff Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To expand the knowledge base of our employees, strengthen our ability to overcome new challenges and innovate	

9.10 Ongoing community engagement

We strive not only to set a good example but also to encourage individuals and other corporations to embrace the spirit of giving. We recognise that the long-term success of our business is closely related to the health and prosperity of the communities. During the Reporting Period, various campaigns were initiated to help the communities as follows:

<u>Create a disability inclusive workplace</u>
We continued our cooperation with Movement for the Intellectually Disabled of Singapore ("**MINDS**") to hire employees with disabilities and integrate them into our workforce. As at 31 March 2022, we employed 7 employees (as at 31 March 2021: 5 employees) with special needs.

Reintegrate ex-offenders

We partner with Yellow Ribbon Singapore to provide a second chance to ex-offenders. As at 31 March 2022, we employed 2 employees (as at 31 March 2021: 5) under this partnership.

Target for FY2022	Performance in FY2022	Target for FY2023
Initiate various campaigns to help the communities	Target met as follows: Continued to initiate various campaigns to help the communities	Continue to participate in various campaigns to help the communities
Risk and opportunity analysis		
Risk	No material residual risk associated with this Sustainability Factor is identified	
Opportunity	To strengthen our reputation and build goodwill with the communities that we operate in	

9.11 Robust corporate governance framework

We are committed to high standards of corporate governance as corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long-term shareholder value.

We continue to be one of the companies listed on the Catalist Board of Singapore Exchange under the SGX Fast Track Program of Singapore Exchange Regulation. This program recognises public listed companies with good corporate governance practices and compliance track records and allows them to enjoy fast-tracked approval for certain corporate actions.

In line with our commitment to maintain a robust corporate governance framework, we have a whistle blowing policy in place to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2022, no valid complaint was received via the whistle blowing channel (FY2021: zero valid complaint).

The overall SGTI score assessed by the National University of Singapore Business School was 73 for the year 2021 (Year 2020: 82).

You may refer to Corporate Governance Report of this Annual Report for details of our corporate governance practices.

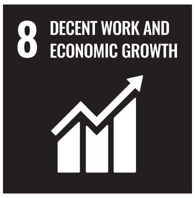
Target for FY2022	Performance in FY2022	Target for FY2023
Ensure that SGTI score does not fall below 75 points	Target not met as follows: SGTI score decreased to 73 for the year 2021	Ensure zero valid complaint received via whistle blowing channel
Risk and opportunity analysis		
Risk	No material residual risk associated with this Sustainability Factor is identified	
Opportunity	To drive long-term sustainable growth and increase corporate values	

SUSTAINABILITY REPORT

10. SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG	Our effort (Sustainability Factor)
 Ensure healthy lives and promote well-being for all at all ages	<u>Section 9.8 Safe working environment</u> We implement measures to ensure that the environment our employees work in is both safe and secure, as well as to maintain the physical and mental health of our employees.
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<u>Section 9.9 Employee retention and development</u> We invest in training, education and development of our people to enhance our business competencies
 Ensure availability and sustainable management of water sanitation for all	<u>Section 9.4 Water conservation</u> We implement checks and measures to minimise wastage of water from our business operations, which in turn helps us to work towards achieving sustainable management and efficient use of natural resources.
 Ensure access to affordable, reliable, sustainable and modern energy for all	<u>Section 9.3 Energy conservation and emissions reduction</u> We implement measures to reduce our energy consumption rate as not only does it help to improve our energy efficiency and reduce GHG emissions, it also helps us to save costs incurred to support our business operations.

SDG	Our effort (Sustainability Factor)
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Section 9.1 Total customer satisfaction We place heavy emphasis on customer satisfaction as we understand that maintaining a high level of customer satisfaction is essential to the continued success of our business. This in turn helps to contribute to economic growth as well as the creation of new jobs. Section 9.2 Sustainable business performance We contribute to economic growth through creating long-term value for our stakeholders.
 Reduce inequality within and among countries	Section 9.7 Inclusive workplace We ensure equal opportunity for all regardless of age, gender, race and educational background.
 Make cities and human settlements inclusive, safe, resilient and sustainable	Section 9.10 Ongoing community engagement We initiate various campaigns to promote social inclusion and sustainable communities.
 Ensures sustainable consumption and production patterns	Section 9.5 Responsible waste management We implement measures to help prevent and reduce waste that is generated from our business operations.
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Section 9.6 Food quality and sourcing We ensure compliance to market standards, laws and regulations with regards to the quality and safety of our food to maintain the continued success of our business and promote effective and accountable institutions. Section 9.11 Robust corporate governance framework We are committed to high standards of corporate governance as we believe that a high standard of corporate governance is integral in ensuring the sustainability of our businesses as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

SUSTAINABILITY REPORT

11. SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and have voluntarily disclosed some of our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Key area	Our approach
Governance	The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies. Our sustainability strategy is developed and directed by the Group's Sustainability Committee in consultation with the Board. The Group's Sustainability Committee, which includes senior management executives and key managers from various functions, is led by the Group's CEO and CFO. The responsibilities of the Sustainability Committee include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.
Strategy	The climate-related risks were identified by the Group during the enterprise risk management ("**ERM**") exercise. We are currently looking into conducting climate-related scenario analysis consistent with the recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons.
Risk management	The Group's climate related risks and opportunities were identified and assessed during the ERM exercise. An ERM framework is in place to guide the Group in the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.
Metrics and targets	We track, measure and report on our environmental performance, including energy, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts. To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the sustainability report and set climate-related targets such as those related to GHG emissions, water and energy consumption and waste management.

APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020
Total customer satisfaction				
1	Number of restaurants	56	50	59
2	Number of members	327,000	280,000	230,000
Sustainable business performance				
3	Tax (refund from)/ to government	(S$0.001) million	S$0.6 million	S$0.4 million
4	Salaries to employees	S$18.0 million	S$16.5 million	S$19.8 million
5	Dividend paid to equity holders	S$3.9 million	S$1.7 million	S$3.7 million
6	Reinvestment via retained profit	(S$0.7) million	S$1.9 million	(S$2.6) million
Energy conservation and emissions reduction				
7	LPG consumption (kWh)	4,832,465	4,894,151	5,575,483
8	LPG consumption intensity (kWh/ revenue S$'000)	88.5	96.0	81.5
9	Diesel consumption (litre)	10,093	8,873	–[15]
10	Diesel consumption intensity (litre/ revenue S$'000)	0.2	0.2	–[15]
11	Electricity consumption (kWh)	6,189,856	6,135,216	6,760,260
12	Electricity consumption intensity (kWh/ revenue S$'000)	113.3	120.3	98.8
13	Direct GHG emissions (Scope 1) (tonnes CO_2e)	14,462	14,643	–[15]
14	Indirect GHG emissions (Scope 2) (tonnes CO_2e)	2,508	2,484	–[15]
15	Total GHG emissions (tonnes CO_2e)	16,970	17,127	–[15]
16	GHG emissions intensity (tonnes CO_2e/ revenue S$'000)	0.3	0.3	–[15]
Water conservation				
17	Water consumption (CuM)	80,712	74,484	82,719
18	Water consumption intensity (CuM/ revenue S$'000)	1.5	1.5	1.2
Responsible waste management				
19	Total amount of waste oil generated in operations (litre)	19,202	17,696	-[15]
20	Percentage of waste oil handled by licensed waste collector	100%	100%	100%
Food quality and sourcing				
21	Percentage of restaurants graded A by the SFA	94%	98%	100%
22	Number of major food safety incidents	0	0	0

[15] Not applicable as this is a newly disclosed performance indicator in FY2022.

SUSTAINABILITY REPORT

S/N	Performance indicator	Sustainability performance FY2022	FY2021	FY2020
Inclusive workplace				
23	Ratio of female over full-time employees	44%	40%	36%
24	Ratio of female over total managers	33%	32%	32%
25	Ratio of female over total Board members	40%	25%	25%
26	Ratio of employees who are at least 40 years old	34%	36%	34%
27	Number of reported incident of unlawful discrimination	0	0	0
Safe working environment				
28	Number of workplace fatalities	0	0	0
29	Number of high-consequence work-related injuries	0	0	–[16]
30	Number of recordable work-related injuries	26	16	28
31	Number of work-related ill health cases	0	0	–[16]
Employee retention and development				
32	Turnover rate	51%	47%	–[16]
33	Types of training programs	Range from kitchen housekeeping to food hygiene and safety courses		
Ongoing community engagement				
34	Community campaigns	Carried out various community initiatives		
Robust corporate governance framework				
35	Number of valid complaint received via whistle blowing channel	0	0	0
36	SGTI score	73	82	90

[16] Not applicable as this is a newly disclosed performance indicator in FY2022.

APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	Cover Page	–
102-2	Activities, brands, products, and services	• Corporate Profile • Our Brands • Sustainability Report > Our Business • Sustainability Report > Material Factors > Total Customer Satisfaction	01 04-07 28 31-33
102-3	Location of headquarters	• Corporate Information • Notes to the Financial Statements > General Information	24 97
102-4	Location of operations	• Our Networks • Corporate Information	08 24
102-5	Ownership and legal form	• Corporate Structure • Notes to the Financial Statements > General Information • Notes to the Financial Statements > Investments in Subsidiary Corporations • Notes to the Financial Statements > Investments in Associated Companies • Notes to the Financial Statements > Investment in a Joint Venture • Statistics of Shareholdings	09 97 117 117-118 119 147-148
102-6	Markets served	Our Networks	08
102-7	Scale of the organisation	• Our Brands • Financial Highlights • Operating and Financial Review • Sustainability Report > Material Factors > Sustainable Business Performance • Sustainability Report > Material Factors > Inclusive Workplace • Consolidated Statement of Comprehensive Income • Balance Sheets	04-07 12-15 16-19 33-34 38-39 92 93
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Inclusive Workplace	38-39
102-9	Supply chain	• Sustainability Report > Our Business • Sustainability Report > Material Factors > Total Customer Satisfaction	28 31-33
102-10	Significant changes to the organisation and its supply chain	None	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	• Sustainability Report > Supporting the United Nations Sustainable Development Goals • Sustainability Report > Supporting the TCFD	42-43 44
102-13	Membership of associations	None	–

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
Strategy			
102-14	Statement from senior decision-maker	• Chairman's Message • Sustainability Report > Board Statement	10-11 25-26
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Sustainability Report > Material Factors > Robust Corporate Governance Framework • Corporate Governance Report	41 52-83
Governance			
102-18	Governance structure	• Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure • Sustainability Report > Material Factors > Robust Corporate Governance Framework • Corporate Governance Report	29 41 52-83
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	28
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	28
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	28
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Total Customer Satisfaction	28 31-33
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Corporate Structure • Notes to the Financial Statements > Investments in Subsidiary Corporations	09 117
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	29
102-47	List of material topics	Sustainability Report > Material Factors	30-41
102-48	Restatements of information	None	–
102-49	Changes in reporting	There were no significant changes in reporting	–
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	27
102-51	Date of most recent report	Annual Report 2021 > Sustainability Report 2021	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	27
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	27
102-54	Claims of reporting in accordance with the GRI Standards	• Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index	27 47-50
102-55	GRI content index	Sustainability Report > GRI Content Index	47-50
102-56	External assurance	Sustainability Report > Reporting Framework	27

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	30-41
103-2	The management approach and its components	● Sustainability Report > Board Statement ● Sustainability Report > Policy, Practice and Performance Reporting ● Sustainability Report > Material Factors	25-26 29-30 30-41
103-3	Evaluation of management approach	Sustainability Report > Material Factors	30-41
Category: Economic			
201-1	Direct economic value generated and distributed	● Financial Highlights ● Operating and Financial Review ● Sustainability Report > Material Factors > Sustainable Business Performance ● Consolidated Statement of Comprehensive Income ● Balance Sheets	12-15 16-19 33-34 92 93
Category: Environmental			
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	34-35
302-3	Energy intensity	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	34-35
303-5	Water consumption	Sustainability Report > Material Factors > Water Conservation	36
305-1	Direct (Scope 1) GHG emissions	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	34-35
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	34-35
305-4	GHG emissions intensity	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	34-35
306-2	Management of significant waste-related impacts	Sustainability Report > Material Factors > Responsible Waste Management	36-37
306-3	Waste generated	Sustainability Report > Material Factors > Responsible Waste Management	36-37

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GRI standard & disclosure title		Section reference	Page
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention and Development	40
403-9	Work-related injuries	Sustainability Report > Material Factors > Safe Working Environment	39
403-10	Work-related ill health	Sustainability Report > Material Factors > Safe Working Environment	39
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Employee Retention and Development	40
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Inclusive Workplace	38-39
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material Factors > Inclusive Workplace	38-39
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report > Material Factors > Ongoing Community Engagement	40-41
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors > Food Quality and Sourcing	37-38

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board of directors ("**Board**") and the management ("**Management**") of Japan Foods Holding Ltd. (the "**Company**" or together with its subsidiaries, the "**Group**") recognise the importance of corporate governance and the offering of high standards of accountability to all shareholders ("**Shareholders**"). The Board is committed to maintaining a high standard of corporate governance to promote corporate transparency and to enhance the long-term value of the Group to its Shareholders and stakeholders in line with the good practices recommended by the Code of Corporate Governance 2018, and accompanying Practice Guidance issued by the Monetary Authority of Singapore on 6 August 2018 (the "**Code**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of Shareholders.

This report describes the corporate governance processes and practices of the Group that were in place throughout the financial year ended 31 March 2022 ("**FY2022**"), with specific reference made to the principles and provisions of the Code, which forms part of the continuing obligations of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

The Board is pleased to confirm that for FY2022, the Group has adhered to the principles and provisions as outlined in the Code except for the following Provisions where the deviations and explanations have been provided:-

(a) Provision 3.1 – Common Role of Chairman and CEO
(b) Provision 9.1 – Establishment of a Separate Risk Committee

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to Lead and Control the Company

Provision 1.1
Roles and duties of Board

The Board aims to preserve and enhance long-term Shareholders' value. To this end, each director of the Company ("**Director**") endeavours to objectively discharge his or her duties and responsibilities as fiduciaries in the interests of the Company. Apart from its statutory duties and responsibilities, the Board also:

(a) decides on matters in relation to the Group's activities which are of significant nature, including decisions on strategic directions and guidelines and approvals of annual budget, major funding investment and divestment proposals;

(b) oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

(c) reviews management performance;

(d) identifies key stakeholder groups and recognises that their perceptions affect the Company's reputation;

(e) sets the Company's value and standards, and ensures that the obligations to Shareholders and other stakeholders are understood and met;

(f) approves the nominations to the Board and appointments to the various Board committees;

(g) approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee ("**RC**");

(h) provides oversight in the proper conduct of the Group's business and assumes responsibility for corporate governance; and

(i) considers sustainability issues as part of the strategic formulation.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group. It works with Management, its external advisors and auditors to make objective decisions in the interest of the Group. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned. The Board is also supported by three Board committees to facilitate the discharge of its functions to which it has delegated specific areas of responsibilities.

Each Director acts in good faith and in the best interest of the Company and contributes their own expertise, skills, knowledge and experiences to the Board for the benefit of the Shareholders.

Conflict of Interest

All Directors of the Company are expected to be cognisant of their statutory duties, and to discharge them objectively in the interest of the Company. Internal guidelines have been established which require all Board members who have a potential conflict of interest in a particular agenda item to recuse themselves from the discussion and decisions involving the relevant Board discussion. This policy also applies to all Board committees. Such compliance will be recorded in the minutes of meeting and/or directors' resolutions in writing from time to time, when applicable.

Provision 1.2
Continuous Training and Development of Directors

The Board also ensures that incoming new Directors (if any) are given guidance and orientation (including onsite visits, if necessary) to familiarise them with the Group's business and corporate governance practices upon their appointment to facilitate the effective discharge of their duties. For new Directors who do not have any prior experience as a director of a listed company, the Company will arrange for such person to attend training courses organised by the Singapore Institute of Directors ("**SID**") or other training institutions in areas such as accounting, legal and industry-specific knowledge where appropriate, in connection with their duties.

The Directors are provided with opportunities to develop and maintain their skills and knowledge, particularly on applicable new laws, regulations, as well as trainings in areas such as accounting, legal and industry-specific knowledge, as appropriate. During FY2022, Management has kept the Directors up-to-date on pertinent developments in the business of the Group during Board and/or Board committee meetings to facilitate the discharge of their duties. The Company endeavours to provide Directors with opportunities to develop and maintain their skills and knowledge at the Company's expense. During the year, some Directors attended third party-run programmes organised by Singapore Institute of Directors ("**SID**"), the Institute of Singapore Chartered Accountants ("**ISCA**"), Singapore, Securities Investors Association (Singapore) and other professional bodies. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis.

Provision 1.3
Internal Guidelines on Matters Requiring Board's Approval

The Group has adopted internal guidelines governing matters that require the Board's approval. A delegation of authority matrix provides clear directions to the Management on matters requiring the Board's specific approval. The matters requiring Board's approval include (but are not limited to) the following:

(a) Annual budgets and business plan of the Group;

(b) Material acquisition and disposal of assets/investment;

(c) Corporate/financial restructuring and corporate exercise;

(d) Issuances of shares, dividend payout and other returns to Shareholders;

(e) Interested persons transactions;

(f) SGX-ST announcements and release of annual reports; and

(g) Any other matters as prescribed by relevant legislations and regulations, as well as the provisions of the Company's Constitution.

CORPORATE GOVERNANCE REPORT

Provision 1.4
Delegation of Authority to Board Committees

To facilitate effective management, the Board has delegated certain functions to the Board committees, namely, the Audit and Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"), to ensure that there are appropriate checks and balances. These Board committees operate within clearly defined terms of reference which are reviewed from time to time. As at 31 March 2022, the ARC, the RC and the NC each comprised entirely of non-executive Directors.

While the Board committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

Provision 1.5
Meetings of Board and Board Committees

The Board conducts scheduled meetings on a quarterly basis for FY2022 to discuss and review the strategic policies of the Group, significant business transactions, and performances of the business and approves the release of the half-yearly and full year financial results.

Ad-hoc meetings are convened when circumstances require. The Company's Constitution (the "Constitution") and terms of references for each committee provide for participation in meetings via audio or visual means. In between regularly scheduled meetings, matters that require the Board and/or Board Committees' approval are circulated to all Directors and/or respective Board Committee members, as the case may be, for their consideration by way of circular resolutions.

The Constitution provides for the Directors to participate in Board meetings by teleconference or videoconference means. When considering the competing time commitments faced by Directors with multiple listed company board representations and/or other principal commitments, the NC reviews the time spent and attention given by each of the Directors to the Company's affairs, and to assess the adequacy of all Directors in discharging their duties for FY2022.

