WIDENING OUR HORIZONS
SCALING HIGHER PEAKS

Japan Foods Holding Ltd.
Annual Report 2023

TABLE OF CONTENTS

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 information, 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.

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. In 2019, it was once again recognised at the Singapore Corporate Awards for "Best Annual Report (Silver)". At the SIAS Investors Choice Awards 2022, it was named Runner-Up for the "Most Transparent Company Award - Consumer Discretionary" category.

SELF-DEVELOPED BRANDS:

- Fruit Paradise
- Ramen Ichiro
- Tokyo Shokudo
- Edo Shokudo
- Yakiniku Shokudo
- Kyoto Shokudo
- BBQ Seoul Shokudo
- Yakiniku Taro

FRANCHISED BRANDS :

- Afuri Ramen
- Ajisen Ramen
- Kagurazaka Saryo
- Konjiki Hototogisu
- Menya Musashi
- Menzo Butao
- Osaka Ohsho
- Shitamachi Tendon Akimitsu
- Yonehachi
- Nakiryu
- New ManLee Bak Kut Teh

AT A GLANCE

OUR NETWORK AND OPERATIONS

(As at 31 March 2023)

65
SELF-OPERATED RESTAURANTS IN SINGAPORE

17
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 STRATEGIES

01
INTENSIFY COST CONTROL EFFORTS

02
FOCUS MORE ON FAST GROWING HALAL SEGMENT IN SINGAPORE

03
IMPROVE OPERATIONAL EFFICIENCY TO REDUCE RELIANCE ON LABOUR AND MARKETING STRATEGIES TO BOOST SALES

04
SEEK SUITABLE OPPORTUNITIES AND THE RIGHT TIME, PARTNERS AND MARKETS TO EXECUTE OVERSEAS EXPANSION

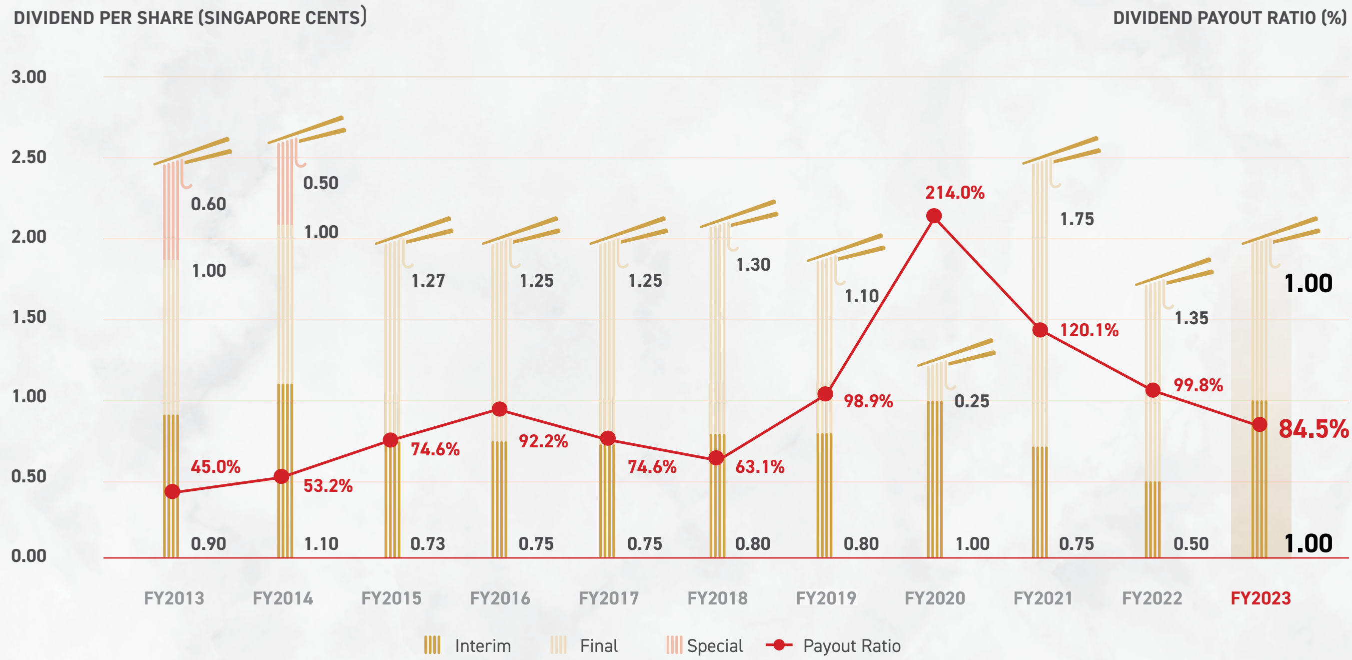
AT A GLANCE

OUR FOCUS ON SHAREHOLDERS' VALUE

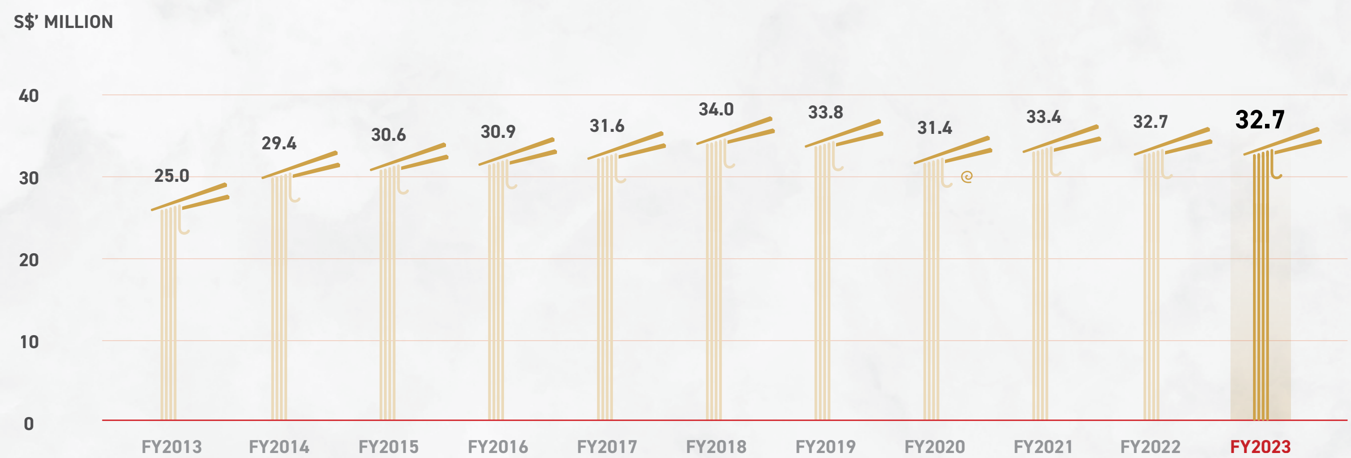
We are focused on growing long-term shareholders' value and we have been consistently rewarding shareholders with cash dividends since FY2009.

