

Management's representation

On page 32 of the Company's FY2017 annual report containing the audited combined financial results of the Company, which has been approved by shareholders during the Company's Annual General Meeting on 31 January 2018, the following has been disclosed:

"The transfer of economic interest in the restaurant business was on 1 July 2017 whilst the transfer of legal interest in the restaurant business was on 31 October 2017. All profits and receipts, and all losses and outgoing, accrual or payable in relation to the restaurant business on and after 1 July 2017 shall belong to the Company. The profit attributable to owners of the Company for the period from 1 July 2017 to 30 September 2017 amounted to S\$1,625,307".

Having made the abovementioned disclosure in the Company's FY 2017 annual report, the Company prepared the consolidated financial results announcements for 1Q2018, 2Q2018 and 3Q2018 ("3 Quarters") using Actual Group Accounting Principles on the basis that the Company had obtained control over the subsidiary corporations on 31 October 2017, being the legal completion date of the Restructuring Exercise. The 1Q2018, 2Q2018 and 3Q2018 financial results were reviewed at the respective AC meetings which were all attended by the external auditors and the sponsor before they were approved by the Board for announcement. It is expressly stated in each of the announcements under "*Basis of Preparation and Comparative statements*" (on page 1) as well as paragraph 4 of the Financial Statements that "*the consolidated financial statements for the current period have been prepared based on the actual current Group that was formed subsequent to the Restructuring Exercise while the prior comparative consolidated financial statements are prepared on a combined basis and include the financial information of the restaurant business as if the current group structure had been in existence throughout the relevant years or from the date the entities are under common control, if later*".

In arriving at the above decision to change the accounting principle, the following factors were considered:

- i. The Group was legally formed on 31 October 2017, pursuant to the Restructuring Agreement dated 20 October 2017, after completion of the conditions precedent ("CPs") in the Restructuring Agreement.
- ii. Restructuring Agreement paragraph 2.6 (As disclosed in Section 1 above).
- iii. The 1Q2018, 2Q2018 and 3Q2018 financial results were prepared and recommended to the Board for announcement with the knowledge and presence of both the external auditors and the sponsor at the respective AC meetings.

In deciding to apply Actual Group Accounting Principles for 1Q2018, and in consideration of the above 3 factors, the Company took the position that as the Group was entitled to the economic interest in the Restaurant Business from 1 July 2017 till 31 October 2017 (and this date falling within the quarter ended 31 December 2017), all profits and receipts, and all losses and outgoings, accrual or payable in relation to the Restaurant Business in this Interim Period should be recorded as Other Income of the Group in 1Q2018 and also for the financial year ended 30 September 2018. This was expressly noted in the 1Q2018 Financial Statements in the "Statement of Comprehensive Income" (at paragraph 8), which stated "*1Q2018 also includes the economic interest in the restaurant business from 1 July 2017 to 31 October 2017*". The 1Q2018 Financial Statements also stated at paragraph 8 in the Statement of Comprehensive Income that the increase in profit from 1Q2017 "*was largely caused by the one-time recognition of Interim Period profits during the period, which resulted from the acquisition of the restaurant business pursuant to the Restructuring Agreement*".

Management's representation (continued)

FY2018 full year results

During the year end audit (1Q2018, 2Q2018 and 3Q2018 were unaudited) for the financial year ended 30 September 2018, the external auditors informed Management that consolidation for FY2018 would be more appropriate using Merger Accounting Principles, notwithstanding the fact that the unaudited Q1, Q2 and Q3 FY2018 financial statements and announcements had adopted Actual Group Accounting Principles with the knowledge of the external auditors.

The Company was concerned with the different accounting treatment within the same financial year during the year-end audit for FY ended 30 September 2018 vis-a-vis the earlier AC and Board meetings that had been held to approve the unaudited financial results for 1Q, 2Q and 3Q FY 2018.

After various detailed discussions between the Company, the external auditors and the sponsor, the AC and the Board on 23 November 2018 adopted and approved the full-year results Announcement of the Group for FY2018 using Merger Accounting Principles notwithstanding the earlier adoption of Actual Group Accounting Principles with the knowledge of the external auditors and the sponsor, as aforesaid.