The number of Board and Board committees' meetings held in FY2022 and the attendance of each Director are set out below:

FY2022 Meeting Attendance	Board	ARC	NC	RC	AGM
Total Number of Meetings	**6**	**5**	**2**	**2**	**1**
Takahashi Kenichi	6	NA	NA	NA	1
Wong Hin Sun, Eugene	6	5	2	2	1
Lee Sok Koon, Constance	6	5	2	2	1
Tan Lye Huat	6	5	2	2	1
Chia Siok Mei, Sylvia (Appointed on 1 March 2022)	NA	NA	NA	NA	NA

NA: Not applicable

Provision 1.6
Access to Information

To enable the Board to fulfil its responsibilities, Management provides adequate and timely information to the Board to make informed decisions. A system of communication between Management and the Board, and between the Board and Board Committees, has been established and improved over time. All scheduled Board and Board Committees meetings are planned in advance of each financial year and meeting papers are normally circulated to the Directors at least one week before the relevant meetings. All Directors have unrestricted access to Management and are free to request for additional information when necessary.

The Board, as a whole, receives quarterly board papers, management financial statements, annual budgets and explanations on material variances to enable them to understand and oversee the Group's performance and prospects. Directors are kept apprised on material developments of the Group as and when necessary.

CORPORATE GOVERNANCE REPORT

Provision 1.7
Separate and Independent Access to Management and Company Secretary

The Company provides for Directors, individually or as a group, to have separate and independent access to Management, the Company Secretary and to seek external professional advice, where necessary, at the expense of the Company in furtherance of their duties and after consultation with the Chairman of the Board.

Under the direction of the Chairman, the Company Secretary facilitates timely information flow within the Board and its Board Committees and between Management and the non-executive Directors.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committee meetings. The Company Secretary administers and attends all Board and Board Committees meetings and prepares minutes of meetings. The Company Secretary is also responsible for, among other things, ensuring Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies' Act, Securities and Futures Act and the Catalist Rules, are complied with.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

Provision 2.1
Independence of Directors

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

The NC deliberates annually to determine the independence of a director. In determining whether a director is independent, the NC has adopted the definition in the Code of what constitutes an independent director as well as other relevant circumstances and facts. The Board considers whether a Director had business relationships with the Group, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group.

For FY2022, the NC has assessed the independence of Mdm Lee Sok Koon, Constance, Mr Tan Lye Huat and Mdm Chia Siok Mei Sylvia, and is satisfied that there are no relationships or other factors such as past associations, business dealings, relationship with the Directors and Management that could impair or compromise their independent judgement or which could deem them to be not independent.

To facilitate the NC in its review of the independent status of the Directors, each Director completes a checklist to confirm his/her independence. The checklist is based on the principles of good corporate governance and provisions of the Code. The checklist will also indicate whether a Director considers himself/herself as an Independent Director despite not having any of the relationships identified in the Code.

The NC also reviews the checklist completed by each Director to determine whether a Director is independent. As a result of the assessment, the NC is satisfied that save as disclosed below, there is no relationship which would deem the Independent Directors to be not independent.

Taking into consideration factors above, the NC is of the view that Mdm Lee Sok Koon, Constance, Mr Tan Lye Huat and Mdm Chia Siok Mei Sylvia remain independent. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. All Independent Directors have also provided written declaration confirming their independence in accordance with the Code for FY2022.

Both Mr Tan Lye Huat, an Independent Director who was appointed on 24 November 2008, and Mdm Lee Sok Koon, Constance, an Independent Director who was appointed on 1 September 2011, have served more than nine years on the Board.

CORPORATE GOVERNANCE REPORT

The Board has subjected the independence of each of Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance to rigorous review by all other Directors. All the other Directors completed a questionnaire to review rigorously the independence of Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance. Having considered the assessment made by the other Directors on the independent status of Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance, with the concurrence of the NC, the Board is of the view that each of Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance has demonstrated strong independence and judgement over the years in discharging their duties and responsibilities as an independent director of the Company. They had expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management where necessary. Taking into account the above, the Board confirms that each of Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance, continues to be considered as an independent director, notwithstanding them being in office for more than nine years.

The continued appointment of Mr Tan Lye Huat ("Mr Tan") and Mdm Lee Sok Koon, Constance ("Mdm Lee"), each of whom had served as an Independent Director for an aggregate period of more than 9 years, were subject to a two-tier voting process in accordance with Rule 406(3)(d)(iii) of the Catalist Rules which came into force on 1 January 2022, and were duly approved by the Shareholders of the Company at the previous annual general meetings held on 9 September 2020 ("**2020 AGM**") and 21 July 2021 ("**2021 AGM**") respectively. The resolutions for their continued appointment shall remain in force until the earlier of the following: (i) Mr Tan's or Mdm Lee's retirement or resignation (ii) conclusion of the third annual general meeting following the passing of the respective resolutions at the 2020 AGM and 2021 AGM respectively regarding the continued appointment of each of Mr Tan and Mdm Lee.

Save for the above, there are no other independent Directors who has served beyond nine years from the respective date of their first appointment during FY2022.

Provision 2.2
Independent Directors Comprising Majority of the Board

Under Provision 2.2 of the Code, independent directors should make up a majority of the Board where the Chairman is not independent. The Board had on 1 March 2022, appointed Mdm Chia Siok Mei Sylvia as an Independent Director and a member of each of the Board Committees of the Company. Subsequent to Mdm Chia's appointment, the Board currently comprises five members of which three are Independent Directors. With at least half of the Board comprising Independent Directors, there is a strong element of independence on the Board. Information regarding each Board member is provided under the Board of Directors section set out on pages 20 to 21 of this report.

Provision 2.3
Proportion of Non-executive Director

Under Provision 2.3 of the Code, non-executive directors should make up a majority of the Board. The Company has complied with Provision 2.3 as the Board currently comprises five members of which four are non-executive Directors.

Provision 2.4
Board Composition, Size and Diversity

The Company strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complimentary backgrounds and experiences. Each Director has been appointed based on the strength of his/her calibre, experience and stature. The Board is made up of Directors with a wide range of skills, experiences and qualifications, ranging from accounting and finance expertise to industry knowledge, entrepreneurial and management experiences relevant to the Group's businesses.

The Board currently has five members, comprising three independent Directors, one non-executive Director and one executive Director. As at the date of this report, the Board comprises the following members:

Mr Takahashi Kenichi	Executive Chairman and Chief Executive Officer
Mr Wong Hin Sun, Eugene	Non-executive Vice Chairman
Mdm Lee Sok Koon, Constance	Lead Independent Director
Mr Tan Lye Huat	Independent Director
Mdm Chia Siok Mei, Sylvia	Independent Director

CORPORATE GOVERNANCE REPORT

The Board is of the opinion that its current size and composition is appropriate for effective decision making, taking into account the scope and nature of the operations of the Group. With three out of five members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The NC is of the opinion that the current Board composition represents a well-balanced mix of expertise and experience necessary to meet the requirements of the Company and the Group, and which facilitates effective decision making. The Board is also of the opinion that the current Board composition takes into consideration gender diversity. Presently, the Company has a 40% female representation on the Board.

The Directors had each completed a Board of Directors Competency Matrix form by providing additional information in their areas of specialisation and expertise in FY2022. The NC, having reviewed the responses, was satisfied that members of the Board possess the relevant core competencies in areas of accounting and finance, business and management experience, and strategic planning. In particular, the non-executive Directors, who are mostly professionals in their selected fields, are able to take a broader view of the Group's activities, contribute their valuable experience and provide independent judgement during the Board's deliberation on the Group's matters.

Provision 2.5
Meeting of Non-Executive Directors

The Board has four non-executive Directors (including the independent Directors) who endeavour to constructively challenge and help develop proposals on strategy and to review the performance of Management in meeting agreed-upon goals and objectives, and monitor the reporting of performance. During the year, the non-executive Directors communicated among themselves without the presence of Management as and when the occasion warrants. The Company also co-ordinates informal sessions for non-executive Directors to meet on a need-basis without the presence of the Management.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities between the Board and Management and Balance of Power and Authority

Provision 3.1
Common Role of Chairman and CEO

Mr Takahashi Kenichi is both the chairman of the Board ("**Chairman**") and the chief executive officer ("**CEO**") of the Company. The Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Takahashi Kenichi is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure.

Mr Wong Hin Sun, Eugene is the Vice Chairman and non-executive Director of the Company and supports Mr Takahashi Kenichi in his Chairman role.

The Board is of the view that with the three Board Committees and the Vice Chairman, there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

Provision 3.2
Roles and Responsibilities of Chairman

The Board has established and set out in writing the division of responsibilities between the roles of Chairman and the roles of CEO notwithstanding that these roles are assumed by the same person.

The Chairman seeks to, amongst others:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) ensure that the Directors receive complete, accurate, timely and clear information;

(d) ensure effective communication with Shareholders;

(e) encourage constructive relations within the Board and between the Board and the Management;

(f) promote a culture of openness and debate at the Board;

(g) facilitate the effective contribution of non-executive Directors; and

(h) promote high standards of corporate governance.

The responsibilities of the CEO are set out in a service agreement entered into between the Company and the CEO. The CEO is responsible for the development and expansion of the Group's business and is responsible for the Group's entire operations, strategic planning, major decision-making, as well as developing the business and vision of the Group.

Provision 3.3
Lead Independent Director

The NC, RC and ARC are all chaired by independent Directors. Mdm Lee Sok Koon, Constance who is the Chairperson of the NC and RC is also the Lead Independent Director of the Company. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Chairman and CEO being able to exercise considerable concentration of power or influence.

As the Lead Independent Director of the Company, Mdm Lee Sok Koon, Constance acts as the leader of the Independent Directors at Board Meetings to provide non-executive perspectives and contribute a balance of viewpoints on the Board. She is also available to Shareholders if they have concerns and for which contact through the normal channels of the Chairman, the CEO and the Chief Financial Officer ("CFO") has failed to resolve their concerns or is inappropriate.

The independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP
Principle 4: Formal and Transparent Process for the Appointment of Directors to the Board

Provision 4.1 and Provision 4.2
Membership & Roles and Responsibilities of the NC

The NC comprises the following members, the majority of whom, including the chairperson of the committee, are independent non-executive Directors:

Mdm Lee Sok Koon, Constance, Chairperson	Independent and non-Executive
Mr Tan Lye Huat	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive
Mdm Chia Siok Mei, Sylvia	Independent and non-Executive

Mdm Lee Sok Koon, Constance who is the Lead Independent Director is a member of the NC.

The NC is established to ensure there is a formal and transparent process for the appointment and re-appointment of Directors. The principal functions of the NC include:

(a) recommending to the Board new Board appointments;

(b) making recommendations on re-nomination of Directors, having regard to the Director's contribution and performance;

(c) evaluating the independence of each of the Directors annually;

(d) evaluating the effectiveness of the Board as a whole and the contribution of each individual Director towards the effectiveness of the Board;

(e) review of succession plans for Directors and key management personnel; and

(f) review of training and professional development programmes for the Board and its Directors.

Provision 4.3
Selection, Appointment and Re-appointment of Directors

Process for Selection and Appointment of New Directors

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates. The NC will generally identify suitable candidates skilled in core competencies such as accounting or finance, business or management expertise, or industry knowledge taking into consideration the requirement for board diversity. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion. Upon appointment, arrangements will be made for the new Director to attend various briefings with the Management team.

Process for Re-appointment of Directors

Succession planning is an important part of the governance process. The NC oversees the nomination of Directors for election or re-election and seeks to balance Board renewal progressively and in an orderly manner. This brings in fresh insights with maintenance of knowledge and experience of the Company's operations and avoid losing institutional memory. The NC strives to ensure that the Board and its Committees comprise individuals who are best able to discharge their duties and responsibilities as Directors with regard to the highest standards of corporate governance.

No Director stays in office for more than three years without being re-elected by Shareholders. The Constitution provides that at least one-third of the Directors, including the CEO, shall retire from office by rotation at every annual general meeting of the Company ("**AGM**") and Directors appointed during the course of the year will be subject to re-election at the next AGM following his/her appointment.

In accordance with the Company's Constitution and Rule 720(4) of the Catalist Rules, the following Directors are due for retirement at the forthcoming AGM:

(a) Mr Takahashi Kenichi – Regulation 101 of the Company's Constitution;

(b) Mr Tan Lye Huat – Regulation 101 of the Company's Constitution; and

(c) Mdm Chia Siok Mei, Sylvia -Regulation 105 of the Company's Constitution;

(together the "**Retiring Directors**").

After consideration of the Retiring Directors' overall contribution and performance, the NC had recommended to the Board that Mr Takahashi Kenichi, Mr Tan Lye Huat and Mdm Chia Siok Mei Sylvia be nominated for re-election at the forthcoming AGM pursuant to Regulations 101 and 105 of the Company's Constitution. All the Retiring Directors have expressed their willingness to be re-elected as a Director of the Company at the forthcoming AGM, and upon re-election:

(a) Mr Takahashi Kenichi shall remain as the Executive Chairman of the Board ("**Chairman**") and the chief executive officer ("**CEO**") of the Company;

(b) Mr Tan Lye Huat shall remain as an Independent Director, Chairman of the Audit and Risk Committee ("**ARC**"), and a member of the Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") respectively; and

(c) Mdm Chia Siok Mei, Sylvia shall remain as an Independent Director and a member of the ARC, NC and RC respectively.

Under Catalist Rule that came into effect 1 January 2022, the appointment of independent directors ("**IDs**") who have served an aggregate period of more than nine years will be subject to a two-tier voting process to be approved by the majority of (i) all shareholders and (ii) all shareholders, excluding shareholders who also serve as directors or the CEO (and their associates). The two-tier voting process will be valid for a term of the ID appointment (up to three years).

As Mr Tan Lye Huat is due for retirement by rotation under Regulation 101 of the Constitution, the Company will table Mr Tan's continued appointment as ID to be subject to the two-tier voting process at the forthcoming AGM.

Please refer to pages 78 to 83 in the Annual Report for the detailed information required pursuant to Rule 720(5) of Catalist Rules.

CORPORATE GOVERNANCE REPORT

Provision 4.4
NC to Determine Directors' Independence

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out in the Code as well as all other relevant circumstances and facts. No member of the NC participated in the deliberation in respect of his/her own status as an independent Director. Each of the retiring Directors has confirmed that he/she does not have any relationship with his/her fellow Directors nor with the Company and its substantial shareholders.

Provision 4.5
Commitment of Directors Sitting on Multiple Boards

In assisting the NC to determine whether the Directors who have multiple board representations are able to adequately carry out their duties and commitments towards the Company, the Directors have adopted a form of internal guidelines for Directors serving on multiple boards and with other commitments. The NC, after reviewing the completed forms that were returned by all Directors together with the respective list of directorships held by each Director as well as their attendance, is satisfied that all the Directors who sit on multiple boards are able to devote adequate time and attention to the affairs of the Company and to fulfil their duties as Directors. The NC has recommended, and the Board has agreed that the maximum number of listed company board representations which a Director may hold should not be more than five listed companies (including the Company) for Directors who do not hold any full time employment and not more than two listed companies (including the Company) for Directors who hold full time employment.

Please refer to pages 20 to 21 in the Annual Report for the detailed information on the directorships and principal commitments of each Director.

BOARD PERFORMANCE
Principle 5: Formal Annual Assessment of the Effectiveness of the Board and its Board Committees and Individual Directors

Provision 5.1 and Provision 5.2
Board and Individual Director Evaluation Process

Under the mentorship of the Chairman and the guidance of the NC, the Board has put in place a formal annual process to assess its effectiveness as a whole as well as its ability to discharge its responsibilities in providing stewardship, corporate governance and overseeing of Management's performance.

To facilitate the evaluation and assessment of the effectiveness of the Board committees and Executive Chairman and CEO, the Directors completed a Committees Evaluation Questionnaire and an Executive Chairman and CEO Evaluation. Their feedback and responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. The evaluation of the Executive Chairman and CEO included areas such as his vision and leadership, financial management, board relations, governance and risk management and relations with stakeholders. The review indicated that the Board continues to function effectively.

The Company did not engage any external facilitator for Board and Director assessment for FY2022.

Board Evaluation

The Directors participated in the evaluation by providing feedback to the NC in the form of a Board Evaluation Questionnaire. Their feedback and responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. In assessing the effectiveness of the Board as a whole, the NC takes into consideration a number of factors such as the size and composition of the Board, the Board's access to information, participation in Board proceedings and the communications and guidance given by the Board to the Management.

Evaluation of Individual Director

An individual self-assessment is performed annually by each Director in the form of an Evaluation of Individual Director by Self-Assessment and the responses of the self-assessment were discussed with the NC. Among the factors considered in the individual self-assessment are the Directors' knowledge or experience as directors, experience of being in board committees, knowledge of and contacts in the countries where the Company primarily operates, sector knowledge of the Company's main activities, functional experience and training.

The criteria for evaluation of the performance of individual Directors include the level of participation, attendance at Board and Board committee meetings and the individual Director's functional expertise.

The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: Formal and Transparent Procedure for Developing Policy on Executives' Remuneration and Fixing the Remuneration Packages of Individual Directors

Provision 6.1, Provision 6.2 and Provision 6.3
Membership and Functions of the RC

The RC comprises the following members:

Mdm Lee Sok Koon, Constance Chairperson	Independent and non-Executive
Mr Tan Lye Huat	Independent and non-Executive
Mdm Chia Siok Mei, Sylvia	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

All members of the RC are non-executive directors, the majority of whom, including the chairperson, are independent.

During the year, the RC held two scheduled meetings.

The principal functions of the RC include:

(a) reviewing and recommending to the Board the structure of the compensation policies and recruitment strategies of the Group so as to align compensation with Shareholders' interests;

(b) reviewing and recommending to the Board the framework of remuneration for the executive Directors and key executives of the Group and to determine appropriate adjustments as well as the specific remuneration packages for each Director and the key management personnel;

(c) reviewing and recommending to the Board for endorsement guidelines for Directors' fees of non-executive Directors;

(d) reviewing and approving succession plans for key positions; and

(e) administering and approving long-term incentive schemes which are approved by Shareholders.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind as well as termination terms. The RC also reviews the fairness and reasonableness of the service agreements of the Executive Director and key management personnel to ensure that there is no overly onerous or generous termination clause. The RC's recommendations are submitted for endorsement by the entire Board.