Our total dividend payment in respect of FY2023 will be 2.00 Singapore cents per share, comprising the interim dividend of 1.00 Singapore cent per share already paid in December 2022 and the proposed final dividend of 1.00 Singapore cents per share. This represented a total dividend payout of 84.5% of our Group's net profit in FY2023.

DIVIDEND HISTORY



SHAREHOLDERS' EQUITY

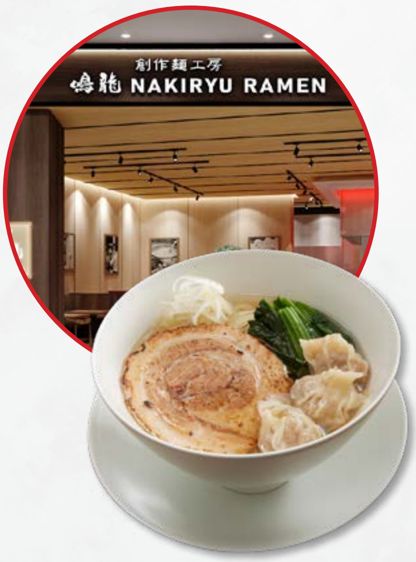


OUR BRANDS

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 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 RAMEN

Established in Kanagawa, Japan over 10 years ago, "Afuri Ramen" is known 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.

EXTRA VIRGIN PIZZA

Specialising in handmade pizzas, "Extra Virgin Pizza" is known for its artisanal Neapolitan pizzas made with the highly raved Italian Caputo 00 flour for the crust. Topped with juicy Californian tomatoes, the thin, crispy crust is a cheesy masterpiece that leaves customers craving for more. This brand also features other Italian favourites on its menu including pasta, starters, sweets and cheese, and an eclectic selection of wines, beer and non-alcoholic beverages.

KONJIKI HOTOTOGISU

"Konjiki Hototogisu" is Japan Foods' first collaboration with a Michelin-star brand and its chef. The brand's Chef Atsuyuki Yamamoto 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.

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

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” has turned the preparation of ramen into 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 where 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).

NAKIRYU

“Nakiryu” is Japan Foods' second Michelin-star brand. The outlet in Plaza Singapura is the brand's first store outside Japan. Awarded with one Michelin-star since 2017, “Nakiryu” originates from Tokyo and was started by Chef Kazumasa Saito. The ramen eatery's signature dish is its take on Dandan Noodles, a spicy noodle dish with roots in Sichuan, China, and is usually eaten dry. The “Nakiryu” version features a slightly spicy sesame flavoured broth made with chicken, beef bones, oysters and konbu, and topped with ground pork and chopped scallions. Other menu highlights include Shoyu Ramen, Shio Ramen and Hot and Sour Soup Ramen.

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.

RAMEN ICHIRO

“Ramen Ichiro” features Jiro-style ramen, known for its thicker noodles with a bouncier texture and is served with mounds of bean sprouts, vegetables and sliced pork in a rich broth. Other highlights on the menu include Tonkatsu ramen, baked cheese rice and pot pie tsukemen, with a choice of original or spicy broth.

YAKINIKU TARO

The Group's self-developed “Yakiniku Taro” brand is a Japanese-style grill restaurant that features different cuts of beef, including premium wagyu. With some guidance from the staff, customers grill their meats at their tables according to their preferred done-ness. Chicken is also available for those who do not consume beef. The meats are served with the brand's signature dipping sauces to elevate the taste.

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.

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

HALAL

OUR NEW HALAL OFFERINGS

Underpinned by the growing halal dining market, our halal offerings have rapidly expanded to seven brands across 28 restaurants since our first restaurant opened in November 2020. Parked under "Shokudo", which means cafeterias or snack bars, our halal brands feature authentic Japanese cuisine that cater to palates and dietary requirements of the community.

BBQ SEOUL SHOKUDO

"BBQ Seoul Shokudo" is the Group's first Korean concept restaurant. It serves Korean-style BBQ, offering well marinated beef and chicken together with the quintessential side dishes, or kimchi, that always accompany a Korean meal. Other dishes include jjigae, or stews, and bibimbap, which are rice bowls topped with meat, lots of lightly blanched vegetables, a sunny-side up egg and a generous dollop of gochujang, which is a spicy paste made of fermented soy beans.

EDO SHOKUDO

"Edo Shokudo" is the Group's first twin concept restaurant featuring both ramen and teppanyaki. Its ramen comes with a choice of three soup bases – original, spicy and curry, all rich in collagen from hours of boiling the chicken and keeping it at a constant simmer to give the broth a rich consistency. The menu also features teppanyaki rice sets, yakisoba and authentic Hiroshima-style okonomiyaki, which is a savoury Japanese pancake with a selection of ingredients such as vegetables, meat and seafood. A drizzle of okonomiyaki sauce and aonori (dried seaweed) completes the culinary experience.

OUR BRANDS

KYOTO SHOKUDO

"Kyoto Shokudo" offers a taste of Kyoto with its wide array of matcha dessert options, such as the Matcha Parfait, Matcha Panna Cotta and Matcha Anmitzu. In addition to these delectable desserts, the café also serves a variety of Japanese cuisine options such as udon and donburi dishes to satiate customers' cravings for a hearty meal.

FRUIT PARADISE

"Fruit Paradise" is one of the Group's self-developed brands. It 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 with strawberries, mochi and vanilla ice cream. Another crowd favourite is the Frozen Matcha Smores, which is a delicious concoction of gooey marshmellows seared to perfection sitting on top of vanilla or matcha ice cream with a crispy caramel cornflake base.

TOKYO SHOKUDO

"Tokyo Shokudo" is the Group's flagship halal-certified brand. The eatery features ramen and tsukemen with a variety of toppings such as chicken chashu and scallops, served with chicken, yuzu or tom yum flavoured broth. The brand also offers Tendon from its sister brand "Shitamachi Tendon Akimitsu".

YAKINIKU SHOKUDO

"Yakiniku Shokudo" is the halal equivalent of the Group's "Yakiniku Taro" Japanese-style barbeque restaurant. Featuring a variety of meats such as wagyu beef and chicken, the restaurant also offers a selection of side dishes and specially concocted dipping sauces to complement the meal.

CORPORATE STRUCTURE

JAPAN FOODS HOLDING LTD.

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

CHAIRMAN'S MESSAGE

THE STRONG FY2023 SHOWING WAS DRIVEN MAINLY BY OUR HALAL SEGMENT, WHICH HAS PERFORMED BEYOND OUR EXPECTATIONS

DEAR SHAREHOLDERS

The lifting of most Covid-19 restrictions in April 2022 liberated the F&B industry, which roared back to life after nearly three years in the doldrums, and established FY2023 as one of the best financial years in Japan Foods' corporate history.

The vastly improved conditions propelled our sales to S$78.5 million, which not only topped our pre-pandemic performance, but it was also our highest revenue since inception. The stellar FY2023 report card was led by the expansion of our restaurant network to 65 restaurants as compared to 56 restaurants in FY2022 as well as higher revenue achieved by all brands across both our Halal and non-Halal restaurant network. On the back of the record topline, we posted earnings of S$4.1 million in FY2023 versus S$3.2 million in FY2022.

To share the takings from a good year, the Board of Directors (the "**Board**") of Japan Foods has proposed a final dividend of 1.00 Singapore cent per share, which together with the interim dividend of 1.00 Singapore cent per share paid out in December 2022, brings total dividend in respect of FY2023 to 2.00 Singapore cents per share. This is higher than the 1.85 Singapore cents per share paid out in FY2022 and represents 84.5% of FY2023 net profit attributable to shareholders of the Company.

CHAIRMAN'S MESSAGE

Halal network – continued expansion

The strong FY2023 showing was driven mainly by our Halal segment, which has performed beyond our expectations. We are very encouraged by this solid affirmation of our strategic decision to enter this space because when we opened our first Halal-certified restaurant "Tokyo Shokudo" in Tampines Mall in November 2020, little did we expect that in less than three years we would expand to eight brands across 26 stores as at 31 March 2023. The segment achieved an impressive 89.1% year-on-year ("**YoY**") increase in sales to S$25.9 million and contributed a third of total revenue in FY2023.

A key point to note about the potential of this sector is that they serve both the Muslim and non-Muslim communities, which means that each Halal restaurant is able to capture a wider audience than our non-Halal restaurants.

I am personally very pleased and proud of how our entry into the Halal market has turned out. It feels even more significant because we had made full use of a slow and very challenging pandemic period to implement effective changes to our business that enabled our Group to emerge stronger. I am also deeply humbled at how quickly and positively our Halal concepts were embraced and accepted by the community and I am committed to ensure that our menus and concepts remain interesting to drive sustainable growth in this segment.

Recently in April 2023, we launched our latest Halal brand "BBQ Seoul Shokudo" at Velocity Novena. This is also our first Korean concept restaurant and it features Korean-style tabletop BBQ along with the quintessential sides dishes that usually accompany a Korean meal. In May 2023, we opened yet another "Tokyo Shokudo" at Nex Mall in Serangoon Central.

Having served the Muslim community for about 2.5 years, we believe we now have a better grasp of their preferences in terms of taste, menu options, concepts and price points. We will look for more locations and opportunities for expansion as we believe that this segment will continue to contribute the fastest revenue growth in the short to mid-term.

Non-Halal network – higher sales

Our non-Halal segment also did very well during FY2023, achieving YoY revenue growth of 28.4% to S$52.4 million despite a reduced network of 12 brands across 39 restaurants as compared to 13 brands across 44 restaurants in FY2022. This was mainly a result of stronger sales across all brands and partial contribution of two new brands, which was partially offset by the retirement of two existing brands as we execute our ongoing restaurant portfolio management to replace non-performing brands with better performing ones.

Motivated by the response to our self-developed "Yakiniku Shokudo" Halal brand, which was so well received that we expanded from one store in FY2022 to eight stores in FY2023, we launched a non-Halal version "Yakiniku Taro" in July 2022. The brand features Japanese-style grilled meat, mainly beef.

In January 2023, we launched "Nakiryu", which is our second one-Michelin star brand that hails from Tokyo, Japan. The first restaurant opened in Plaza Singapura garnered very positive response and we quickly opened our second outlet in Vivocity in April 2023. The brand serves Japanese-style ramen in broth inspired by the spicy flavours of Sichuan, China. We hope "Nakiryu" will replicate the success of our "Konjiki Hototogisu" brand, which was the first one-Michelin star brand for our Group.

WE AIM TO REJUVENATE OUR BRAND PORTFOLIO BY INTRODUCING TWO TO FIVE FRANCHISED OR SELF-DEVELOPED BRANDS EACH FINANCIAL YEAR

With all border restrictions fully lifted, we are now able to actively explore prospective new franchised brands again. As per our Group's usual practice, we aim to rejuvenate our brand portfolio by introducing two to five franchised or self-developed brands each financial year as well as to offer seasonal menus to encourage repeat visits to our restaurants.