No Director will be involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

Provision 6.4
RC's Access to Advice on Remuneration Matters

The RC may, from time to time, seek expert advice on the remuneration of all Directors and key management personnel. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

LEVEL AND MIX OF REMUNERATION

Principle 7: Level of Remuneration of Directors to be Appropriate and Not Excessive

Provision 7.1
Remuneration of Executive Directors and Key Management Personnel (KMP)

The RC reviews the remuneration of the Executive Director and key executives of the Group, and makes recommendation on an appropriate framework of remuneration. The RC's recommendation is submitted to the Board for endorsement. The RC has adopted a set of performance criteria which links a significant portion of the Executive Director and KMP's remuneration packages to corporate and individual performance, thus aligning their interests with those of Shareholders, and which also take into account effort and time spent and responsibilities of the Executive Director and KMP. In determining the remuneration of the Executive Director and KMP, the RC reviewed their respective KPIs achievement and assessed their performance for the financial year.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business, regulatory and controls, organisational and people development as well as alignment to the Group's risk policies. For FY2022, the RC has evaluated the extent to which the Executive Director and KMP have delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation which was endorsed by the Board.

Provision 7.2
Remuneration of Non-Executive Directors

The non-executive Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board committees. The Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the AGM.

The current framework for Non-Executive Directors' fee (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairperson
Board of Directors	22,000	Additional S$10,000(Note 1)
Audit and Risk Committee	6,000	Additional S$6,000
Nominating Committee	2,500	Additional S$2,500
Remuneration Committee	2,500	Additional S$2,500
Lead Independent Director	2,000	N/A

Note 1 : Applicable to Vice Chairman

Although Non-Executive Directors are eligible to participate in the PSP (as defined hereinafter), the Company has not implemented any share-based compensation scheme for Directors.

Provision 7.3
Long-term Incentive Scheme

The Company has entered into a service agreement with the CEO which contains a profit-sharing incentive bonus. The Company has also adopted the Japan Foods Performance Share Plan ("**PSP**"), further details of which are set out under the write-ups in respect of Provision 8.1 and Provision 8.3, respectively. As the CEO is also the controlling Shareholder of the Company, he and his associates are not eligible to participate in the PSP.

The RC is of the view that the current compensation structure is appropriate to attract, retain and motivate the CEO to provide good stewardship of the Company and key management personnel to successfully manage the Group for the long term.

DISCLOSURE ON REMUNERATION

Principle 8: Clear Disclosure of Remuneration Policy, Level and Mix of Remuneration, and Procedure for Setting Remuneration

Provision 8.1 and Provision 8.3
Remuneration of Directors and Key Management Personnel

The Company adopts an overall remuneration policy for employees, comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Group, the individual, the industry and the economy. In reviewing its remuneration policy, the Company generally takes into account, compensation and employment conditions within the industry and in comparable companies.

The breakdown of the annual remuneration (including all forms of remuneration from the Company and any of its subsidiaries) of each of the Directors for FY2022 is set out below:

Name of Director	Total remuneration in FY2022 (S$'000)	Director's fees (%)	Salary (%)	Incentive bonus and other benefits (%)	Total (%)
Takahashi Kenichi	485	–	54	46	100
Wong Hin Sun, Eugene	45	100	–	–	100
Lee Sok Koon, Constance	42	100	–	–	100
Tan Lye Huat	41	100	–	–	100
Chia Siok Mei, Sylvia	3(Note 1)	100	–	–	100
Total S$'000	**616**	**131**	**260**	**225**	**616**

Note 1: This was based on Mdm Chia prorated remuneration from 1 March 2022 to 31 March 2022

The Company had, on 19 December 2008, entered into a service agreement with Mr Takahashi Kenichi, in relation to his appointment as the CEO. The service agreement took effect from the date of the Company's admission to Catalist, being 23 February 2009, for an initial period of three years, and has been renewed on a yearly basis thereafter.

For FY2022, the remuneration band (including any bonus, allowance and other incentives) of the top five KMP (who are not Directors or CEO) is set out below:

Name of Key Management Personnel	Remuneration bands	Salary[3] (%)	Bonus and other benefits (%)	PSP (%)	Total (%)
Chan Chau Mui[1]	Band A[2]	94.0	6.0	Nil	100
Chan Fuang Chiang	Band A[2]	70.8	5.2	24.0	100
Fong Siew Geen	Band A[2]	70.7	5.3	24.0	100
Kenneth Liew Kian Er	Band A[2]	67.7	4.3	28.0	100
Otsuka Ichiro	Band A[2]	65.7	6.4	27.9	100
Total S$'000		**623**	**46**	**191**	**860**

Notes :

(1) Mdm Chan has stepped down from her position with effect from 31 May 2022.
(2) Band A : Remuneration from S$0 – S$250,000
(3) Salary is inclusive of CPF contribution.

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Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five key management personnel for FY2022 was approximately S$860,000.

The Chairman and CEO, and key management personnel are not entitled to any benefits upon termination, retirement or post-employment.

Provision 8.2
Employee Related to Directors/CEO

Ms Chan Chau Mui has stepped down from her office as the Chief Operating Officer with effect from 31 May 2022. She is a deemed associate of Mr Takahashi Kenichi, the Executive Chairman and CEO of the Company. Ms Chan's annual remuneration for FY2022 was between S$100,000 and S$150,000.

Save as disclosed above, the Group does not have any employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year.

Provision 8.3
Performance Share Plan ("PSP")

The Company adopted Employee Share Option Scheme (ESOS) when it was listed on 20 January 2009. However, no Options have been granted or agreed to be granted by the Company under the ESOS. The Company substituted the ESOS with the Performance Share Plan (PSP) in 2013.

The Company has adopted the PSP which was approved at an Extraordinary General Meeting held on 24 July 2013. The PSP is administered by the RC currently comprising Mdm Lee Sok Koon, Constance, Mr Tan Lye Huat, Mdm Chia Siok Mei Sylvia and Mr Wong Hin Sun, Eugene.

The PSP provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including non-executive Directors and Independent Directors) and who satisfy the eligibility criteria as set out under the rules of the PSP, to participate in the equity of the Company. Controlling shareholders of the Company and their associates shall not be eligible to participate in the PSP. Non-executive Directors are allowed to participate in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest, the non-executive Directors will be primarily remunerated for their services by way of directors' fees. The Board does not envisage that the aggregate number of Shares comprised in awards set aside for the non-executive Directors collectively will exceed 1% of total issued share capital of the Company from time to time. The aggregate number of ordinary shares in the issued share capital of the Company ("**Shares**") over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.

The Company delivers Shares to participants upon vesting of the awards under the PSP by way of issuance of new Shares deemed to be fully paid upon their issuance and allotment or transfer of treasury shares pursuant to the share buyback.

Pursuant to the PSP, an aggregate of 595,000 treasury shares, constituting approximately 0.3% of the total number of issued shares of the Company as at 31 March 2022, were awarded on 25 June 2021. The Company has announced the details as required under Rule 704(32) of the Catalist Rules in relation to the grant of awards on 25 June 2021.

Since the commencement of the PSP and up to the date of this report, an aggregate of 4,495,000 fully-paid shares, constituting approximately 2.6% of the total number of issued shares of the Company as at the date of this report, had been granted by the Company. Since the commencement of the PSP, none of the Directors has been awarded any shares under the PSP.

Except as disclosed in the table below, none of the participants under the PSP was granted 5% or more of the total number of Shares available under the PSP. Further, the Company does not have any parent company and accordingly, the participants of the PSP do not include any directors or employees of any parent company and its subsidiaries.

Name of Participant	Aggregate number of Shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since the commencement of Performance Share Plan to end of financial year under review	Aggregate number of Shares comprised in Awards granted which have vested since the commencement of the Performance Share Plan to end of financial year under review, and in respect of such Awards, the proportion of New Shares issued or Treasury Shares transferred upon the release of the vested Awards	Aggregate number of Shares comprised in Awards which have not been released at end of financial year under review
Kenneth Liew Kian Er	170,000	1,570,000	1,570,000	Nil

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 9: Board's governance of risk management system and internal controls

Provision 9.1
Risk Management and Internal Control Systems

In May 2015, the Audit Committee was expanded and renamed as the Audit and Risk Committee ("**ARC**") to strengthen its risk management process and framework. The responsibility of overseeing the Company's Enterprise Risk Management ("**ERM**") and Assurance Framework is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing risk management and internal control systems, the Board is of the view that a separate risk committee is not required for the time being.

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the Group's assets. During FY2022, the ARC assisted the Board to oversee Management in the design, implementation and monitoring of the risk management and internal control systems and the ARC reported to the Board on critical risk issues, material matters, findings and recommendations pertaining to risk management.

A summary of the Company's risk management and internal control systems is set out below.

<u>Risk Management</u>

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately, with Management and the Board, working as a team. The CEO and senior management of the Company assume the responsibilities of the risk management function. They regularly assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks.

The Group has a risk management framework ("**ERM Framework**") in place which is aligned with ISO 31000.

Under the ERM framework:

(a) Risks identified are aligned with the objectives of the Group;

(b) A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities;

(c) A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks; and

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(d) Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.

Each risk identified is assigned with a risk level to determine the actions required as illustrated in the table below:

Exposure Level	Risk Level	Acceptable Level/ Action Requirements
I	Extreme Risk	Not acceptable: • Immediate action required. • Must be managed by senior management with a detailed treatment plan.
II	High Risk	Generally not acceptable: • Senior management attention needed and management responsibility specified. • Treatment plans to be developed. • Must be monitored on regular frequency.
III	Medium Risk	Acceptable: • Management responsibility must be specified. • Treatment plans to be developed. • On-going monitoring and review.
IV	Low Risk	Acceptable: • Manage by routine processes / procedures. • Consider the implementation of additional controls, only if they are a clearly quantifiable cost benefit. • On-going monitoring and review.
V	Negligible Risk	Acceptable: • Manage by routine processes / procedures; • Unlikely to require specific application of resources.

On an annual basis, Management reports to the Board on updates to the Group's risk profile, risk treatments and results of assurance activities so as the assure that the process is operating effectively as planned.

To enhance the effectiveness of the ERM Framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

<u>Internal Controls</u>

Internal controls have been implemented to enhance the Group's functions in the areas of finance, operations, compliance and information technology. The internal control measures aim to secure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The risk management and internal control systems have been integrated throughout the Group and have been an essential part of its business planning and monitoring process.

An ERM exercise was performed in FY2022 involving middle and senior managers of the Group, including the C-Suite executives. Key risks identified, arising from the ERM exercise, are as follows:

S/N	Risk title and description	Risk level Gross	Risk level Residual	Risk treatment plan
1	Business disruption in the event of a pandemic outbreak In the event of a pandemic outbreak such as COVID-19, SARS or Middle East Respiratory Syndrome ("**MERS**"), customers' demand may decrease significantly and suddenly arising from anxiety, fear and/or regulatory actions such as lockdowns. The Group's supplies of raw materials and ingredients may also be impacted due to trade restrictions or regulatory actions imposed by governments in which the Group's key suppliers are based in. Deterioration of general economic conditions arising from a prolonged pandemic outbreak with extensive imposition of operational restrictions, the Group's operations and financial performance may be adversely affected.	I	II	The Group focuses on ensuring management and staff are suitably trained to respond effectively to pandemic outbreaks. Key mitigating controls in place include maintaining a competent and experienced team, a cash reserve and standby credit line as buffer against a sudden downturn in economic conditions, implementing adequate, effective business contingency policy and procedures and putting in place robust, reliable systems.
2	Turnover of managerial staff The Group's operations are led by a team of senior managers and supported by a team of experienced middle managers. The loss of key managers or the inability for the Group to attract and retain qualified and experienced personnel may have an adverse impact on the Group's business operations and financial performance.	II	III	The Group focuses on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of turnover for key managers. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures and putting in place a market aligned remuneration structure, benefits and incentive schemes.
3	Shortage of operational staff The Group employs a significant number of foreign workers at the central kitchen and outlets. The number of such foreign workers employed is subject to quotas set by the relevant government authorities. If the Group is unable to hire the necessary personnel, a shortage of wait staff or workers at the central kitchen will adversely affect the Group's business and financial performance.	II	III	The Group is constantly exploring new sources for operational staff and also focuses on maintaining an adequate and effective human resource internal control system. Key mitigating controls in place include implementing adequate, effective policies and procedures, performing remuneration and benefit review and adopting a comprehensive manpower planning.

CORPORATE GOVERNANCE REPORT

S/N	Risk title and description	Risk level Gross	Risk level Residual	Risk treatment plan
4	<u>Escalating costs due to pandemic outbreak, geo-political situations and/or climate changes</u> The key cost components of the Group's business include cost of ingredients and operating expenses such as rental, salaries, utilities, purchases of utensils and consumables. Cost escalations may be caused by the following: ■ Pandemic outbreak resulting in supply chain disruptions and increase in ingredient and transportation costs; ■ Geo-political situations resulting in increase in cost of energy and ingredients; and ■ Climate changes resulting in increase in energy consumption and ingredient costs. Additional climate related costs such as carbon tax may also be passed on by the suppliers to the Group by way of price increase. Should one or more of the above risk events occur, the Group's financial performance may be adversely affected.	II	III	The Group focuses on effective cost controls and seek to maximise value for costs incurred. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
5	<u>Improper food handling resulting in food poisoning cases</u> The Group operates a central kitchen that supplies ingredients to the outlets. Improper food handling at the central kitchen and outlets may result in food contamination and consequentially lead to cases of food poisoning when consumed by customers. A serious food poisoning case may lead to regulatory actions such as fines, suspension of business licenses from relevant authorities. In such an event, the Group's reputation and financial performance will be adversely affected.	II	III	The Group focuses on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, training and conduct of laboratory tests on food by third party professionals.
6	<u>Lack of choice in outlet locations</u> The success of the Group's business is dependent on outlet locations. Shopping mall operators will not introduce choice locations to the Group if there is no good brand equity. Brand equity is largely dependent on factors such as (i) level of marketing activities, (ii) customer service and (iii) menu offering. Non-choice locations with low human traffic will lead to lesser sales volume. Should there be a lack of choice location for the outlets, the Group's financial performance will be adversely affected.	II	III	The Group strives to maintain a strong relationship with mall owners, operators and build a strong brand equity. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, adopting a robust budgetary system and setting up effective training programmes to handle customer feedback.

S/N	Risk title and description	Risk level Gross	Residual	Risk treatment plan
7	Reduction of gross sales due to unattractive pricing The food and beverage industry is highly competitive where barriers to entry are low. If the Group is unable to offer attractive pricing to customers, the Group's market share will be eroded and this will adversely affect the financial performance.	II	III	The Group makes continuous efforts to provide authentic Japanese cuisine at affordable prices. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
8	Accidents at the central kitchen and restaurants leading to injuries or fatalities Accidents may occur as the Group's operations involve the use of various kitchen equipment and machineries, such as stove, oven and kitchen tools with sharp edges such as knifes and cutters. The Group's reputation may be adversely impacted if serious accidents occur and are publicised in the mass media. In addition, regulators may impose punitive measures such as fines or stop work order pending the results of investigation which will adversely affect the Group's operations and financial performance.	I	III	The Group places significant emphasis on creating a workplace that allows employees to work in a safe and healthy environment. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place safety committees, proper and regular safety briefings and ensuring that first aid kits are placed at key locations with easy access.

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. The list of key risks identified may not be complete as the Group may be exposed to significant risks which it is unaware of or which are not currently deemed to be significant but may be material in the future. The risk treatments mentioned above represent the Group's best endeavours but do not provide absolute assurance that the Company will not be adversely affected by any risk event that can be reasonably foreseen as it strives to achieve its business objectives.

A Controls Self-Assessment ("**CSA**") Programme is established for the Management and Board to obtain assurance on the state of internal controls. The CSA Programme is risk-based and aligned with the results of the ERM exercise performed. On a yearly basis, the risk owners are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls for risks identified from the ERM exercise and which are under their risk responsibilities.

The Group also has in place an Assurance Activity Framework ("**Assurance Framework**") to facilitate and guide the Board's assessment on the adequacy and effectiveness of the Group's internal control and risk management systems. The Assurance Framework lays out the assurance activities performed, the assessment criterion and also the reporting process. Assurance activities covered under the Assurance Framework include CEO/CFO Representation Letter, CSA by Management, internal audit by the internal auditors, statutory audit by the external auditors and external certification on health and safety standards by a third party professional service firm.

Fraud risk management processes include conflict of interest declaration by Directors and the implementation of whistle blowing policy (details in Guidelines 10.1, 10.2 and 10.3 below) and rules of conduct to establish a clear tone from the top with regard to employees' business and ethical conduct.

Provision 9.2
Assurance from CEO, CFO and other responsible key management personnel ("KMP")

The Board has received assurance from the CEO and the CFO in respect of FY2022 that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. Based on representations received from KMP, the CEO and CFO had also provided assurance that the Group's risk management and internal control systems were adequate and effective.

CORPORATE GOVERNANCE REPORT

Board's comment on Adequacy and Effectiveness of Internal Controls

Based on the ERM Framework, Assurance Framework and internal controls established and maintained in the Group, CSA conducted by the Management, work performed by the internal auditors, the statutory audit undertaken by the external auditors, certification by a third party professional service firm, and the written representation from the CEO and the CFO providing assurance on the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, the Board, with the concurrence of the ARC, is satisfied that the Group's risk management and internal control framework and systems were adequate and effective during FY2022 and as at 31 March 2022 to address financial, operational, compliance and information technology risks.

AUDIT AND RISK COMMITTEE
Principle 10: Establishment of Audit and Risk Committee which Discharge its Duties Objectively

Provision 10.1, 10.2 and 10.3

ARC Membership

The ARC comprises the following four Directors, the majority of whom, including the Chairperson, are independent:

Mr Tan Lye Huat, Chairperson	Independent and non-Executive
Mdm Lee Sok Koon, Constance	Independent and non-Executive
Mdm Chia Siok Mei, Sylvia	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. All members of the ARC (including ARC Chairman) have relevant accounting or related financial management expertise or experience. The Board, after considering the advice from the NC, believes that the ARC members are appropriately qualified to discharge the ARC's responsibilities as defined under its written terms of reference which have been approved by the Board.

The ARC does not comprise any former partners or directors of the Company's existing auditing firm or auditing corporation.

Roles and Responsibilities of the ARC

The ARC is guided by its Terms of Reference and meets periodically to undertake the following principal functions:

(a) reviewing the annual audit plan, scope and results of the audit undertaken by the External Auditors, including non-audit services performed by them to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;

(b) reviewing the effectiveness and adequacy of the internal audit function, which is outsourced to a professional services firm;

(c) reviewing with the internal auditors the scope and procedures of the audit plans, the effectiveness and adequacy of the Group's material internal controls and with Management on the adequacy of financial, operational and compliance risk management;

(d) reviewing the financial statements and other relevant announcements to Shareholders and the SGX-ST, prior to submission to the Board;

(e) reviewing any significant financial reporting issues and judgements and estimates made by the Management, so as to ensure the integrity of the financial statement of the Group and any announcements relating to the Group's financial performance;

(f) assessing the independence and objectivity of the External Auditors and recommending to the Board the appointment/re-appointment/removal of External Auditors;

(g) reviewing the assistance given by the Company's officers to the External/Internal Auditors;

(h) reviewing and recommending for the Board's approval the interested person transactions as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by Shareholders; and

(i) reviewing the assurance from the CEO and the CFO on the financial records and financial statements.