Other network developments

Our overseas network, which comprises "Menya Musashi" and "Konjiki Hototogisu" brand restaurants operated by associated companies turned in mixed results in FY2023, while our restaurants operated by our joint venture company (the "**JVC**") with Minor Food Singapore Pte Ltd incurred losses.

In Hong Kong, the easing of Covid-19 restrictions during the financial year led to higher footfalls and an improvement in sales at restaurants operated by our associated companies. However, this was partially offset by poorer performance from restaurants in China, which only lifted its strict zero-Covid stance in January 2023, and in Indonesia, which was affected by weak consumer sentiment.

CHAIRMAN'S MESSAGE

In Singapore, the performance of the three "Pizzakaya" brand restaurants operated by the JVC continued to be weak and we are working with our partner to review the brand. In April 2023, the JVC opened "Extra Virgin Pizza", which features artisanal handmade Neapolitan pizzas. The new outlet at Asia Square Tower 1 opens six days a week, joining other hip F&B joints in the area.

Elsewhere, the JVC also opened a "Siam Smith" brand restaurant in Tokyo shortly after Japan had lifted its pandemic restrictions in 2022, but it did not attract the response we had hoped for because customers were still cautious at that time. We have since closed that outlet and opened another in a different mall in the city. We continue to believe that "Siam Smith", which features Thai cuisine, is an appealing brand for the Japanese market and we are monitoring the performance of the new outlet closely.

The net effect of the aforementioned was a 147.0% increase in our share of profit associated companies and joint venture company to S$205,000. This did not include losses from the joint venture company as the accumulated loss exceeded the capital contribution of S$100,000. Looking ahead, we are optimistic that our overseas network will reflect the recovery of their respective markets and we will continue to look for opportunities to prudently increase our regional footprint.

Composition of Board

On 3 March 2023, Mr Tan Lye Huat, who has served on our Board since our 2009 IPO, stepped down from his position as independent director. Over the years, Mr Tan shared his time, his expertise and his friendship generously and was uncompromising when it came to upholding high standards in corporate governance, which had led to the Group winning multiple awards for our efforts over the years.

On behalf of the Board and of the management team and staff of Japan Foods, I would like to express my sincere thanks and appreciation to Mr Tan for his guidance and advice from our early years as a newly listed company to one of the biggest Japanese restaurant chains listed on the SGX-ST today. I wish him good health and all the very best in his future endeavours.

I would also like to warmly welcome Ms Tan Cher Ting, who became our non-executive independent director on 3 March 2023. Ms Tan is very familiar with Japan Foods as she is a Director, Investment Banking of CIMB Bank Berhad, which had been our sponsor from our IPO until 2021. She has been appointed as chairperson of our nominating committee and member of our audit and risk and remuneration committees. I look forward to working closely with her.

Outlook

We are optimistic that our performance will continue to reflect post-pandemic recovery and the return of tourism. However, this is expected to be weighed down by inflationary pressures, the higher cost of operations and raw materials as well as cautionary spending by consumers amidst recessionary concerns.

The Group also expects the industry's manpower crunch to persist and despite our best efforts to actively recruit new staff and retain existing ones, this will be a challenge in the near term.

To mitigate these challenges, the Group will intensify efforts to manage our expenses and to maintain a healthy balance sheet, while looking for opportunities to expand our operations both locally and overseas should the right prospects come along. At the same time, we are reviewing our staffing needs and exploring ways to reduce our reliance on manpower.

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 incorporating our seventh sustainability report, which is guided by the Global Reporting Initiative ("**GRI**") Standards as well as recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**") in our climate-related disclosures. In this report, we provide insights into the way we operate our business, while highlighting our environmental, social, governance ("**ESG**") and economic performance.

Acknowledgement

In closing, I want to acknowledge all the staff and management at Japan Foods for your hard work. The rapid post-pandemic recovery of the F&B industry coupled with the manpower crunch meant that our servers sometimes have to work faster and doubly hard especially during peak hours. I want to thank you for always putting your best foot forward to serve our customers.

I want to thank my fellow directors on the Board for your guidance during the year and our shareholders and business partners for your support as we navigate this post-pandemic world.

Lastly, I want to thank our customers and our JF Rewards members for enthusiastically trying out all our new concepts and for your feedback and encouragement which has helped us to make improvements to our food and our service.

I look forward to all your ongoing support to the Group in the years to come!

TAKAHASHI KENICHI
Executive Chairman and CEO

FINANCIAL HIGHLIGHTS

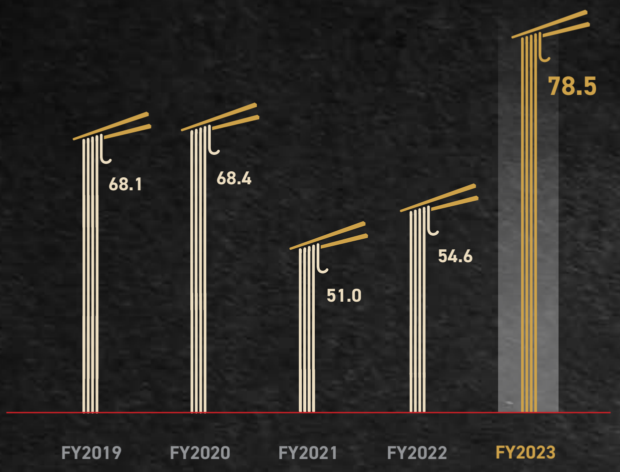
S$MILLION	FY2019	FY2020	FY2021	FY2022	FY2023
Financial Results					
Revenue	68.1	68.4	51.0	54.6	**78.5**
Gross profit	57.5	57.8	43.2	46.2	**66.4**
Profit before tax	4.1	1.4	4.2	3.2	**4.9**
Net profit	3.3	1.0	3.6	3.2	**4.1**
Cash Flow Statement					
Net cash provided by operating activities	8.5	23.2	19.5	25.4	**29.5**
Net cash used in investing activities	(4.5)	(4.6)	(2.2)	(3.5)	**(8.5)**
Net cash used in financing activities	(4.3)	(20.4)	(14.2)	(22.6)	**(25.9)**
Cash and cash equivalents at end of financial year[1]	19.5	17.6	20.6	19.9	**15.0**
Balance Sheet					
Current assets	26.8	25.5	26.9	27.6	**24.1**
Non-current assets	16.9	52.6	41.2	50.2	**66.5**
Total assets	43.7	78.1	68.1	77.8	**90.6**
Current liabilities	9.6	27.1	22.7	26.1	**32.4**
Non-current liabilities	0.3	19.6	12.0	19.0	**25.5**
Total liabilities	9.9	46.7	34.7	45.1	**57.9**
Share capital	9.1	9.4	9.5	9.5	**9.5**
Reserves	24.7	22.0	23.9	23.2	**23.2**
Total shareholders' equity	33.8	31.4	33.4	32.7	**32.7**
Financial Ratios Analysis					
Gross profit margin (%)	84.5	84.4	84.7	84.6	**84.6**
Earning per share (Singapore cents)	1.92	0.58	2.08	1.85	**2.37**
Net asset value per share (Singapore cents)	19.48	18.03	19.14	18.75	**18.76**
Return on assets (%)	7.6	1.3	5.3	4.1	**4.6**
Return on equity (%)	9.9	3.2	10.8	9.8	**12.6**
Net debt to equity ratio	Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**
Asset turnover (times)	1.6	0.9	0.7	0.7	**0.9**

Notes:

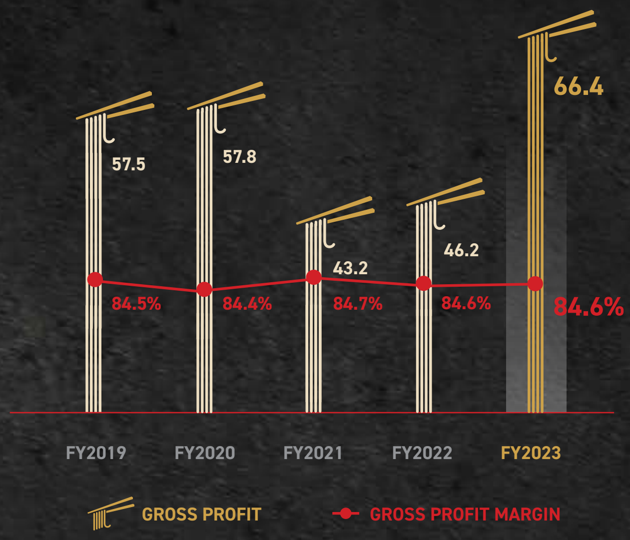
(1) This excludes bank deposit pledged as security for bank facilities

FINANCIAL HIGHLIGHTS

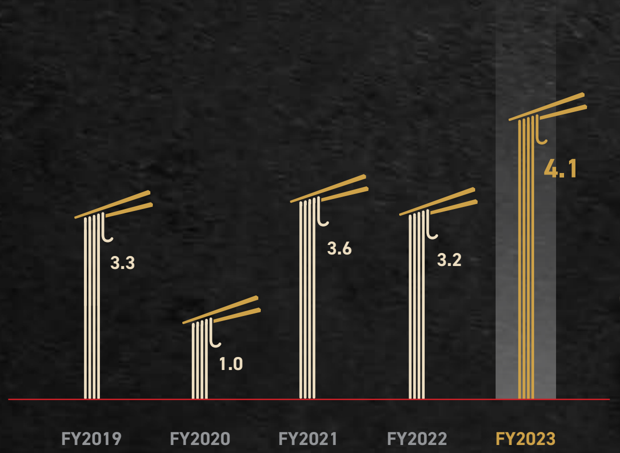
REVENUE (S$M)



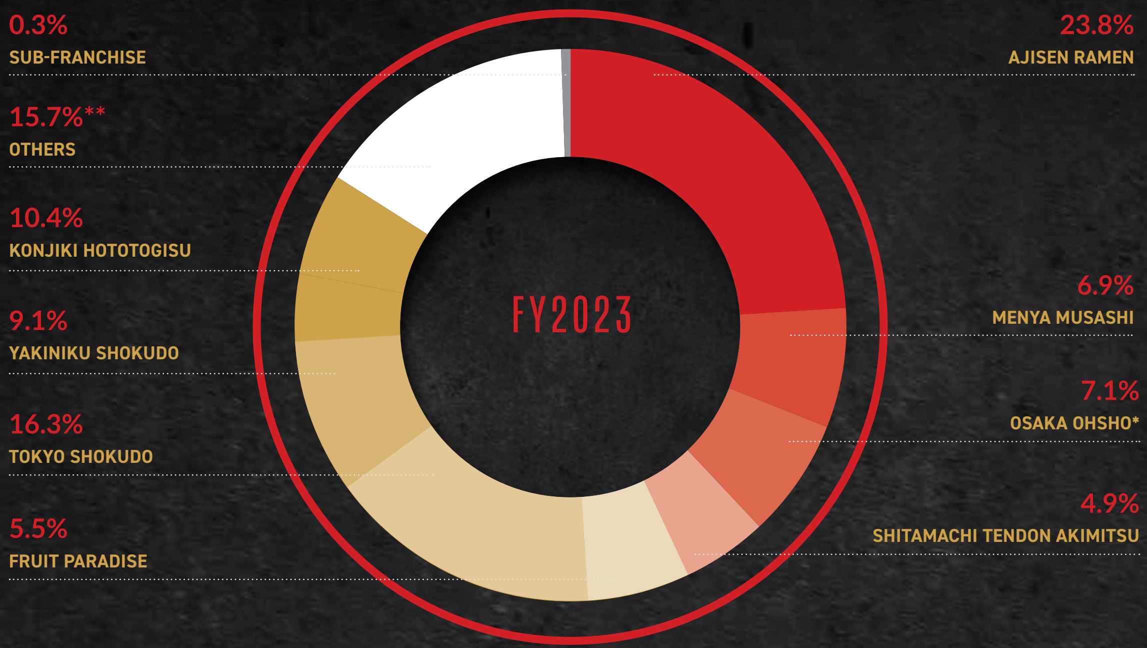
GROSS PROFIT (S$M) & GROSS PROFIT MARGIN (%)