Activities of ARC

The ARC met five times during FY2022. The CEO, CFO, Company Secretary, Sponsor, internal and external auditors were invited to attend these meetings.

In addition to the activities undertaken to fulfil its responsibilities, the ARC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The ARC had reviewed the external auditor's audit plan for FY2022 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In the ARC's review of the financial statements of the Group for FY2022, the ARC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matter as reported by the external auditors for FY2022:

- **Impairment of Plant and Equipment and Right-of-Use Assets**

  The ARC acknowledges that the impairment of Plant and Equipment ("**PE**") and Right-of-Use Assets ("**ROU**") involves significant judgement. Towards this end, the ARC had developed a set of indicators to guide reviews and decisions on possible impairment to PE and ROU. The ARC undertakes a review on this basis, as supported with management's documentations and justifications, as and when necessary during the course of the year.

  The PE and ROU were also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2022. Please refer to page 89 of this Annual Report.

  The ARC has considered the approach and methodology applied on the impairment assessment. Following the review and discussion with management and the external auditors, the ARC is satisfied that the impairment charge has been adequately provided for in FY2022.

Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board had on 1 July 2022 approved the financial statements.

The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and the co-operation of Management and staff. It also has direct and independent access to the Internal/External Auditors and full discretion to invite any Director or any member of the Management to attend its meetings, and reasonable resources to enable it to discharge its function properly.

Independence of External Auditors

The ARC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The annual re-appointment of the external auditor is subject to Shareholders' approval at each AGM of the Company.

CORPORATE GOVERNANCE REPORT

The ARC also reviews the scope and value of non-audit services provided by the Company's external auditors, Nexia TS Public Accounting Corporation through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors to the Group as part of the ARC's assessment of independence of the external auditors. The relevant details are set out in the table below. The ARC is of the view that the non-audit services provided by the external auditors during FY2022 did not prejudice their objectivity and independence. The ARC has therefore recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as auditors of the Company at the forthcoming AGM.

A breakdown of the fees paid to the Group's independent auditors are disclosed in the table below:

External Auditor Fees for FY2022	$'000	% of Total Fees
Total Audit Fees	96	81
Total Non-Audit Fees	23	19
Total Fees Paid	119	100

The Company confirms that the Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has put in place a whistle blowing policy ("**Policy**"). The Policy provides the mechanism by which concerns about possible improprieties in matters of financial reporting or other matters may be raised by employees of the Group. A Whistle-Blowing Committee ("**WBC**") has been established for this purpose. In addition, a dedicated and secured e-mail address also allows whistle blowers to contact the WBC and members of the ARC directly.

Assisted by the WBC, the ARC reviews all whistle-blowing complaints, if any, at each ARC meeting to ensure independent, thorough investigations and appropriate follow-up actions. The ARC reports to the Board on any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action. In FY2022, no valid[1] complaints were received via the whistle blowing channel.

For the financial year ending 31 March 2023, the Company has engaged the internal auditors as an independent party to provide additional service of administering the whistle-blowing channel. The service covers the receipt and filtering reports of whistle-blowing, if any, and to ascertain if the nature of such report(s) falls within the coverage of the Policy, before forwarding them to the WBC for further investigations and appropriate follow-up actions where applicable.

[1] As defined in the Company's whistle-blowing policy.

Whistle-Blowing Committee

For FY2022, the WBC was constituted by the CEO, the Chief Operating Officer and the CFO of the Company. The WBC is empowered to:

(a) investigate all issues/concerns relating to the Group (except for issues/concerns that are directed specifically or affecting any member of the WBC, which shall be dealt with by the ARC);

(b) make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and

(c) access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns with the integrity and honesty of its employees seriously. A copy of the Policy has been disseminated to all staff to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle-blowers could also contact all members of the ARC directly via email and in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

It has also been a standard item in the agenda of the quarterly meeting of the ARC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle-blowing Policy is reviewed by the ARC from time to time, to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The Whistle-blowing Policy was reviewed by the ARC and approved by the Board in February 2022.

Provision 10.4
Internal Auditors' Reporting Line, Compliance and Functions

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**").

The Company has outsourced its internal audit function to Yang Lee & Associates ("**YLA**").

The primary reporting line of the internal audit function, which is outsourced to YLA, is to the ARC, which also endorses the appointment, termination and remuneration of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines. The Group's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Company's internal audit function is independent of the activities it audits. At the beginning of each year, an annual internal audit plan which entails the latest Group's business developments and emerging risks identified is developed and approved by the ARC. A comprehensive 3-year rotational Group internal audit plan ("**Rotational Internal Audit Plan**") which is aligned with the results of risk assessments performed under the ERM Framework, has been devised such that all key operating cycles and entities of the Group are audited within an internal-audit cycle.

Having reviewed the experience, competency, resource, independence and reporting structure of the YLA, the ARC is satisfied that the Company's internal audit function is:

(a) effective and adequately resourced and staffed to perform the work for the Group;

(b) has the appropriate standing within the Company; and

(c) independent of the activities it audits.

Adequacy and Effectiveness of the Internal Audit Function

The IA completed one review during FY2022 in accordance with the Rotational Internal Audit Plan approved by the ARC. The Management has adopted key recommendations of the IA set out in the IA's report.

For FY2022, the ARC reviewed the adequacy of the internal function to ensure that internal audits were conducted effectively and that Management provided the necessary co-operation to enable YLA to perform its function. After having reviewed the YLA plans, reports and remedial actions implemented by Management to address any internal control inadequacies identified, the ARC is satisfied that the internal audit function is independent, adequately resourced and effective.

CORPORATE GOVERNANCE REPORT

Upon the recommendation of the ARC, the Board has approved the re-engagement of YLA as IA of the Group in the ensuing year ending 31 March 2023.

Provision 10.5
Independent Meeting with External and Internal Auditors

During FY2022, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations, as appropriate. They also met separately with the ARC without the presence of Management to provide them with the opportunity to discuss unreservedly and to raise any pertinent issues without restrictions or interference.

SHAREHOLDER RIGHT AND ENGAGEMENT

SHAREHOLDER RIGHT AND CONDUCT OF GENERAL MEETING
Principle 11: Fair and equitable treatment of shareholders, enabling them to exercise shareholder rights and communicate their views. Providing shareholders with balanced and understandable assessment of the Company's performance, position and prospect

Provision 11.1
Opportunity for Shareholders to Participate and Vote at General Meetings

The Company supports active Shareholder participation at general meetings. Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and goals.

Shareholders are informed of Shareholders' meeting through notices published in the Company's announcements via SGXNET. Shareholders are invited to attend the general meetings to put forth any question they may have on the motions to be debated and decided upon.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. They are all informed of the rules, including voting process governing the AGMs.

The Constitution of the Company allows a Shareholder who is not relevant intermediaries to appoint up to two proxies to attend and vote at general meetings. Shareholders who are relevant intermediaries such as banks and Central Provident Fund Board ("**CPF**"), are allowed to appoint more than two proxies. This is to facilitate indirect shareholders to participate in general meetings. Such indirect shareholders were so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings.

The Company puts all resolutions at general meetings to vote by electronic poll and announce the number of votes cast for and against each resolution and the respective percentage. The Company will appoint an independent external party as scrutineer for the electronic poll voting process. Prior to the commencement of the general meeting, the scrutineer would review the proxies and proxy process. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, the number of votes cast for and against and the respective percentages are displayed in real-time at the general meetings. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNET after the general meetings.

In view of the current COVID-19 situation, the forthcoming AGM for FY2022 will be convened and held by electronic means pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID 19 Meeting Order"). Alternative arrangement relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-video or live audio only stream), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the annual general meeting, will be put in place for the AGM to be held on 20 July 2022. The notice of AGM and documents relating to the business of the AGM (which included the rules governing the AGM) will be circulated to Shareholders by electronic means via publication on SGXNet and the Company website. Further, the response to questions submitted by shareholders prior to the meeting will be uploaded to SGXNet and the Company's website prior to the event.

Provision 11.2
Separate Resolution at General Meeting

As a matter of good order, separate resolutions are proposed at general meetings for each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. All resolutions are put to vote by poll in the presence of independent scrutineer. Votes cast, for or against, and the respective percentages on each resolution are announced via SGXNet on the same day of the general meeting.

Provision 11.3
Attendees at General Meetings

The Chairpersons of the Board and the Board Committees attend all AGMs to address issues raised by Shareholders. The Company's External Auditors are also present to address questions raised by Shareholders at AGMs. All Directors have attended the 2021 AGM.

Provision 11.4
Absentia Voting

The Company's Constitution does not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholder's identity is not compromised.

Provision 11.5
Minutes of General Meetings

The Company Secretary prepares minutes of general meetings held and a copy of such minutes will be made available on the SGXNet and the Company's investor relations homepage which can be accessed at the following link: https://www.jfh.com.sg/html/ir.php.

Provision 11.6
Dividend Policy

The Company's Dividend Policy seeks to maximise shareholder value and encourage shareholder loyalty with predictable annual value and encourage shareholder loyalty.

Unless the Company suffers a substantial net loss, cashflow or legal constraints, it will pay a dividend each year so that Shareholders are not negatively affected by annual profit volatility. The Company will strive to increase and smooth out the dividends year on year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections. With that the Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.

The Company's dividend policy is to distribute at least 100% of the Group's audited consolidated net profits attributable to Shareholders as dividends annually, subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors including but not limited to circumstances arising from COVID-19 pandemic.

The foregoing statements are merely statements of Board's present intention and do not constitute legally binding obligations on the part of the Company in respect of payment of dividend and which will be subject to modification at the Directors' sole and absolute discretion.

The Company has paid interim dividend of S$0.005 per share on 3 December 2021. To reward support and loyalty of shareholders, the Board proposes to declare a final dividend S$0.0135 per share subject to shareholders' approval at the forthcoming AGM on 20 July 2022.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS
Principal 12: Regular communication with shareholders and facilitation of shareholders' participation at general meetings

Provision 12.1
Communication with and Information to Shareholders

In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. The Company endeavours to maintain full and adequate disclosure, in a timely manner, of material events and matters concerning its business. All the necessary disclosures required by the Catalist Rules will be made in public announcements, press releases and annual reports to Shareholders. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website (http://www.jfh.com.sg).

Provisions 12.2 and 12.3
Dialogue with Shareholders and Soliciting Views of Shareholders

The AGM provides a principal forum for dialogue and interaction with Shareholders. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address Shareholders' concerns at general meetings. In addition to the AGM, the Company also maintains regular dialogue with Shareholders and prospective investors through results briefings. Shareholders can submit their feedback and raise any question to the Company's investor relations contact as provided in the Company's website.

The Directors (including the Chairman of the respective Board Committees) and key management personnel are in attendance to address queries and concerns about the Group. The Company's external auditors also attend to address Shareholders' queries relating to the conduct of the audit and the preparation and content of the external auditors' report.

Investor Relations Practices

The Company outsourced investor relations (IR) function to August Consulting Pte Ltd, who has a team of personnel who focus on facilitating the Company's communications with all stakeholders – shareholders, regulators, analysts and media, etc - on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

To enhance and encourage communication with Shareholders and investors, the Company provides contact information of its investor relations consultant, namely, August Consulting Pte Ltd on page 24 of this Annual Report, the Company's corporate website as well as in its press releases.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS
Principle 13: Managing stakeholder relationships, balancing the needs and interests of material stakeholders for the Company's best interests

Provisions 13.1, 13.2 and 13.3
Managing stakeholder relationships

The Company recognises the vitality on stakeholders' engagement for the Company's long-term sustainability and has appropriate channels in place to identify and engage with its material stakeholder groups. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business.

The Company's approach to stakeholder engagement and materiality assessment can be found under the "**Sustainability Report**" section of this Annual Report.

The Company maintains a corporate website at www.jfh.com.sg to communicate and engage with all stakeholders.

OTHER CORPORATE GOVERNANCE

DEALING IN SECURITIES

The Company has adopted an internal code on dealings in securities to govern dealings in the Shares by the Directors and the key executives of the Group. The Directors, Management and officers of the Group, who have access to price-sensitive, trade-sensitive, financial or confidential information are not allowed to deal in the Shares during the period commencing one month before the announcement of the Group's half year and full year results and ending on the date of announcement of such results, and when in possession of unpublished price-sensitive and/or trade-sensitive information. In addition, the officers of the Company are advised not to deal in the Shares for short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

CODE OF CONDUCT AND PRACTICES

The Company's code of conduct and practices are detailed in the Group's Employee Handbook which is available to all staff and is presented to new employees during induction. The code entails policies such as prohibiting employees from disclosing confidential information or knowledge obtained by him/her during his/her employment with the Group, from accepting gifts from business associates and in circumstances where refusal were to be impracticable, relevant details are to be reported, etc. The Group recognises the importance of integrity and professionalism in the conduct of its business activities. Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interests of the Group and avoid situations that may create conflicts of interest. All management staff are required to make an annual declaration on involvement in any conflict of interest situation and compliance with the code of conduct.

ANTI-CORRUPTION POLICY

The Group complies with all the laws and conducts businesses in an open, transparent manner, and prohibits employees from directly or indirectly offering, promising to pay, or authorising the payment of money or anything of value for the purpose of gaining perceived personal advantage for the Group.

CREDITORS' PAYMENT POLICY

The Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. The Group negotiates with suppliers on an individual basis and meet its obligations accordingly.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with Chapter 9 of the Catalist Rules, the Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval if such transactions do occur. If the Company is intending to enter into any interested person transaction, the ARC and the Board will ensure that the transaction is carried out fairly and at arm's length. When potential conflict of interest arises, the director concerned neither takes part in discussions nor decision making.

The Company does not have a general mandate from Shareholders in respect of interested person transactions pursuant to Rule 920 of the Catalist Rules and there were no discloseable interested person transaction during FY2022.

There are no material contracts or loans entered into by the Group involving the interests of the CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of FY2022 or if not subsisting, were entered into since 1 April 2021.

SPONSOR

UOB Kay Hian Private Limited was appointed as the Company's Continuing Sponsor with effect from 1 August 2021, in place of CIMB Bank Berhad, Singapore Branch. In FY2022, no fees relating to non-sponsorship activities or services were paid to either UOB Kay Hian Private Limited or CIMB Bank Berhad, Singapore Branch.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS' RE-ELECTION AND CONTINUED APPOINTMENT
- pursuant to Catalist Rule 720(5) and Appendix 7F

Details	Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
Date of Appointment	18 February 2008	24 November 2008	1 March 2022
Date of last re-appointment (if applicable)	9 September 2020	9 September 2020	NA
Age	65	73	61
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered among others, the recommendations of the Nominating Committee ("**NC**") and the qualifications, work experience, competencies and overall contribution of Mr Takahashi Kenichi, is of the view that he is suitable for re-appointment as Executive Director of the Company.	The Board of Directors of the Company concurred with the NC that Mr Tan Lye Huat remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure in office of more than 9 years, and is of the view that he is suitable for reappointment as Independent Director, the Chairman of the Audit and Risk Committee ("**ARC**"), a member of the NC and a member of the Remuneration Committee ("**RC**") of the Company.	The Board of Directors of the Company, having considered among others, the recommendations of the NC and the qualifications, work experience and competencies of Mdm Chia Siok Mei Sylvia, is of the view that she is suitable for re-appointment as Independent Director and a member of each of the ARC, NC and RC of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Chairman and Chief Executive Officer. Oversee the Group's business operations, development and strategies.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Chief Executive Officer • Executive Chairman	• Independent Director • Chairman of the ARC • Member of the NC • Member of the RC	• Independent Director • Member of the ARC • Member of the NC • Member of the RC
Professional qualifications	• Founder of the Group in 1997 • 25 years of F&B experience • Graduated with a Certificate of Mechanical Engineering from Sophia University	• Fellow Chartered Director of the Institute of Directors, UK • Fellow of the Association of Chartered Certified Accountants • Life Member of the Institute of Singapore Chartered Accountants • Member of the Australian Institute of Company Director	• Bachelor of Science (Pharmacy), National University of Singapore • Chartered Fellow of the Chartered Institute of Personnel and Development • Certificate in Administrative Management with Distinctions with the Institute of Administrative Management, UK

CORPORATE GOVERNANCE REPORT

Details	Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
Working experience and occupation(s) during the past 10 years	Executive Chairman and Chief Executive Officer of the Group	Professional Independent Director	• Regional Human Resources Director, Jardine Lloyd Thompson, Hong Kong (2011 - 2014) • Chief People Officer, CrimsonLogic Pte Ltd (2014 - present)
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 114,814,800 shares Deemed Interest: 8,100,000 shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm Chan Chau Mui ("Mdm Chan"), the Chief Operating Officer, is a deemed associate of Mr Takahashi Kenichi. Mdm Chan has since stepped down from her office on 31 May 2022.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments[1] Including Directorships [1] The term "Principal Commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	Nil	<u>Current</u> Nil <u>Past 5 years</u> • Independent Director of Nera Telecommunications Ltd from 28 January 2013 to 29 May 2020. • Independent Director of Dynamic Colours Limited from 23 May 2011 to 17 August 2020. • Independent Director of Neo Group Limited from 11 June 2012 to 10 June 2021. • Independent Director of SP Corporation Limited from 1 January 1999 to 8 April 2022.	Nil

CORPORATE GOVERNANCE REPORT

Details	Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
The general statutory disclosures of the director are as follows:			
A. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
B. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
C. Whether there is any unsatisfied judgment against him?	No	No	No

CORPORATE GOVERNANCE REPORT

Details	Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
D. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
E. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
F. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
G.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
H.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
I.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
J.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Yes Assisting in the 'post crisis' work at CAM International Holdings Ltd in 1998 and Kian Ho Bearings Ltd (now known as Raffles United Holdings Ltd) in 1999	No

Details	Name of Director: Takahashi Kenichi	Name of Director: Tan Lye Huat	Name of Director: Chia Siok Mei, Sylvia
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
K. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2022

The directors are pleased to present their statement to the members together with the audited financial statements of Japan Foods Holding Ltd. (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 March 2022 and the balance sheet of the Company as at 31 March 2022.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 92 to 146 are drawn up so as to give a true and fair view of the balance sheets of the Company and of the Group as at 31 March 2022 and the financial performance, statement of changes in equity and statement of cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Takahashi Kenichi
Wong Hin Sun, Eugene
Lee Sok Koon, Constance
Tan Lye Huat
Chia Siok Mei,Sylvia (appointed on 1 March 2022)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Japan Foods Performance Share Plan" on pages 85 to 86 of this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of a director or nominee		Holdings in which director is deemed to have an interest	
	At 31 March 2022	At 1 April 2021	At 31 March 2022	At 1 April 2021
The Company				
<u>(No. of ordinary shares)</u>				
Takahashi Kenichi	114,814,800	114,814,800	8,100,000	8,100,000
Wong Hin Sun, Eugene	–	–	9,487,000	9,487,000

(b) Mr Takahashi Kenichi, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations at the beginning and at the end of the financial year.