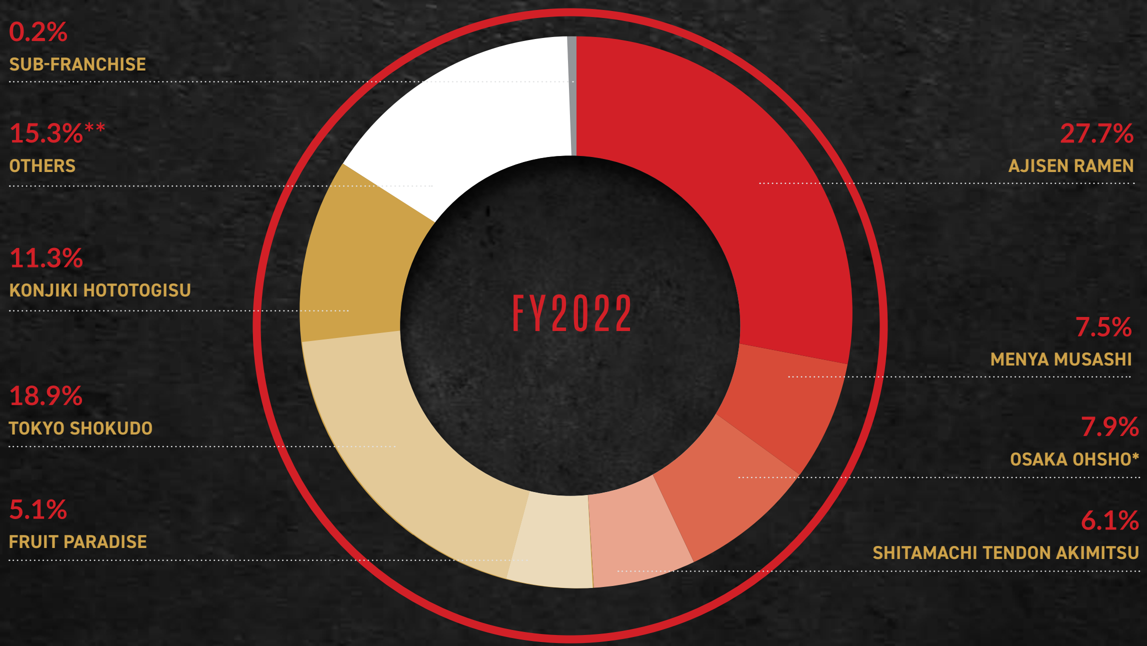


NET PROFIT (S$M)



FINANCIAL HIGHLIGHTS





* Includes one "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

** Includes the impact of JFH Rewards where reward points known as J$ earned by members (net of expired points of approximately S$0.4 million) amounting to S$1.2 million was deducted from the corresponding revenue recognised in FY2023 in accordance with relevant accounting standard (as compared to S$0.8 million in FY2022)

FINANCIAL HIGHLIGHTS

VALUE ADDED STATEMENT

S$'000	FY2019	FY2020	FY2021	FY2022	FY2023
Value added from:					
Revenue	68,079	68,413	51,002	54,614	**78,532**
Less: Purchases of materials & services	(40,005)	(25,772)	(17,428)	(19,210)	**(26,002)**
	28,074	42,641	33,574	35,404	**52,530**
Add/(less):					
Other income	663	762	10,999	7,285	**2,040**
Share of profits of associated companies / JV	132	(342)	(58)	83	**205**
Gain/(Loss) on disposal of plant and equipment / ROU	(1)	–	18	40	**-**
Plant & equipment W/O	(104)	(189)	(309)	(28)	**(42)**
Inventories W/O	(4)	(3)	–	–	**-**
Impairment of plant and equipment / ROU / Intangible assets	(110)	(665)	(389)	(107)	**(748)**
Currency translation gain/(loss)	9	5	(25)	(14)	**(35)**
Total value added	28,659	42,209	43,810	42,663	**53,950**
Distribution of total value added:					
To employees					
Salaries and other staff costs	20,357	19,755	16,477	18,024	**24,361**
To government					
Corporate tax	789	381	613	(1)	**730**
To providers of capital					
Dividend	3,653	3,651	1,739	3,925	**4,099**
Finance costs[1]	–	984	1,008	813	**1,024**
Retained for future capital requirements					
Depreciation and amortisation[2]	4,178	20,072	22,087	20,595	**23,708**
Retained profit	(318)	(2,634)	1,886	(693)	**28**
Total distribution	28,659	42,209	43,810	42,663	**53,950**
Productivity analysis					
Value added per $ employment cost	1.4	2.1	2.7	2.4	**2.2**
Value added per $ investment in fixed assets	0.8	1.1	1.2	1.1	**1.3**
Value added per $ sales (S$)	0.4	0.6	0.9	0.8	**0.7**
Fixed assets (Cost)	36,645	39,577	35,845	39,395	**42,824**

Notes:

(1) Include Lease Interest Expenses from FY2020 upon adoption of SFRS(I)16.

(2) Include Depreciation of ROU Assets from FY2020 upon adoption of SFRS(I)16.

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE FOR FY2023

Revenue

The Group's revenue increased by S$23.9 million or 43.8% from S$54.6 million for the financial year ended 31 March 2022 ("**FY2022**") to S$78.5 million for the financial year ended 31 March 2023 ("**FY2023**"). The increase in the Group's revenue was a result of the following:

(i) net increase in revenue of S$7.0 million from the restaurants operating under the "Yakiniku Shokudo" brand

The Group launched a Halal brand "Yakiniku Shokudo" in February 2022 which generated revenue of S$7.1 million in FY2023. There were eight restaurants under "Yakiniku Shokudo" in FY2023. The increase in revenue was due to the opening of seven new "Yakiniku Shokudo" restaurants.

(ii) net increase in revenue of S$2.4 million from the restaurants operating under the "Tokyo Shokudo" brand

The Group's revenue from restaurants operating under the "Tokyo Shokudo" brand increased from S$10.3 million in FY2022 to S$12.7 million in FY2023 due to the full-year recognition of revenue from restaurants operating in Lot One, City Square Mall, Causeway Point and Vivo City and revenue generated from a new restaurant located at Sengkang Grand Mall which opened in March 2023. The increased revenue was partially offset by lower revenue generated from certain existing restaurants.

(iii) net increase in revenue of S$3.6 million from the restaurants operating under "Ajisen Ramen" brand

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand increased from S$15.1 million in FY2022 to S$18.7 million in FY2023 due to higher revenue generated by certain existing restaurants. The increase was partially offset by the conversion of an existing "Ajisen Ramen" restaurant located in Square 2 to a "Yakiniku Shokudo" restaurant in November 2022.

(iv) net increase in revenue of S$1.3 million from the restaurants operating under the "Menya Musashi" brand

The Group's revenue from restaurants operating under the "Menya Musashi" brand increased from S$4.1 million in FY2022 to S$5.4 million in FY2023 due to higher revenue generated by certain existing restaurants.

(v) net increase in revenue of S$0.6 million from the restaurants operating under the "Shitamachi Tendon Akimitsu" brand

The Group's revenue from restaurants operating under the "Shitamachi Tendon Akimitsu" brand increased from S$3.3 million in FY2022 to S$3.9 million in FY2023 mainly attributable to the full-year recognition of revenue from restaurants operating at Nex and Star Vista. The increase was partially offset by the conversion of a restaurant at Changi City Point in October 2022.

(vi) net increase in revenue of S$2.0 million from the restaurants operating under the "Konjiki Hototogisu" brand

The Group's revenue from restaurants operating under the "Konjiki Hototogisu" brand increased from S$6.2 million in FY2022 to S$8.2 million due to higher revenue generated by certain existing restaurants. The increase was partially offset by the closure of a restaurant in Raffles City Mall in August 2022.

(vii) net increase in revenue of S$1.3 million from the restaurants operating under the "Osaka Ohsho" brand

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand increased from S$4.3 million in FY2022 to S$5.6 million in FY2023 due to higher revenue generated by certain existing restaurants which was partially offset by the conversion of a restaurant located at Waterway Point to an "Ajisen Shokudo" restaurant in March 2023.

(viii) net increase in revenue of S$6.1 million from the restaurants operating under other brands

The Group recorded an increase in revenue from restaurants operating under other brands in FY2023 as compared to FY2022, which was mainly contributed by higher revenue from restaurants operating under the "Fruit Paradise", "Nakiryu", "Yakiniku Taro", "New ManLee Bak Kut Teh", "Yonehachi", "Afuri Ramen", "Menzo Butao", "Kazokutei" and "Edo Shokudo" brands.

OPERATING AND FINANCIAL REVIEW

(ix) impact of JFH Rewards

The reward points known as $J earned by members (net of expired points of approximately S$0.4 million) under JFH Rewards amounted to S$1.2 million in FY2023 compared to S$0.8 million in FY2022. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial periods.

Table 1: The Group's portfolio in Singapore

Non-Halal Restaurant Brands	As at 31 March 2023	As at 31 March 2022
Ajisen Ramen	**12**	13
Afuri Ramen	**2**	2
Curry is Drink	**-**	1
Ichiro Ramen	**1**	1
Kazokutei	**-**	1
Konjiki Hototogisu	**7**	8
Menya Musashi	**4**	4
Menzo Butao	**1**	1
Nakiryu	**1**	-
New ManLee Bak Kut Teh	**1**	1
Osaka Ohsho [a]	**3**	4
Shitamachi Tendon Akimitsu	**4**	5
Shoryu Ramen	**-**	1
Yakiniku Taro	**1**	-
Yonehachi	**2**	2
Halal-Concept Restaurants		
Ajisen Shokudo	**1**	-
BBQ Tori Shokudo	**1**	-
Edo Shokudo	**1**	1
Fruit Paradise	**5**	2
Kagurazaka Saryo	**1**	1
Kyoto Shokudo	**1**	-
Tokyo Shokudo	**8**	7
Yakiniku Shokudo	**8**	1
TOTAL RESTAURANTS	**65**	**56**

(a) 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 2023	As at 31 March 2022
Menya Musashi (interests via associated companies)		
• Indonesia	**1**	1
• Hong Kong	**7**	8
• China	**4**	10
Konjiki Hototogisu (interests via associated companies)		
• Hong Kong	**4**	4
• China	**1**	1
Pizzakaya (operated by a joint venture company with Minor Singapore)		
• Singapore	**3**	3
Total Restaurants	**20**	27

OPERATING AND FINANCIAL REVIEW

THE GROUP'S GROSS PROFIT INCREASED BY

S$20.2 MILLION OR 43.7%

FROM S$46.2 MILLION IN FY2022 TO S$66.4 MILLION IN FY2023

Gross profit

The Group's gross profit increased by S$20.2 million or 43.7% from S$46.2 million in FY2022 to S$66.4 million in FY2023, which was generally in line with the increase in the Group's revenue. The Group's gross margin remained constant at 84.6% for FY2023 and FY2022.

Other Income

The Group's other income decreased by S$5.3 million or 73.4% from S$7.2 million in FY2022 to S$1.9 million in FY2023 mainly due to the cessation of grants in relation to Covid-19 pandemic such as the Enhanced Jobs Support Scheme and Rental Support Scheme as well as lower rental concession from landlords.