(c) The directors' interest in the ordinary shares of the Company as at 21 April 2022 were the same as those as at 31 March 2022.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are the following as at the date of this statement:

Lee Sok Koon, Constance	(Chairperson, Lead Independent Director)
Tan Lye Huat	(Member, Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)
Chia Siok Mei,Sylvia	(Member, Independent Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to themselves, if any.

The award of fully paid ordinary shares of the Company issued free of charge (the "Awards") to eligible participants under the JF PSP will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Group. The JF PSP allows the Company to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long-term goals. The JF PSP will further strengthen and enhance the Group's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under the JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. The Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also has the discretion to set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, the Awards may also be granted upon the Remuneration Committee's determination of post-event that any eligible participant has performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its subsidiary corporations (including Independent Directors but excluding the Controlling Shareholder and his Associates, as described in the Company's circular in relation to the JF PSP dated 2 July 2013) who has attained the age of 18 years on the date of grant of the Award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards may be made by the Remuneration Committee at any time during the period when the JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. However, all taxes (including income tax) arising from the grant and/or disposal under the JF PSP shall be borne by the participant.

The total number of new ordinary shares in the capital of the Company that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date on which the Award shall be granted.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2022

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP") (CONTINUED)

During the financial year ended 31 March 2022, Awards comprising 595,000 shares were granted to certain key management personnel on 25 June 2021 ("Grant date"). These Awards were immediately vested on the Grant date.

No performance shares were awarded to directors of the Company during the financial year ended 31 March 2022.

No performance shares were outstanding as at 31 March 2022.

No performance shares were awarded to Controlling Shareholders of the Company or their Associates.

No participant was granted 5% or more of the total number of shares available under JF PSP.

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the date of this statement are set out as follows:

Tan Lye Huat	(Chairperson, Independent Director)
Lee Sok Koon, Constance	(Member, Lead Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)
Chia Siok Mei,Sylvia	(Member, Independent Director)

The Audit and Risk Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. It undertakes to perform inter alia the following:

(i) reviews the audit plan of the Company's independent auditor and any recommendation on internal accounting controls arising from the statutory audit;

(ii) reviews the internal audit plans, the scope and results of internal audit procedures;

(iii) reviews the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 March 2022 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

(iv) conducts investigation into any matter within the Audit and Risk Committee's scope of responsibility and review any significant findings of investigations;

(v) assesses the independence and objectivity of the independent auditor;

(vi) recommends to the Board of Directors on the appointment or re-appointment of independent auditor;

(vii) reviews the assistance given by the Company's management to the independent auditor; and

(viii) reviews transactions falling within the scope of Chapter 9 of the SGX-ST Catalist Rules.

The Audit and Risk Committee has conducted an annual review of the non-audit services provided by the independent auditor. During the financial year ended 31 March 2022, the fees charged by the independent auditor for the provision of non-audit services amounted to $23,350 (2021: $21,850). The Audit and Risk Committee is of the opinion that such fees charged by the independent auditor for non-audit services would not prejudice the independence of the independent auditor. Accordingly, the Audit and Risk Committee has recommended to the Board that Nexia TS Public Accounting Corporation, be nominated for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2022

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Takahashi Kenichi
Director

Wong Hin Sun, Eugene
Director

1 July 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Japan Foods Holding Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Japan Foods Holding Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 92 to 146.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Japan Foods Holding Ltd.

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of plant and equipment and right-of-use assets As at 31 March 2022, the Group's plant and equipment and right-of-use assets amounted to S$7.2 million (2021: S$6.1 million) and $35.1 million (2021: $25.8 million), accounted for 9% (2021: 9%) and 45% (2021: 38%) of the Group's total assets respectively. In accordance with SFRS(I) 1-36 – "Impairment of Assets", an annual impairment review is performed on assets when there is an indication of impairment. For the financial year ended 31 March 2022, the Group's operations had been impacted by the safety measurements implemented by the government. Consequently, certain restaurant outlets incurred losses, which provides an indication that certain plant and equipment and right-of-use assets of the Group may be impaired. Management performed impairment tests on the plant and equipment and right-of-use assets of these outlets and determined their recoverable amounts based on value-in-use calculations. In carrying out the impairment assessment, management has identified the cash generating units ("CGUs") to be the respective restaurant outlets to which the plant and equipment and right-of-use assets belong. Accordingly, the recoverable amounts of the CGUs are determined by estimating the expected discounted future cash flows which require key assumptions to be made regarding the sales growth rate, gross profit margin and the discount rate. Due to significant management judgements and estimates involved in the impairment assessment, we have determined this area to be a key audit matter.	Our audit procedures included, amongst others, the following: ● Assessed management's determination as to whether there is an indication of impairment of the plant and equipment and right-of-use assets of each restaurant outlet. ● For each restaurant outlet with impairment indicators, evaluated the key assumptions used in management's impairment assessment by: - Assessing the sales growth rate and gross profit margin against historical performance and economy outlook. - Engaging our internal valuation specialist to evaluate reasonableness of the discount rate used. - Performing sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amounts to be below the carrying amounts of the plant and equipment and right-of-use assets. ● Assessed the adequacy of the disclosure in the consolidated financial statements with respect to the impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement and other sections of the annual report, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Japan Foods Holding Ltd.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Japan Foods Holding Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

1 July 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2022

		The Group	
	Note	2022	2021
		$'000	$'000
Revenue	4	54,614	51,002
Cost of sales		(8,401)	(7,784)
Gross profit		46,213	43,218
Other income			
- Bank interest		86	97
- Others	5	7,199	10,902
Other gains/(losses) - net	6	26	(7)
Expenses			
- Selling and distribution		(44,670)	(44,052)
- Administrative		(3,646)	(3,059)
- Other operating		(1,247)	(1,795)
- Lease liabilities interest	22(b)	(813)	(1,008)
Share of profit of associated companies	16	83	33
Share of loss of joint venture	17	–	(91)
Profit before income tax		3,231	4,238
Income tax credit/(expense)	9(a)	1	(613)
Total comprehensive income, representing net profit		3,232	3,625
Profit attributable to:			
Equity holders of the Company		3,232	3,625
Total comprehensive income attributable to:			
Equity holders of the Company		3,232	3,625
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic and diluted earnings per share	10	1.85	2.08

BALANCE SHEETS

As at 31 March 2022

		The Group		The Company	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	11	23,207	23,134	4,114	2,545
Trade and other receivables	12	1,065	845	981	5,694
Inventories	13	579	661	–	–
Current income tax recoverable	9(b)	–	–	3	–
Other current assets	14	2,729	2,283	39	82
		27,580	26,923	5,137	8,321
Non-current assets					
Investments in subsidiary corporations	15	–	–	6,042	6,042
Investments in associated companies	16	1,867	2,144	232	212
Investment in a joint venture	17	–	–	100	100
Loan to an associated company	18	248	248	248	248
Loan to a joint venture	19	1,050	720	1,050	720
Other investments at amortised cost	20	1,309	1,821	–	–
Plant and equipment	21	7,188	6,137	10	12
Right-of-use assets	22(a)	35,067	25,824	441	183
Intangible assets	23	136	199	–	–
Club membership	24	322	322	322	322
Long-term security deposits	25	3,070	3,800	45	11
		50,257	41,215	8,490	7,850
Total assets		77,837	68,138	13,627	16,171
LIABILITIES					
Current liabilities					
Trade and other payables	26	8,582	6,516	966	584
Lease liabilities	22(f)	17,391	15,633	162	142
Current income tax liabilities	9(b)	123	563	–	7
		26,096	22,712	1,128	733
Non-current liabilities					
Lease liabilities	22(f)	18,818	11,833	288	47
Deferred income tax liabilities	27	216	216	2	2
		19,034	12,049	290	49
Total liabilities		45,130	34,761	1,418	782
NET ASSETS		32,707	33,377	12,209	15,389
EQUITY					
Share capital	28(a)	9,522	9,522	9,522	9,522
Treasury shares	28(b)	(5)	(35)	(5)	(35)
Capital reserves	28(c)	38	45	38	45
Retained profits	29	23,152	23,845	2,654	5,857
TOTAL EQUITY		32,707	33,377	12,209	15,389

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2022

	Note	Share capital $'000	Treasury shares $'000	Capital reserves $'000	Retained profits $'000	Total equity $'000
The Group						
2022						
Beginning of financial year		9,522	(35)	45	23,845	33,377
Performance shares granted	28(b), 28(c)	–	239	(7)	–	232
Dividends relating to 2022 paid	30	–	–	–	(873)	(873)
Dividends relating to 2021 paid	30		–	–	(3,052)	(3,052)
Purchase of treasury shares	28(b)	–	(209)	–	–	(209)
Total comprehensive income for the financial year		–	–	–	3,232	3,232
End of financial year		9,522	(5)	38	23,152	32,707
2021						
Beginning of financial year		9,522	(181)	73	21,959	31,373
Performance shares granted	28(b), 28(c)	–	190	(28)	–	162
Dividends relating to 2021 paid	30	–	–	–	(1,313)	(1,313)
Dividends relating to 2020 paid	30	–	–	–	(426)	(426)
Purchase of treasury shares	28(b)	–	(44)	–	–	(44)
Total comprehensive income for the financial year		–	–	–	3,625	3,625
End of financial year		9,522	(35)	45	23,845	33,377

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2022

	Note	The Group 2022 $'000	The Group 2021 $'000
Cash flows from operating activities			
Net profit		3,232	3,625
Adjustments for:			
- Allowance for impairment of plant and equipment	7	11	62
- Allowance for impairment of right-of-use assets	7	96	266
- Allowance for impairment of intangible assets	7	–	61
- Amortisation of government grants	5	(28)	–
- Amortisation of intangible assets	7	63	64
- Amortisation of other investments at amortised cost	7	12	11
- Depreciation of plant and equipment	7	2,901	3,521
- Depreciation of right-of-use assets	7	17,631	18,502
- Employee performance shares expenses	8	232	162
- Income tax (credit)/expense	9(a)	(1)	613
- Interest on lease liabilities	22(b)	813	1,008
- Interest income from bank deposits		(86)	(97)
- Gain on disposal of plant and equipment	6	–	*
- Gain on early termination of lease	6	(40)	(18)
- Plant and equipment written-off	7	28	309
- Rent concessions	5	(1,267)	(6,395)
- Share of profit of associated companies	16	(83)	(33)
- Share of loss of joint venture	17	–	91
		23,514	21,752
Changes in working capital:			
- Inventories		82	119
- Trade and other receivables		(199)	1,425
- Other current assets		(446)	(253)
- Long-term security deposits		730	(166)
- Trade and other payables		2,094	(2,838)
Cash generated from operations		25,775	20,039
Income tax paid	9(b)	(439)	(643)
Interest received		64	75
Net cash provided by operating activities		25,400	19,471

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2022

		The Group	
		2022	2021
	Note	$'000	$'000
Cash flows from investing activities			
Additions to plant and equipment	21	(3,990)	(774)
Additions to associated companies	16	(20)	–
Dividends received from associated company	16	380	–
Loan to joint venture	19	(330)	(400)
Purchase of other investments at amortised cost	20	–	(1,079)
Proceeds from disposal of plant and equipment		–	7
Redemption of financial assets, held to maturity	20	500	–
Net cash used in investing activities		(3,460)	(2,246)
Cash flows from financing activities			
Principal repayment of lease liabilities		(16,920)	(11,743)
Interest paid		(813)	(1,008)
Purchase of treasury shares	28(b)	(209)	(44)
Increase in short–term bank deposits pledged		(749)	282
Dividends paid to equity holders of the Company	30	(3,925)	(1,739)
Net cash used in financing activities		(22,616)	(14,252)
Net (decrease)/increase in cash and cash equivalents		(676)	2,973
Cash and cash equivalents			
Beginning of financial year		20,616	17,643
End of financial year	11	19,940	20,616

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

Japan Foods Holding Ltd. (the “Company”) is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is 420 North Bridge Road, #02-01, North Bridge Centre, Singapore 188727.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations are disclosed in Note 15 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 April 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial year except for the early adoption if amendment to SFRS(I) 16 Leases.

<u>Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions</u>

The Group has elected to early adopt *Amendments to SFRS(I) 16: COVID-19 Related Rent Concessions (“Amendments”)* which is effective from 1 June 2021. Under the Amendments, as a practical expedient, the Group may elect to account for any change in lease payments resulting from the rent concessions as if the changes were not a lease modification provided the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

The amount of COVID-19-related rent concessions recognised directly in the consolidated statement of comprehensive income is disclosed in Note 5. The amendment is applicable for annual reporting periods beginning on or after 1 April 2021 and earlier application is permitted. The Group has adopted this amendment for the financial year ended 31 March 2022 and has applied the practical expedient available in the standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Restaurant sales

Sales from restaurant outlet is recognised upon the satisfaction of each performance obligation which is represented by the service to serve and delivery of food and beverages to customers. Each delivery order comprises of a single performance obligation which is satisfied at a point in time.

Restaurant outlet sales represent the invoiced value of food and beverages, net of discounts and goods and services tax.

(b) Sales of food ingredients

Revenue from the sale of goods is recognised upon the satisfaction of each performance obligation which is represented by the delivery of goods to customers. Each fulfilled order comprises of a single performance obligation which is satisfied at a point in time.

Sale of materials represents the invoiced value of raw materials and sundry consumables, net of discounts and goods and services tax.

(c) Franchise income

Upfront franchise fees are recognised over time throughout the license period as the franchisee simultaneously receives and consumes the benefit from the Group's performance of providing access to its license.

Recurring franchise income is recognised on a pre-determined amount in accordance with terms as stated in the franchise agreements.

(d) Royalty income

Royalty income is satisfied over time as the customer simultaneously receives and consumes the benefits over the duration of the royalty agreement.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, 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 date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations, associated companies and joint ventures" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint venture' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint venture are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(b) Associated companies and joint ventures (continued)

(ii) Equity method of accounting (continued)

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated companies and joint ventures" for the accounting policy on investments in associated companies or joint ventures in the separate financial statements of the Company.

2.5 Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and fittings	5 years
Kitchen equipment	5 years
Renovation	3 - 5 years
Motor vehicles	5 years
Computer and office equipment	3 - 5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses)".

2.6 Intangible assets

Trademarks and franchise rights

Trademarks and franchise rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised to profit or loss using the straight-line method over 6 years. Intangible assets with indefinite useful life are reviewed annually to determine whether the useful life assessments continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.7 Club membership

Club membership is stated at cost less impairment loss, if any.

2.8 Investments in subsidiary corporations, associated companies and joint ventures

Investments in subsidiary corporations, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Intangible assets
Club membership
Plant and equipment
Right-of-use assets
Investments in subsidiary corporations, associated companies and joint ventures

Intangible assets, club membership, plant and equipment, right-of-use assets and investments in subsidiary corporations, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

Intangible assets
Club membership
Plant and equipment
Right-of-use assets
Investments in subsidiary corporations, associated companies and joint ventures (continued)

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(i) Classification and measurement

The Group classifies its financial assets as amortised costs.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

<u>At subsequent measurement</u>

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other investments at amortised cost.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and other receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 - Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied general approach the other financial assets carried at amortised cost.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued financial guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  The right-of-use assets are presented as a separate line in the balance sheets.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments consist of the fixed payment (including in-substance fixed payments), less any lease incentives receivables.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;

  - There is a change in the Group’s assessment of whether it will exercise an extension option; or

  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

When the Group is the lessee: (continued)

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.16 Inventories

Inventories comprising raw materials and sundry consumables are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs of purchase in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to balance sheet date.

(c) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company’s shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Performance share

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby certain prescribed performance targets are met and/or upon expiry of prescribe vesting periods.

The fair value of the employee services rendered is determined by reference to the fair value of the share awarded or granted. The amount is determined by reference to the fair value of the performance shares on the grant date.

The fair value is recognised in profit or loss over the remaining vesting period of the performance shares scheme, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “Other gains/(losses)”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities’ financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment of plant and equipment and right-of-use assets

Plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

As at 31 March 2022, the Group has recognised net impairment losses of $11,000 (2021: $62,000) and $96,000 (2021: $266,000) for plant and equipment and right-of-use assets respectively. If the estimated net profit used in the value-in-use calculation for the relevant assets had been 10% lower than management's estimates as at 31 March 2022, the Group would have recognised further impairment losses on plant and equipment and right-of-use assets of $53,000 (2021: $113,000) and $211,000 (2021: $416,000) respectively. Further details are provided in Note 21 to the financial statements.

The carrying amounts of plant and equipment and right-of-use assets are disclosed in Note 21 and 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Leases

The application of SFRS(I) 16 requires the Group to exercise judgement and estimates in applying transition options and practical expedients, and in the determination of key assumptions used in measuring the lease liabilities. Key assumptions include lease terms and discount rates on the lease payments.

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

The lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. This requires the Group to estimate the rate of interest that it would have to pay to borrow the funds to obtain a similar asset over a similar term.

The incremental borrowing rate applied to lease liabilities as at 31 March 2022 was 2.5% to 3.2% (2021: 3.2%) for leases of premises and restaurant outlets and office equipment. The carrying amount of lease liabilities of the Group and the Company as at 31 March 2022 was $36,209,000 and $450,000 (2021: $27,466,000 and $189,000) respectively.

Changes in these assumptions may significantly impact the measurement of the lease liabilities.

The accounting policies for leases are stated in Note 2.15.

4 REVENUE

	The Group	
	2022	**2021**
	$'000	**$'000**
Restaurant sales	54,492	50,942
Sales of food ingredients	122	60
	54,614	51,002

All the sales are recognised at a point in time.

5 OTHER INCOME - OTHERS

	The Group	
	2022	2021
	$'000	$'000
Amortisation of government grants [(a)] (Note 26)	28	–
Franchise income	35	2
Government grants		
- Special Employment Credit [(b)]	42	105
- Wage Credit Scheme [(c)]	104	96
- Enhanced Jobs Support Scheme [(d)]	1,874	3,626
- Jobs Growth Incentive [(e)]	176	–
- Enabling Employment Credit [(f)]	12	–
- Foreign worker levy rebate and waiver [(g)]	–	378
- Rental Support Scheme Cash Payout [(h)]	3,189	–
	5,397	4,205
Royalty income	347	230
Rental concessions [(i)]	1,267	6,395
Others	125	70
	7,199	10,902

[(a)] Amortisation of government grants comprised of government grants received for the acquisition of certain automated equipment for the central kitchen of the Group's subsidiary corporation, Bachmann Japanese Restaurants Pte Ltd. The grants received are subsequently charged to profit or loss over the useful life of related assets.

[(b)] The Special Employment Credit ("SEC") was introduced in Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.

[(c)] The Wage Credit Scheme is to help business which may face rising wage costs in a tight labour market. Wage Credit Scheme pay outs will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

[(d)] The Enhanced Jobs Support Scheme ("EJSS") was introduced in Budget 2020 to help businesses retain their local employees during this period of uncertainty due to the COVID-19 Pandemic. The EJSS provides employers with 25% and 75% wages support for the first $4,600 gross monthly wage paid to each local employee (including shareholder-directors).

[(e)] The Jobs Growth Incentive ("JGI") is to support employers to expand local hiring from September 2020 to September 2022 (inclusive). The duration of JGI support will depend on when the local hire was hired and the characteristics of the local hire.

[(f)] The Enabling Employment Credit ("EEC") is a new wage offset scheme to support the employment of Singaporeans with disabilities aged 13 and above. The EEC will be paid to employers for hired employees with earnings below $4,000/month.

[(g)] The foreign worker levy rebate and waiver was announced by the government on 26 May 2020 to defray the costs for employers of foreign workers who are unable to work and maintain the essential workforce of the business during the circuit breaker period and phase 2 due to the COVID-19 pandemic.

[(h)] Due to the COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provides a rental relief framework for Small and Medium Enterprises (SMES) which came into effect on 31 July 2020 to help businesses during the circuit breaker and phase 2. The amount is related to actual receipt from the government during the period.

[(i)] Due to the COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provides a rental relief framework for Small and Medium Enterprises (SMES) which came into effect on 31 July 2020 to help businesses during the circuit breaker and phase 2. The amount is related to rental relief provided by landlord through rental reduction.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

6 OTHER GAINS/(LOSSES) - NET

	The Group	
	2022	2021
	$'000	$'000
Currency exchange (losses)/gains - net	(14)	(25)
Gain on disposal of plant and equipment	–	*
Gain on early termination of lease	40	18
	26	(7)

* Less than $1,000

7 EXPENSES BY NATURE

	The Group	
	2022	2021
	$'000	$'000
Purchases of inventories	8,319	7,665
Allowance for impairment of plant and equipment, net (Note 21)	11	62
Allowance for impairment of right-of-use assets, net (Note 22)	96	266
Allowance for impairment of intangible assets (Note 23)	–	61
Amortisation of intangible assets (Note 23)	63	64
Amortisation of other investments at amortised cost (Note 20)	12	11
Consumables	798	533
Credit card and NETS commission	815	743
Depreciation of plant and equipment (Note 21)	2,901	3,521
Depreciation of right-of-use assets (Note 22)	17,631	18,502
Directors' fees	131	115
Employee compensation (Note 8)	17,893	16,362
Fees on audit services paid/payable to:		
- Auditor of the Company	96	88
Fees on non-audit services paid/payable to:		
- Auditor of the Company	23	22
Plant and equipment written-off (Note 21)	28	309
Rental expense (Note 22 (c))	1,130	1,714
Repair and maintenance	995	848
Royalty fees	1,028	1,017
Utilities	2,602	2,599
Changes in inventories	82	119
Other expenses	3,310	2,069
Total cost of sales, selling and distribution, administrative and other operating expenses	57,964	56,690

8 EMPLOYEE COMPENSATION

	The Group	
	2022	2021
	$'000	$'000
Wages and salaries	15,425	14,166
Employer's contribution to Central Provident Fund	1,160	989
Employee performance shares	232	162
Other short-term benefits	1,076	1,045
	17,893	16,362

9 INCOME TAXES

(a) Income tax expense

	The Group	
	2022	2021
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
Profit from current financial year:		
- Current income tax	–	614
	–	614
Over-provision in prior financial years		
- Current income tax	(1)	(1)
	(1)	613

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

9 INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	The Group	
	2022	2021
	$'000	$'000
Profit before income tax	3,231	4,238
Share of profit of associated companies, net of tax	(83)	(33)
Share of loss of joint venture, net of tax	–	91
Profit before tax and share of loss/(profit) of associated companies and joint venture	3,148	4,296
Tax calculated at a tax rate of 17% (2021: 17%)	535	730
Effects of:		
- Expenses not deductible for tax purposes	327	572
- Income not subject to tax	(872)	(607)
- Statutory tax exemption	–	(51)
- Deferred tax assets not recognised	10	–
- Over-provision in prior financial years	(1)	(1)
- Other	–	(30)
	(1)	613

Deferred income tax assets are recognised for capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised capital allowances of $61,000 (2021: $Nil) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The capital allowances have no expiry date.

(b) Movements in current income tax liabilities/(recoverable)

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Beginning of financial year	563	593	7	5
Income tax paid	(439)	(643)	(10)	(5)
Income tax expense	–	614	–	7
Over-provision in prior financial years	(1)	(1)	–	–
End of financial year	123	563	(3)	7

10 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary share outstanding during the financial year.

	The Group	
	2022	2021
Profit attributable to equity holders of the Company ($'000)	3,232	3,625
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	174,382	173,934
Basic and diluted earnings per share (cents per share)	1.85	2.08

There were no dilutive potential ordinary shares during the financial year.

11 CASH AND BANK BALANCES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at bank and on hand	17,470	14,962	3,296	1,763
Short-term bank deposits	5,737	8,172	818	782
	23,207	23,134	4,114	2,545

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	2022	2021
	$'000	$'000
Cash and bank balances (as above)	23,207	23,134
Less: Bank deposits pledged	(3,267)	(2,518)
Cash and cash equivalents per consolidated statement of cash flows	19,940	20,616

Short-term bank deposits amounting to $3,267,000 (2021: $2,518,000) have been pledged to financial institutions as security for performance guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

12 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables				
- Related parties:				
- Associated companies	216	134	–	–
- Joint venture	25	63	–	–
- Non-related parties	778	607	–	–
Non-trade receivables				
- Subsidiary corporations	–	–	981	5,694
- Joint venture	3	–	–	–
- Non-related parties	43	41	–	–
	46	41	981	5,694
	1,065	845	981	5,694

The non-trade amounts due from subsidiary corporations and joint venture are unsecured, interest-free and are repayable on demand.

13 INVENTORIES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Raw materials and consumables	579	661	–	–

The cost of raw materials recognised as an expense and included in "Cost of sales" amounted to $8,401,000 (2021: $7,784,000).

14 OTHER CURRENT ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Short-term security deposits	2,083	1,834	3	37
Prepayments	646	449	36	45
	2,729	2,283	39	82

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	The Company	
	2022	2021
	$'000	$'000
Equity investments at cost		
Beginning of financial year	6,042	5,772
Additions [1]	–	270
End of financial year	6,042	6,042

(1) On 21 October 2020, the Company increased its cost of investment in a wholly owned subsidiary corporation, Japan Foods Bridge Pte. Ltd., by way of issuance and allotment of 269,999 ordinary shares for a total cash consideration of $269,999.

The Group had the following subsidiary corporations as at 31 March 2022 and 2021:

Name of Subsidiary Corporations	Principal activities	Country of business and incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2022	2021
			%	%
Bachmann Enterprises Pte Ltd [a]	Trading and management of franchisees and sub-franchisees	Singapore	100	100
Bachmann Japanese Restaurant Pte Ltd [a]	Operating restaurants	Singapore	100	100
Japan Foods Enterprises Pte. Ltd.[a]	Operating restaurants	Singapore	100	100
Japan Foods Bridge Pte. Ltd. [a]	Operating restaurants	Singapore	100	100

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

16 INVESTMENTS IN ASSOCIATED COMPANIES

	The Company	
	2022	2021
	$'000	$'000
Equity investments at cost		
Beginning of financial year	212	212
Additions [1]	20	–
End of financial year	232	212

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

16 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

	The Group	
	2022	2021
	$'000	$'000
Interests in associated companies		
Beginning of financial year	2,144	2,111
Additions [1]	20	–
Share of profits	83	33
Dividends received	(380)	–
End of financial year	1,867	2,144

[1] On 8 February 2022, the Company has invested in Golden Bird Group Limited with an initial cost of investment of US$15,000 (equivalent to S$20,000), which representing 30% equity interest in Golden Bird Group Limited.

The associated companies as listed below have share capital consisting solely of ordinary shares which are held directly by the Group.

Details of the associated companies are as follows:

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2022	2021
ACJF Holding Limited [a]	Hong Kong/British Virgin Islands	25	25
First Harmony Holdings Limited [a]	Hong Kong/British Virgin Islands	30	30
Golden Bird Group Limited [a]	Hong Kong/British Virgin Islands	30	–
Highly Yield Limited [a]	Hong Kong/British Virgin Islands	20	20
Wakayama International Ltd [a]	Hong Kong/British Virgin Islands	30	30
PT Menya Musashi Indonesia [b]	Indonesia	30	30

[a] The financial year end of the associated companies is 31 December and its Independent Auditor is Joseph Kwan & Company, Hong Kong.

[b] The financial year end of the associated company is 31 December and its Independent Auditor is Crowe Horwath Indonesia.

There are no contingent liabilities relating to the Group's interest in the associated companies.

The directors are of the opinion that the associated companies are not individually material to the Group as at 31 March 2022 and 2021. Aggregate of unaudited financial information about the Group's investments in associated companies that are individually immaterial but accounted for using the equity method is as follows:

	The Group	
	2022	2021
	$'000	$'000
Carrying amount of interest in associated companies	1,867	2,144
Total comprehensive income, representing net profit	331	339

17 INVESTMENT IN A JOINT VENTURE

	The Company	
	2022	2021
	$'000	$'000
Equity investments at cost		
Beginning and end of financial year	100	100

	The Group	
	2022	2021
	$'000	$'000
Interests in joint venture		
Beginning of financial year	–	91
Share of loss	–	(91)
End of financial year	–	–

Details of the joint venture company is as follows:

Name of entity	Place of business and country of incorporation	% of ownership interest	
		2022	2021
Dining Collective Pte. Ltd. [a]	Singapore	50	50

[a] Audited by Nexia TS Public Accounting Corporation

The Group has an aggregate $100,000 (2021: $830,000) of commitments to provide funding, if called upon, to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture as at 31 March 2022 and 2021.

The directors are of the opinion that the joint venture is not individually material to the Group as at 31 March 2022 and 2021. Aggregate of unaudited financial information about the Group's investment in a joint venture that is individually immaterial but accounted for using the equity method is as follows:

	2022	2021
	$'000	$'000
Carrying amount of interest in joint venture	–	–
Total comprehensive loss, representing net loss	(370)	(307)

As at 31 March 2022, the Group has not recognised its share losses of the joint venture amounting to $185,000 (2021: $63,000) as the Group's cumulative shares of losses has exceeded its interest in the entity. The cumulative unrecognised losses of this entity are $248,000 (2021: $63,000) as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

18 LOAN TO AN ASSOCIATED COMPANY

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-current	248	248	248	248

For the financial years ended 31 March 2022 and 2021, the loan to an associated company is unsecured and interest-free. The Group indicated that there is no intention to recall for repayment within the next 12 months and the repayment term will be subject to annual review.

The fair value of the loan to associated company is computed based on discounted cash flows at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Loan to an associated company	236	236	236	236

	Borrowing rate	
	2022	2021
	%	%
Loan to an associated company	5.3	5.3

19 LOAN TO A JOINT VENTURE

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-current	1,050	720	1,050	720

The loan to a joint venture is unsecured and interest-free. The Group has indicated that there is no intention to recall for repayment within the next 12 months and the repayment term will be subject to annual review.

19 LOAN TO A JOINT VENTURE (CONTINUED)

The fair value of the loan to a joint venture is computed based on discounted cash flows at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Loan to a joint venture	998	684	998	684

	Borrowing rate	
	2022	2021
	%	%
Loan to a joint venture	5.3	5.3

20 OTHER INVESTMENTS AT AMORTISED COST

	The Group	
	2022	2021
	$'000	$'000
Beginning of financial year	1,821	753
Amortisation (Note 7)	(12)	(11)
Additions	–	1,079
Redemption of financial assets	(500)	–
End of financial year	1,309	1,821

* Less than $1,000

	The Group	
	2022	2021
	$'000	$'000
Listed debt securities		
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 - Singapore	252	251
- Bond with fixed interest of 2.23% and maturity date of 21 February 2022 - Singapore	–	501
- Bond with fixed interest of 3.15% and maturity date of 3 September 2031 - Singapore	538	542
- Bond with fixed interest of 3.8% and maturity date of 23 April 2027 - Singapore	519	527
	1,309	1,821

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

21 PLANT AND EQUIPMENT

	Furniture and fittings $'000	Kitchen equipment $'000	Renovation $'000	Motor vehicles $'000	Computer and office equipment $'000	Total $'000
<u>The Group</u>						
2022						
Cost						
Beginning of financial year	624	9,657	21,709	391	3,464	35,845
Additions	2	1,037	2,779	–	172	3,990
Written-off	–	(57)	(357)	–	(25)	(440)
End of financial year	626	10,637	24,131	391	3,611	39,395
Accumulated depreciation and impairment losses						
Beginning of financial year	596	7,836	17,785	336	3,155	29,708
Depreciation charge (Note 7)	8	784	1,862	16	231	2,901
Impairment losses (Note 7)	–	–	11	–	–	11
Written-off	–	(38)	(349)	–	(25)	(412)
End of financial year	604	8,582	19,309	352	3,361	32,208
Net book value						
End of financial year	22	2,055	4,822	39	250	7,188
2021						
Cost						
Beginning of financial year	617	9,985	24,845	469	3,661	39,577
Additions	16	275	404	–	79	774
Written-off	(9)	(582)	(3,540)	–	(270)	(4,401)
Disposals	–	(21)	–	(78)	(6)	(105)
End of financial year	624	9,657	21,709	391	3,464	35,845
Accumulated depreciation and impairment losses						
Beginning of financial year	592	7,595	18,575	389	3,164	30,315
Depreciation charge (Note 7)	13	844	2,379	18	267	3,521
Impairment losses (Note 7)	–	–	62	–	–	62
Written-off	(9)	(582)	(3,231)	–	(270)	(4,092)
Disposals	–	(21)	–	(71)	(6)	(98)
End of financial year	596	7,836	17,785	336	3,155	29,708
Net book value						
End of financial year	28	1,821	3,924	55	309	6,137

21 PLANT AND EQUIPMENT (CONTINUED)

	Renovation $'000	Computer equipment $'000	Total $'000
The Company			
2022			
Cost			
Beginning and end of financial year	3	76	79
Accumulated depreciation			
Beginning of financial year	2	65	67
Depreciation charge	–	2	2
End of financial year	2	67	69
Net book value			
End of financial year	1	9	10
2021			
Cost			
Beginning and end of financial year	3	76	79
Accumulated depreciation			
Beginning of financial year	2	62	64
Depreciation charge	–	3	3
End of financial year	2	65	67
Net book value			
End of financial year	1	11	12

Write-off of plant and equipment

During the current financial year, the Group ceased the operations of certain restaurant outlets. Consequently, the Group has written-off the net book value of furniture and fittings, kitchen equipment and renovation in these restaurant outlets. In addition, the Group has also written-off the net book value of certain furniture and fittings, kitchen equipment, renovation and computer which are deemed to be not usable during the financial year ended 31 March 2022. The net book value of the plant and equipment written-off was approximately $28,000 (2021: $309,000) (Note 7).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

21 PLANT AND EQUIPMENT (CONTINUED)

Impairment of plant and equipment and right-of-use assets

The Group has identified the cash generating units ("CGUs") to be the respective restaurant outlets to which the plant and equipment and right-of-use assets belong. Management has determined that prolonged losses as an indicator that the plant and equipment and right-of-use assets may be impaired.

The recoverable amounts of the CGUs were based on its value-in-use calculation using cash flow projections from financial forecasts approved by management covering the remaining lease period and taking into consideration the aggravated impact of the COVID-19 pandemic.

Key assumptions used for value-in-use-calculations:

	The Group	
	2022	2021
	%	%
Gross profit margin	83	83
Growth rate	5 - 10	5 - 20
Pre-tax discount rate	9	5

Following the impairment assessment, the Group has recognised a net impairment losses of $11,000 (2021: $62,000) and $96,000 (2021: $266,000) (Note 22) for the plant and equipment and right-of-use assets in profit or loss as the result of the carrying amount excess recoverable amount of the relevant plant and equipment and right-of-use assets.

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Nature of the Group's leasing activities

Premises and restaurant outlets

The Group leases office space, restaurant outlets and kitchen facilities for the purpose of back office operations and restaurant sales respectively.

Office equipment

The Group leases printers for the purpose of office operations.

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) Right-of-use assets

	Premises and restaurant outlets $'000	Office equipment $'000	Total $'000
The Group			
2022			
Cost			
Beginning of financial year	50,931	55	50,986
Additions	27,285	–	27,285
Written-off [1]	(10,002)	–	(10,002)
Early termination of lease	(1,194)	–	(1,194)
End of financial year	67,020	55	67,075
Accumulated depreciation and impairment losses			
Beginning of financial year	25,145	17	25,162
Depreciation charge (Note 7)	17,620	11	17,631
Written-off [1]	(10,002)	–	(10,002)
Early termination of lease	(879)	–	(879)
Impairment losses (Note 7, Note 21)	96	–	96
End of financial year	31,980	28	32,008
Net book value			
End of financial year	35,040	27	35,067
2021			
Cost			
Beginning of financial year	52,004	55	52,059
Additions	9,316	–	9,316
Written-off [1]	(9,783)	–	(9,783)
Early termination of lease	(606)	–	(606)
End of financial year	50,931	55	50,986
Accumulated depreciation and impairment losses			
Beginning of financial year	16,504	6	16,510
Depreciation charge (Note 7)	18,491	11	18,502
Written-off [1]	(9,783)	–	(9,783)
Early termination of lease	(333)	–	(333)
Impairment losses (Note 7, Note 21)	266	–	266
End of financial year	25,145	17	25,162
Net book value			
End of financial year	25,786	38	25,824

[1] The written-off assets relate to those leases which had expired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

	Premises and restaurant outlets $'000	Office equipment $'000	Total $'000
The Company			
2022			
Cost			
Beginning of financial year	397	55	452
Additions	436	–	436
End of financial year	833	55	888
Accumulated depreciation			
Beginning of financial year	252	17	269
Depreciation charge	167	11	178
End of financial year	419	28	447
Net book value			
End of financial year	414	27	441
2021			
Cost			
Beginning of financial year	300	55	355
Additions	97	–	97
End of financial year	397	55	452
Accumulated depreciation			
Beginning of financial year	87	6	93
Depreciation charge	165	11	176
End of financial year	252	17	269
Net book value			
End of financial year	145	38	183

Please refer to Note 21 to the financial statements for the impairment assessment of right-of-use assets.

(b) Interest expense

	The Group	
	2022 **$'000**	**2021** **$'000**
Interest expense on lease liabilities	813	1,008

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(c) Lease expense not capitalised in lease liabilities

	The Group	
	2022	2021
	$'000	$'000
Lease expense – short-term leases	183	362
– low-value lease	95	108
Variable lease payments	852	1,244
Total (Note 7)	1,130	1,714

(d) Total cash outflow for all leases during the financial year ended 31 March 2022 was $18,863,000 (2021: $14,465,000).

(e) Future cash outflow which are not capitalised in lease liabilities

(i) Variable lease payments

The leases for restaurant outlets contain variable lease payments that are based on a percentage of sales generated by the outlets, on top of fixed payments. Such variable lease payments are recognised to profit or loss when incurred and amounted to $852,000 (Note 22(c)) for the financial year ended 31 March 2022.

(ii) Extension options

The leases for all restaurant outlets and kitchen facilities contain extension periods, for which the related lease payments have not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the Group and not by the lessor.

(f) Lease liabilities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current	17,391	15,633	162	142
Non-current	18,818	11,833	288	47
	36,209	27,466	450	189

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(g) Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 April 2021	Principal and interest payments	Rent concession	Additions	Early termination of lease	Interest expense	31 March 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	27,466	(17,733)	(1,267)	27,285	(355)	813	36,209

			Non-cash changes				
	1 April 2020	Principal and interest payments	Rent concession	Additions	Early termination of lease	Interest expense	31 March 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	36,579	(12,751)	(6,395)	9,316	(291)	1,008	27,466

23 INTANGIBLE ASSETS

	The Group	
	2022	2021
	$'000	$'000
Trademarks and franchise rights		
Cost		
Beginning of financial year	1,013	1,013
Written-off	(255)	–
End of financial year	758	1,013
Accumulated amortisation and impairment loss		
Beginning of financial year	814	689
Amortisation charge (Note 7)	63	64
Written-off	(255)	–
Impairment losses (Note 7)	–	61
End of financial year	622	814
Net book value		
End of financial year	136	199

Trademarks and franchise rights pertain to the exclusive rights of brand names granted by franchisors to its subsidiary corporation, Bachmann Enterprises Pte Ltd for the usage of the brand name at all existing restaurant outlets under the Group.

Impairment of intangible assets

These intangible assets were tested for impairment whenever there is an indication of impairment. There is no impairment loss recognised during the financial year ended 31 March 2022. For the financial year ended 31 March 2021, the Group has recognised an impairment losses of $61,000 due to the postponement of plants to exercise the franchise rights.

24 CLUB MEMBERSHIP

	The Group and The Company	
	2022	2021
	$'000	$'000
Club membership at cost		
Beginning and end of financial year	322	322

The fair value of the club membership at the balance sheet date is as follows:

	The Group and The Company	
	2022	2021
	$'000	$'000
Club membership	1,050	488

The fair value is within Level 2 of the fair values hierarchy. The fair value is based on the current selling price of the club membership on available market.

25 LONG-TERM SECURITY DEPOSITS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Refundable security deposits	3,070	3,800	45	11

These are mainly deposits placed with the landlords. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for impairment is required.

The fair values of the long-term security deposits are computed based on cash flows discounted at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	The Group	
	2022	2021
	$'000	$'000
Long-term security deposits	2,917	3,610

	Borrowing rate	
	2022	2021
	%	%
Long-term security deposits	5.3	5.3

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For the Financial Year Ended 31 March 2022

26 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	1,200	1,832	–	–
Non-trade payables				
- Subsidiary corporations	–	–	45	2
- Associated companies	253	–	253	–
- Non-related parties	1,843	1,187	5	61
Accruals for operating expenses (1)	5,174	3,380	663	521
Provisions (2)	103	108	–	–
Franchise deposits	9	9	–	–
	8,582	6,516	966	584

The non-trade amounts due to subsidiary corporations and associated companies are unsecured, interest-free and are repayable on demand.

(1) Accrual for operating expenses

Included in above are government grants received totalling $112,000 for the acquisition of certain automated equipment for the central kitchen of the Group's subsidiaries, Bachmann Japanese Restaurants Pte Ltd. The grants received are subsequently charged to profit or loss over the useful life of related Assets to match the related cost.

(2) Provisions

The provision for costs of dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of leased premises and retail outlets to its original conditions as stipulated in the terms and conditions of lease contracts.

Movements in the provisions were as follows:

	The Group	
	2022	2021
	$'000	$'000
Balance as at the beginning of the financial year	108	78
Provision made during the financial year	180	132
Utilisation during the financial year	(185)	(102)
Balance as at the end of financial year	103	108

27 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax liabilities, representing accelerated tax depreciation				
- To be settled after one year	216	216	2	2

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Beginning and end of financial year	216	216	2	2

28 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

	The Group and the Company			
	2022		2021	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
	'000	$'000	'000	$'000
Beginning and end of financial year	174,436	9,522	174,436	9,522

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(i) Japan Foods Performance Share Plan ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are:

Lee Sok Koon, Constance	(Chairperson, Lead Independent Director)
Tan Lye Huat	(Member, Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)
Chia Siok Mei,Sylvia	(Member, Independent Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to them.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

28 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES (CONTINUED)

(a) Share capital (continued)

(i) Japan Foods Performance Share Plan ("JF PSP") (continued)

Under JF PSP, it is contemplated that the award of fully paid ordinary shares of the Company, their equivalent cash value, issued free of charge (the "Awards") to eligible participants would incentivise the participants to excel in their performance and encourage greater dedication and loyalty to the Group. The Company is able to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long term goals. The JF PSP will further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under the JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. The Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, Awards may also be granted upon the Remuneration Committee's post-event of determination that any eligible participants have performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its Subsidiary Corporations (including Independent Directors but excluding controlling shareholders and their associates as defined in the circular to shareholders dated 2 June 2014 in relation to JP PSP) who has attained the age of 18 years on the date of grant of the award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards will be made by the Remuneration Committee at any time during the period when the JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. All taxes (including income tax) arising from the grant and/or disposal under the JF PSP shall be borne by the participant.

The total number of new shares that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding Treasury Shares) of the Company on the day immediately preceding the date on which the Award shall be granted.

The details of the performance shares granted under the JF PSP as at 31 March 2022 and 2021 are as follows:

	Beginning of financial year	Granted during financial year	End of financial year	Vesting price	Vesting date
2022					
2021 JF PSP	3,900,000	595,000	4,495,000	$0.39	25.06.2021*
2021					
2020 JF PSP	3,410,000	490,000	3,900,000	$0.33	01.03.2021*

* The share awards had been vested on the date of grant.

28 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES (CONTINUED)

(b) *Treasury shares*

	The Group and the Company			
	2022		2021	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
	’000	$’000	’000	$’000
Beginning of financial year	89	35	429	181
Treasury shares purchased	518	209	150	44
Less: Treasury shares granted	(595)	(239)	(490)	(190)
End of financial year	12	5	89	35

During the financial year, 595,000 (2021: 490,000) treasury shares were transferred to certain key management personnel of the Group pursuant to the Japan Foods Performance Share Plan (“JF PSP”). The share awards had been vested on the grant date. The fair value of the performance shares was determined as $232,050 (2021: $161,700) based on the market price of the Company’s share at the grant date.

The Company acquired 518,000 (2021: 150,000) shares in the Company in the open market during the financial year ended 31 March 2022. The total amount paid to acquire the shares was $209,000 (2021: $44,000) and this was presented as a component within shareholders’ equity. After these share buy-backs, the Company held 12,000 (2021: 88,800) treasury shares as at 31 March 2022 and the total number of issued shares (excluding treasury shares and subsidiary holdings) was 174,424,000 (2021: 174,347,200) shares.

(c) *Capital reserves*

	The Group and The Company	
	2022	2021
	$’000	$’000
Beginning of financial year	45	73
Performance shares granted	(7)	(28)
End of financial year	38	45

NOTES TO THE FINANCIAL STATEMENTS

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29 RETAINED PROFITS

(a) Retained profits of the Group are distributable except for cumulative share of profit of associated companies amounting to $1,635,000 (2021: $1,932,000).

(b) Movement in retained profits for the Company is as follows:

	The Company	
	2022	2021
	$'000	$'000
Beginning of financial year	5,857	1,537
Net profit for the financial year	722	6,059
Dividend paid (Note 30)	(3,925)	(1,739)
End of financial year	2,654	5,857

30 DIVIDENDS

	The Group	
	2022	2021
	$'000	$'000
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial year of 1.75 cents (2021: 0.25 cents) per share	3,052	426
Interim exempt dividend paid in respect of the current financial year of 0.5 cents (2021: 0.75 cents) per share	873	1,313
	3,925	1,739

At the forthcoming Annual General Meeting on 20 July 2022, a final exempt (one-tier) dividend of 1.35 cents per share amounting to a total $2,355,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2023.

31 FINANCIAL GUARANTEES

The Company has issued financial guarantees to banks for performance guarantees of subsidiary corporations. The Company has evaluated the fair values of the financial guarantees and the consequential liabilities derived from its guarantees to the bank with regards to the subsidiary corporations are minimal, with no default in the credit facilities granted.

32 RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between parties:

	The Group	
	2022	2021
	$'000	$'000
Sales of ingredients		
- Joint venture	96	46
Royalties fee		
- Associated companies	337	222
Franchise fee		
- Associated companies	35	–

Outstanding balances as at 31 March 2022 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12, 18, 19 and 26 to the financial statements respectively.

(b) Key management personnel compensation

	The Group	
	2022	2021
	$'000	$'000
Wages and salaries	1,094	1,119
Employer's contribution to Central Provident Fund	59	58
Employee performance shares	191	133
	1,344	1,320

Included in the above is total compensation to directors of the Company amounting to $485,000 (2021: $527,000).

33 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk*

(i) *Currency risk*

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group's exposure to currency risk is not significant as the Group operates mainly in Singapore. Certain of the Group's purchases are from Japan and Hong Kong, giving rise to exposures to the changes in foreign exchange rates primarily with respect to Japanese Yen ("JPY"), Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group does not enter into any derivative contracts to hedge its foreign exchange risk.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	JPY	HKD	USD	Total
	$'000	$'000	$'000	$'000	$'000
2022					
Financial assets					
Cash and bank balances	22,033	422	628	124	23,207
Trade and other receivables	990	75	–	–	1,065
Other financial assets	6,203	–	248	–	6,451
Receivables from subsidiary corporations	981	–	–	–	981
Other investments at amortised cost	1,309	–	–	–	1,309
	31,516	497	876	124	33,013
Financial liabilities					
Trade and other payables	(8,410)	(63)	–	(6)	(8,479)
Lease liabilities	(36,209)	–	–	–	(36,209)
Payables to subsidiary corporations	(981)	–	–	–	(981)
	(45,600)	(63)	–	(6)	(45,669)
Net financial assets/(liabilities)	(14,084)	434	876	118	(12,656)
Add: Net non-financial assets	45,363	–	–	–	45,363
Currency profile including non-financial assets	31,279	434	876	118	32,707
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	434	876	118	1,428

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
2021					
Financial assets					
Cash and bank balances	22,477	306	78	273	23,134
Trade and other receivables	819	26	–	–	845
Other financial assets	6,355	–	248	–	6,603
Receivables from subsidiary corporations	5,693	–	–	–	5,693
Other investments at amortised cost	1,821	–	–	–	1,821
	37,165	332	326	273	38,096
Financial liabilities					
Trade and other payables	(6,385)	(123)	–	(8)	(6,516)
Lease liabilities	(27,466)	–	–	–	(27,466)
Payables to subsidiary corporations	(5,693)	–	–	–	(5,693)
	(39,544)	(123)	–	(8)	(39,675)
Net financial assets/(liabilities)	(2,379)	209	326	265	(1,579)
Add: Net non-financial assets	34,956	–	–	–	34,956
Currency profile including non-financial assets	32,577	209	326	265	33,377
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	209	326	265	800

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	HKD $'000	Total $'000
2022			
Financial assets			
Cash and bank balances	3,486	628	4,114
Trade and other receivables	981	–	981
Other financial assets	1,098	248	1,346
	5,565	876	6,441
Financial liabilities			
Trade and other payables	(966)	–	(966)
Lease liabilities	(450)	–	(450)
	(1,416)	–	(1,416)
Net financial assets	4,149	876	5,025
Add: Net non-financial assets	7,184	–	7,184
Currency profile including non-financial assets	11,333	876	12,209
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	876	876
2021			
Financial assets			
Cash and bank balances	2,467	78	2,545
Trade and other receivables	5,694	–	5,694
Other financial assets	768	248	1,016
	8,929	326	9,255
Financial liabilities			
Trade and other payables	(584)	–	(584)
Lease liabilities	(189)	–	(189)
	(773)	–	(773)
Net financial assets	8,156	326	8,482
Add: Net non-financial assets	6,907	–	6,907
Currency profile including non-financial assets	15,063	326	15,389
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	326	326

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

Sensitivity analysis

If the JPY, HKD and USD change against the SGD by 8% (2021: 8%), 6% (2021: 6%) and 6% (2021: 6%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	The Group		**The Company**	
	Increase/(decrease) Profit after tax		**Increase/(decrease) Profit after tax**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
JPY against SGD				
- Strengthened	29	14	–	–
- Weakened	(29)	(14)	–	–
HKD against SGD				
- Strengthened	44	16	44	16
- Weakened	(44)	(16)	(44)	(16)
USD against SGD				
- Strengthened	6	13	–	–
- Weakened	(6)	(13)	–	–

(ii) *Price risk*

The Group and the Company does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk is primarily from short-term deposits that will mature from 1 to 12 months. These short-term deposits are placed on as short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. The Group trades mainly in cash. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at balance sheet date, there are no significant concentrations of credit risk within the Group and the Company.

As the Group and the Company do 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 balance sheet, except as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Financial guarantee provided to banks on subsidiary corporations' performance guarantee	1,685	1,606

(i) Impairment of trade and other receivables

The Group has applied the simplified approach by using the allowance matrix to measure the lifetime expected credit losses ("ECL") for all trade and other receivables.

In measuring the expected credit losses, trade and other receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Group considers current payment patterns for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Receivables 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. The Group categorises a receivable for write off when a customer fails to make contractual payment greater than 90 days past due based on historical collection trend. Where receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group assess the credit risk rating of other receivables including loan to related corporations based on qualitative and quantitative (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available and applying expected credit judgement).

As at 31 March 2022 and 2021, the trade and other receivables are not past due and are not subject to any material credit losses.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure. Trade and other receivables that are neither past due nor impaired are substantially customers with a good collection track records with the Group.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk (continued)*

(ii) *Impairment of other investments at amortised cost*

The Group's other investments at amortised cost consists of investment in corporate bonds which are considered to have a low credit risk and the loss allowance recognised is based on the 12-months ECL. The Group considers its investment in corporate bonds have low credit risk as the corporate bonds are listed bonds with high credit- rating assigned by international credit rating agencies.

As at 31 March 2022, the other investment at amortised cost are not subject to any material credit losses.

(iii) *Cash and cash equivalent*

The cash and bank balances are held with bank with high credit-rating assigned by international credit-rating agencies. The impairment on cash and cash equivalents has been measured on the 12-months ECL basis and reflects the short maturities of the exposures. The Group consider its cash and cash equivalent have low credit risk based on the external credit rating on the counterparties. The amount of the allowance on cash and cash equivalent was negligible.

(iv) *Financial guarantee contracts*

The Company has issued financial guarantees to bank for performance guarantee of its subsidiary corporations. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary corporations have strong financial capacity to meet the contractual cash flows obligation in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) *Liquidity risk*

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of adequate funds to meet its obligation.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
At 31 March 2022				
Trade and other payables	8,479	–	–	–
Lease liabilities	18,119	11,432	7,837	–
At 31 March 2021				
Trade and other payables	6,516	–	–	–
Lease liabilities	16,251	9,479	2,609	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Company				
At 31 March 2022				
Trade and other payables	966	–	–	–
Lease liabilities	173	170	127	–
Financial guarantee contracts	2,607	–	–	–
At 31 March 2021				
Trade and other payables	584	–	–	–
Lease liabilities	145	24	26	–
Financial guarantee contracts	2,216	–	–	–

Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital risk

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as going concern and to maintain an optimal capital structure as to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or to achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors its capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Net debt	(14,625)	(16,618)	(3,148)	(1,961)
Total equity	32,707	33,377	12,209	15,389
Total capital	18,082	16,759	9,061	13,428
Gearing ratio	NM*	NM*	NM*	NM*

* NM = Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2022 and 2021.

(e) Fair value measurement

The fair values of trade receivables and payables are assumed to approximate their carrying amount.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost	32,032	32,402	6,441	9,255
Financial liabilities at amortised cost	44,688	33,874	1,416	773

34 SEGMENT INFORMATION

The Board of Directors ("BOD") is the Group's chief operating decision maker. Management has determined the operating segments based on the reports reviewed by BOD that are used to make strategic decisions.

The BOD considers the business from both a geographic and business segment perspective. Currently, the Group's business operates only in Singapore and its revenue is derived only from Singapore.

The segment information provided to the BOD is as follows:

	Singapore		
	Restaurant sales	Other segments	Total segments
	$'000	$'000	$'000
The Group			
2022			
Revenue			
Total segment revenue	54,492	122	54,614
Segment results	2,905	157	3,062
Depreciation and amortisation	2,901	63	2,964
Depreciation of right-of-use assets	17,631	–	17,631
Allowance for impairment of plant and equipment	11	–	11
Allowance for impairment of right-of-use assets	96	–	96
Plant and equipment written-off	28	–	28
Gain on early termination of lease	(40)	–	(40)
Share of profit of associated companies	(83)	–	(83)
Segment assets	70,023	768	70,791
Segment assets includes:			
Additions to plant and equipment	3,990	–	3,990
Additions to right-of-use assets	27,285	–	27,285
Loan to an associated company	248	–	248
Loan to a joint venture	1,050	–	1,050
Segment liabilities	44,461	330	44,791

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

34 SEGMENT INFORMATION (CONTINUED)

	Singapore		
	Restaurant sales	Other segments	Total segments
	$'000	$'000	$'000
The Group			
2021			
Revenue			
Total segment revenue	50,942	60	51,002
Segment results	4,142	57	4,199
Depreciation and amortisation	3,521	64	3,585
Depreciation of right-of-use assets	18,502	–	18,502
Allowance for impairment of plant and equipment	62	–	62
Allowance for impairment of right-of-use assets	266	–	266
Allowance for impairment of intangible assets	–	61	61
Plant and equipment written-off	309	–	309
Gain on early termination of lease	(18)	–	(18)
Share of profit of associated companies	(33)	–	(33)
Share of loss of joint venture	91	–	91
Segment assets	56,719	1,426	58,145
Segment assets includes:			
Additions to plant and equipment	774	–	774
Additions to right-of-use assets	9,316	–	9,316
Loan to an associated company	248	–	248
Loan to a joint venture	720	–	720
Segment liabilities	33,353	629	33,982

The Group's principal business is in the operation of restaurant outlets and its ancillary business is in the supply of food ingredients to its sub-franchisees and franchisee.

Sales between segments are carried out at the normal business terms and conditions. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of segment results before interest (net), share of results associated companies and income tax expenses. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group finance team, which manages the cash position of the Group.

34 SEGMENT INFORMATION (CONTINUED)

Reconciliations

(i) Segment profits

A reconciliation of reported segment results to profit before tax is provided as follows:

	The Group	
	2022	2021
	$'000	$'000
Reported segments	3,062	4,199
Interest income	86	97
Share of profit of associated companies	83	33
Share of loss of joint venture	–	(91)
Profit before income tax	3,231	4,238

(ii) Segment assets

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits and other investments at amortised cost.

	The Group	
	2022	2021
	$'000	$'000
Segment assets for reportable segments	70,791	58,145
Unallocated:		
Short-term bank deposits	5,737	8,172
Other investments at amortised cost	1,309	1,821
	77,837	68,138

(iii) Segment liabilities

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax and deferred income tax liabilities.

	The Group	
	2022	2021
	$'000	$'000
Segment liabilities for reportable segments	44,791	33,982
Unallocated:		
Current income tax liabilities	123	563
Deferred income tax liabilities	216	216
	45,130	34,761

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023).

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment

Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022).

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

36 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Japan Foods Holding Ltd. on 1 July 2022.

STATISTICS OF SHAREHOLDINGS

As at 22 June 2022

Class of shares	:	Ordinary Shares
Number of shares issued (including Treasury Shares)	:	174,436,000
Number of shares issued (excluding Treasury Shares)	:	174,424,000
Number/Percentage of Treasury Shares	:	12,000 (0.01%)
Number/Percentage of Subsidiary Holdings	:	NIL
Voting rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 22 JUNE 2022

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	4	0.68	107	0.00
100 - 1,000	84	14.24	50,288	0.02
1,001 - 10,000	272	46.10	1,459,330	0.84
10,001 - 1,000,000	221	37.46	16,688,775	9.57
1,000,001 and above	9	1.52	156,225,500	89.57
Total	590	100.00	174,424,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 22 JUNE 2022

No.	Name of shareholders	No. of shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	114,956,100	65.91
2	CHAN CHAU MUI	8,100,000	4.64
3	HSBC (SINGAPORE) NOMINEES PTE LTD	7,917,900	4.54
4	SIRIUS VENTURE CAPITAL PTE LTD	7,165,800	4.11
5	DBS NOMINEES PTE LTD	6,946,200	3.98
6	NOMURA SINGAPORE LIMITED	3,360,600	1.93
7	SHIGEMITSU INDUSTRY CO. LTD.	3,360,600	1.93
8	CHIN MAY YEE EMILY	2,321,200	1.33
9	TAN KAY TOH OR YU HEA RYEONG	2,097,100	1.20
10	YAP KWOK KHUEN OR GOH POH LIAN	877,800	0.50
11	TAN BIN CHENG GUY	854,000	0.49
12	IFAST FINANCIAL PTE LTD	723,200	0.42
13	PHILLIP SECURITIES PTE LTD	698,475	0.40
14	TAN KOK CHING	630,000	0.36
15	RAFFLES NOMINEES (PTE) LIMITED	569,700	0.33
16	YEO WEI HUANG	420,000	0.24
17	HO JUAT KENG	419,800	0.24
18	TAN BEE KIA (CHEN MEIJING)	400,000	0.23
19	OCBC SECURITIES PRIVATE LTD	370,600	0.21
20	CHRISTELLA CHUAH POH CHOO	320,000	0.18
	Total:	162,509,075	93.17

STATISTICS OF SHAREHOLDINGS

As at 22 June 2022

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 22 June 2022, approximately 24.09 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the SGX-ST Listing Manual Section B : Rules of Catalist is complied with.

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	No. of shares (Direct interest)	%	No. of shares (Deemed interest)	%
Takahashi Kenichi	114,814,800[1]	65.83%	8,100,000[2]	4.64%
Wong Hin Sun, Eugene[3]	–	–	9,487,000	5.44%

Note:

(1) This is held through nominee.

(2) Takahashi Kenichi is deemed interested in the 8,100,000 shares held by his deemed associate, Chan Chau Mui.

(3) Mr Wong Hin Sun, Eugene is the founder and Managing Director of Sirius Venture Capital Pte Ltd. and he is deemed to be interested in 7,165,800 shares and 2,321,200 shares respectively held through Sirius Venture Capital Pte Ltd. and through his spouse, Chin May Yee, Emily.

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on the SGXNet and the Company's website on Monday, 4 July 2022. A printed copy of this Notice will not be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Japan Foods Holding Ltd. (the "**Company**") will be convened and held by way of electronic means on Wednesday, 20 July 2022 at 3.00 p.m., for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt one-tier dividend of 1.35 Singapore cents per ordinary share for the financial year ended 31 March 2022. **(Resolution 2)**

3. To approve the payment of S$130,750 as fees to the directors of the Company ("**Directors**") for the financial year ended 31 March 2022. (2021: S$115,000) **(Resolution 3)**

4. To re-elect Mr Takahashi Kenichi, who is retiring under Regulation 101 of the Company's Constitution, and who, being eligible, offers himself for re-election as a director of the Company. **(Resolution 4)**

   [See explanatory Note (a)]

5. To re-elect Mr Tan Lye Huat, ("**Mr Tan**") who is retiring under Regulation 101 of the Company's Constitution, and who, being eligible, offers himself for re-election as a director of the Company. **(Resolution 5)**

   [See explanatory Note (b)]

6. To re-elect Mdm Chia Siok Mei, Sylvia who is retiring under Regulation 105 of the Company's Constitution, and who, being eligible, offers herself for re-election as a director of the Company. **(Resolution 6)**

   [See explanatory Note (c)]

7. Pursuant to Rule 406(3)(d)(iii)(A) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), shareholders to approve the continued appointment of Mr Tan as an Independent Director , and that upon due approval, such approval shall remain in force until the earlier of (i) Mr Tan's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution. **(Resolution 7)**

   [See explanatory Note (b)]

8. That contingent upon the passing of Ordinary Resolution 7 above and pursuant to Rule 406(3)(d)(iii)(B) of the Catalist Rules, shareholders (excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and the respective associates of such Directors and Chief Executive Officer) to approve the continued appointment of Mr Tan as an Independent Director , and that upon due approval, such approval shall remain in force until the earlier of (i) Mr Tan's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution. **(Resolution 8)**

   [See explanatory note (b)]

9. To re-appoint Nexia TS Public Accounting Corporation as the auditor of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

10. To transact any other business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

11. **Authority to allot and issue shares in the capital of the Company and/or Instruments (as defined hereinafter)** **(Resolution 10)**

That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Catalist Rules, the Directors be and are hereby authorised and empowered to:

(a) (1) allot and issue new ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total issued Shares at the time of passing of this Ordinary Resolution (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 30% of the total issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the Company's total issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Ordinary Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Ordinary Resolution provided that share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See explanatory Note (d)]

12. **Authority to grant awards and issue shares under the Japan Foods Performance Share Plan** **(Resolution 11)**

That approval be given to the directors to grant awards from time to time in accordance with the provisions of the Japan Foods Performance Share Plan ("**Share Plan**"), and under section 161 of the Companies Act, to allot and issue from time to time such number of new shares in the capital of the Company as may be required to be issued under the vesting of awards under the Share Plan, provided that the aggregate number of new shares to be allotted and issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See explanatory Note (e)]

13. **Renewal of the Share Buyback Mandate** **(Resolution 12)**

THAT:

(1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**").

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked.

NOTICE OF ANNUAL GENERAL MEETING

(3) in this Resolution 12:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 consecutive market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See explanatory Note (f)]

By Order of the Board

Chew Pei Tsing
Company Secretary
Singapore

4 July 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Ordinary Resolution 4 is to re-elect Mr Takahashi Kenichi ("**Mr Takahashi**") who will be retiring by rotation under Regulation 101 of the Constitution of the Company.

Mr Takahashi, will upon re-election as a Director, remain as the Executive Chairman and CEO of the Company.

Detailed information of Mr Takahashi (including information as set out in Appendix 7F of the Catalist Rule) can be found under the "Board of Directors"' in the Company's Annual Report and "Additional Information on Directors Seeking Re-election and Continued Appointment", as enclosed.

(b) Ordinary Resolution 5 is to re-elect Mr Tan Lye Huat ("**Mr Tan**") who will be retiring by rotation under Regulation 101 of the Constitution of the Company.

In accordance with Rule 406(3)(d)(iii) of the Catalist Rules, Mr Tan, having served on the Board of the Company beyond 9 years, will not be considered independent unless his appointment as an Independent Director is approved in separate resolutions by (i) all shareholders and (ii) shareholders (excluding the Directors and the CEO of the Company, and the respective associates of such Directors and the CEO).

Ordinary Resolutions 7 and 8, if passed, will enable Mr Tan to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to this AGM) pursuant to Rule 406(3)(d)(iii) of the Catalist Rules and provision 2.1 of the Code of Corporate Governance 2018, and the approvals shall remain in force until the earlier of (i) Mr Tan's retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.

Resolution 7 is conditional upon Resolution 8 being duly approved, else the aforesaid Director will be designated as Non-Independent Director with effect from 20 July 2022. In the event Ordinary Resolutions 5, 6 and 7 are passed, Mr Tan will remain as an Independent Director, the Chairperson of the Audit and Risk Committee and member of the Nominating Committee and Remuneration Committee and is considered independent by the Board of Directors for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Tan (including information as set out in Appendix 7F of the Catalist Rule) can be found under the "Board of Directors"' in the Company's Annual Report 2022 and "Additional Information on Directors Seeking Re-election and Continued Appointment", as enclosed.

(c) Ordinary Resolution 6 is to re-elect Mdm Chia Siok Mei, Sylvia ("**Mdm Chia**") who will be retiring by rotation under Regulation 105 of the Constitution of the Company.

Mdm Chia, will upon re-election as a Director, remain as a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee respectively, and is considered independent by the Board of Directors for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mdm Chia (including information as set out in Appendix 7F of the Catalist Rule) can be found under the "Board of Directors"' in the Company's Annual Report and "Additional Information on Directors Seeking Re-election and Continued Appointment", as enclosed.

(d) Ordinary Resolution 10 will empower the Directors (from the date of this AGM of the Company until the date of the next AGM of the Company, or the date which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in general meeting, whichever is the earlier), to allot and issue Shares, make or grant instruments convertible into Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution, of which up to 30% may be issued other than on a pro-rata basis to existing shareholders of the Company.

(e) Ordinary Resolution 11 will empower the Directors (from the date of this AGM of the Company until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier) to offer and grant awards under the Share Plan (which was approved at the extraordinary general meeting of the Company held on 24 July 2013), and to allot and issue shares in the capital of the Company pursuant to the Share Plan provided that the aggregate number of shares to be issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) does not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

(f) Ordinary Resolution 12 is to renew the Share Buyback Mandate (which was first approved by shareholders at an extraordinary general meeting on 21 July 2015).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2022, based on certain assumptions, are set out in the Appendix to this Annual Report. Please refer to the Appendix to this Annual Report for details.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. To minimise COVID-19 transmission risks, members will not be able to attend the AGM in person. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. The Company's Annual Report for the financial year ended 31 March 2022 (including the Sustainability Report, the notice of this AGM, the Proxy Form) as well as the Appendix in relation to the proposed renewal of the Share Buyback Mandate can be accessed at the Company's website at https://www.jfh.com.sg//html/ir_announcements.php and/or the SGX website at https://www.sgx.com/securities/company-announcements. Printed copies of this Notice of AGM will not be sent to members.

3. Due to the COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

4. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy (the "**Proxy Form**") for the AGM, failing which the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.

5. Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **3.00 p.m., on 8 July 2022**, being seven (7) working days before the date of the AGM.

6. The completed and signed Proxy Form must be submitted to the Company in the following manner:

   (a) by email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or

   (b) by post and be deposited with the Company's Share Registrar at 77 Robinson Road #06-03, Robinson 77, Singapore 068896,

   in either case, not less than 72 hours before the time set for the AGM that is no later than **3.00 p.m., on 17 July 2022**. In view of the COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed Proxy Forms electronically via email.

7. A member of the Company (including CPF/SRS investors) or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a Live Webcast via mobile phone, tablet or computer. In order to do so, the member may pre-register from **9:00 a.m., on 4 July 2022** and must pre-register by **3:00 p.m., on 17 July 2022** (being not less than seventy-two (72) hours before the time fixed for the AGM) ("**Registration Deadline**"), at the following URL: https://septusasia.com/jfhagm2022, to create an account and to enable the Company to verify the Members' status. Persons who hold shares through Relevant Intermediaries who wish to participate in the AGM by observing and/or listening to the AGM proceedings via "live" audio-and-visual website or "live" audio-only stream should approach his/her/its Relevant Intermediaries*.

8. Upon successful registration, members will receive email instructions on how to access to the live audio-visual webcast stream of the proceedings of the AGM by **3.00 p.m. on 19 July 2022** (the "**Confirmation Email**"). Members who do not receive the Confirmation Email by 3.00 p.m. on 19 July 2022 but have registered by the Pre-Registration Deadline, should email the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com.

9. Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (other than CPF/SRS investors) and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on his/her/its behalf at the AGM, should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

10. Members may submit questions related to the resolutions to be tabled for approval at the AGM via the following:

    (a) the pre-registration website at https://septusasia.com/jfhagm2022; or

    (b) email to the Company's Share Registrar at main@zicoholdings.com.

    All emails are to include the full name, identification/registration number and the manner in which the shares are held in the Company (e.g. via CDP, CPF or SRS), for authentication purposes, failing which the submission will be treated as invalid. All questions must be submitted by **3.00 p.m., on 12 July 2022**.

11. The Company will address all substantial and relevant questions received from members relating to the agenda of the AGM prior to the AGM by publishing the responses to those questions via SGXNet and on the Company's website at https://www.jfh.com.sg//html/ir_announcements.php by 14 July 2022 (after trading hours).

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

RECORD DATE AND PAYMENT DATE OF 2022 DIVIDEND

Subject to the approval of the shareholders of the Company ("**Shareholders**") to be obtained for the proposed final tax-exempt one-tier dividend of 1.35 Singapore cents per ordinary share ("**2022 Dividend**") for the financial year ended 31 March 2022, the Share Transfer Books and Register of Members of the Company will be closed on 29 July 2022 for the purpose of determining Shareholders' entitlements to the 2022 Dividend.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03, Robinson 77, Singapore 068896 up to 5.00 p.m. on 28 July 2022 will be registered to determine Shareholders' entitlements to the 2022 Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 28 July 2022 will be entitled to the 2022 Dividend.

Payment of the 2022 Dividend, if approved by Shareholders at the AGM of the Company, will be made on 17 August 2022.

*This notice has been prepared by Japan Foods Holding Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this notice. The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, UOB Kay Hian Private Limited, at 8 Anthony Road, #01-01, Singapore 229957, Telephone (65) 6590 6881.*

JAPAN FOODS HOLDING LTD.

(UEN 200722314M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 4 July 2022 which has been uploaded together with this Notice of AGM on SGXNet on the same day. The announcement and this Notice of AGM may also be accessed at the Company's website at https://www.jfh.com.sg//html/ir_announcements.php.
2. A member will **not** be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
   CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak and vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **3.00 p.m. on 8 July 2022**, being seven (7) working days before the date of the AGM.
3. Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries to in turn submit the Proxy Form to vote on their behalf.
4. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 July 2022.
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of Chairman of the AGM as a members' proxy to vote on his/her/its behalf at the AGM.

This form of proxy has been made available on SGXNet at the https://www.sgx.com/securities/company-announcements, the Company's website at the https://www.jfh.com.sg//html/ir_announcements.php and the online registration website at https://septusasia.com/jfhagm2022. A printed copy of this proxy form will not be despatched to members.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of **JAPAN FOODS HOLDING LTD.** (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 20 July 2022 at 3.00 p.m., and at any adjournment thereof.

Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes for or against a resolution proposed at the AGM, please indicate with a tick [✓] in the space provided under "For" or "Against". If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution proposed at the AGM, please indicate with a tick [✓] in the space provided under "Abstain". Alternatively, please indicate the number of shares as appropriate. If no specific direction as to voting is given, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.

No.	Ordinary Resolutions	For	Against	Abstain
	Ordinary Business			
1.	Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2022, together with the Independent Auditors' Report .			
2.	Approval of payment of final dividend of 1.35 Singapore cents per ordinary share.			
3.	Approval of payment of Directors' fees of S$130,750 (2021: S$115,000)			
4.	Re-election of Mr Takahashi Kenichi as a Director.			
5.	Re-election of Mr Tan Lye Huat as a Director.			
6.	Re-election of Mdm Chia Siok Mei, Sylvia as a Director.			
7.	Approval of Mr Tan Lye Huat's continued appointment as an Independent Director by all shareholders.			
8.	Approval of Mr Tan Lye Huat's continued appointment as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates).			
9.	Re-appointment of Nexia TS Public Accounting Corporation as auditor of the Company.			
	Special Business			
10.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act 1967 of Singapore.			
11.	Authority to grant awards and to issue shares under the Japan Foods Performance Share Plan.			
12.	Renewal of the Share Buyback Mandate.			

Dated this __________ day ______________, 2022

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____
Signature of Shareholder(s)/Common Seal of
Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act 1967 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Due to the COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The instrument appointing the Chairman of the AGM as proxy (the "**Proxy Form**") may be accessed at the Company's website at https://www.jfh.com.sg//html/ir_announcements.php, the SGX website at https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy to attend, speak, vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **3.00 p.m., on 8 July 2022**, being seven (7) working days before the date of the AGM.

   Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The Proxy Form must be submitted in the following manner:

   (a) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or

   (b) if in hard copy submitted by post, be deposited with the Company's Share Registrar at 77 Robinson Road #06-03, Robinson 77, Singapore 068896.

   In either case, the Proxy Form shall be received by the Company not less than seventy-two (72) hours before the time appointed for the AGM, that is **no later than 3.00 p.m. on 17 July 2022**.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   To minimise physical interactions and COVID-19 transmission risks, members are strongly encouraged to submit the completed Proxy Forms electronically via email.

6. The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be deposited with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.

7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 July 2022.

OVERCOMING CHALLENGES

UNLOCKING VALUE

JAPAN FOODS HOLDING LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(UEN 200722314M)

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