Expenses

Selling and distribution expenses: The Group's selling and distribution expenses increased by S$12.4 million or 27.9% from S$44.7 million in FY2022 to S$57.1 million in FY2023, which is in line with higher business activities. The higher selling and distribution costs were mainly due to higher manpower cost and utilities. In addition, the increase was also contributed by higher depreciation of plant and equipment and ROU assets as there were more outlets operating in FY2023.

Administrative expenses: The Group's administrative expenses remained relatively constant for FY2023 and FY2022.

Other expenses: The Group's other expenses increased by S$0.6 million or 51.2% from S$1.3 million in FY2022 to S$1.9 million in FY2023 due to higher impairment loss of certain non-performing stores.

Lease interest expenses increased by S$211,000 or 26% from S$813,000 in FY2022 to S$1,024,000 in FY2023. The Group on average had more leases accounted for under SFRS(I) 16 during FY2023 compared to FY2022 due to an increased number of outlets operating in FY2023.

Share of results of associated companies and joint venture

Share of profit of its associated companies increased by 147% from S$83,000 in FY2022 to S$205,000 in FY2023. The associated companies operating the "Menya Musashi" and "Konjiki Hototogisu" brand restaurants in Hong Kong had generated higher profits during FY2023 following the lifting of Covid-19 restriction measures. Such profit was partially offset by the Group's share of loss incurred at "Menya Musashi" brand restaurants in China and Indonesia and "Konjiki Hototogisu" brand restaurants in China.

The Group's joint venture company, Dining Collective Pte Ltd, operated three restaurants in Singapore and one restaurant in Japan which incurred losses in FY2023. However, no share of losses were captured in FY2023 as the accumulated losses had exceeded the capital contribution of S$100,000.

Income tax expenses

The Group recorded income tax expenses of S$0.7 million in FY2023 as compared to a tax credit of S$1,000 in FY2022. This was due to higher profit achieved and lower non-taxable income such as the government grant under the Jobs Support Scheme and cash payout under the Rental Support Scheme in FY2023.

Net profit

As a result of the reasons mentioned above, the Group recorded an increase in net profit attributable to equity holders of the Company of S$0.9 million or 27.7% from S$3.2 million in FY2022 to S$4.1 million in FY2023.

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets

The Group's total current assets decreased by S$3.5 million, from S$27.6 million as at 31 March 2022 to S$24.1 million as at 31 March 2023. This was mainly due to decrease in cash and bank balances of S$4.7 million. The decrease was partially offset by the increase in inventories of S$0.2 million and other current assets of S$1.0 million (comprising current portion of rental deposit and prepaid expenses of S$0.3 million and S$0.7 million respectively).

Non-current assets

The Group's total non-current assets increased by S$16.2 million, from S$50.3 million as at 31 March 2022 to S$66.5 million as at 31 March 2023.

This was mainly due to the increase in net book value of right-of-use assets and plant equipment of S$10.6 million and S$4.6 million respectively arising from leasing of premises and capital expenditure for the Group's new outlets. In addition, the increase was also contributed by higher long-term security deposits of S$0.8 million, investment in associated companies from share of profit of S$0.2 million as well as a loan to the joint venture company of S$0.8 million. The increase was partially offset by the decrease of other investment of S$0.8 million due to maturity of financial assets.

Current liabilities

The Group's total current liabilities increased by S$6.3 million, from S$26.1 million as at 31 March 2022 to S$32.4 million as at 31 March 2023, mainly due to higher current portion of lease liabilities of S$4.7 million, trade and other payables of S$1.2 million, and higher current income tax liabilities of S$0.4 million.

The Group had net current liabilities of S$8.3 million as at 31 March 2023 mainly due to recognition of lease liabilities of S$22.1 million in compliance with SFRS(I) 16. Based on the Group's internal resources and projected operational cashflows, the Board is of the view that the Group will have sufficient funds to meet its financial obligations as and when they fall due.

Non-current liabilities

The Group's total non-current liabilities increased by S$6.5 million, from S$19.0 million as at 31 March 2022 to S$25.5 million as at 31 March 2023 due to the increase in long-term portion of lease liabilities from the renewal of leases and recognition of newly leased outlets and an increase in deferred tax liabilities.

Shareholders' equity

The Group's shareholders' equity remained relatively constant as at 31 March 2023 and 31 March 2022.

REVIEW OF STATEMENT OF CASH FLOW FOR FY2023

The Group's net cash generated from operating activities in FY2023 was S$29.5 million. This was mainly due to operating profit after working capital changes of S$29.4 million and interest income received from financial assets of S$0.1 million.

The Group's net cash used in investing activities in FY2023 was S$8.5 million arising from (i) renovation cost and purchase of plant and equipment for the Group's restaurants of S$8.4 million; (ii) acquisition of a franchise right of S$0.1 million; and (iii) a loan to the joint venture company of S$0.8 million for working capital and capital expenditure of a new restaurant in Japan. These were offset by the redemption of financial assets of S$0.8 million.

The Group's net cash used in financing activities in FY2023 was S$25.9 million due to dividend payment of S$4.1 million, repayment of lease liabilities of S$20.4 million, interest on leases of S$1.0 million, increase of short-term deposits pledged of S$0.2 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
20 July 2022

Present and Past Directorships In Other Listed Companies and Major Appointments
Nil

Skills & Experience
- Founded the Group in 1997
- More than 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
15 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 Director, Sirius SME Growth Partners I Limited.
- Lead Independent Director, Alliance Healthcare Group Limited
- Lead Independent Director, APAC Realty Limited
- Non Executive Vice Chairman, Jason Marine Group Limited
- Board member, Gardens by the Bay
- Non Executive Director, Singapore Cruise Centre Pte Ltd
- Non Executive Chairman, Tangram Asia Capital LLP
- Non Executive Deputy Chairman, NTUC Learninghub Pte Ltd
- Non-Executive Deputy Chairman, NTUC Learninghub Co-operative Limited
- Member, Investment Advisory Committee, People's Association
- Vice Chairman, SBF's China & North Asia Business Group
- Non-Executive Director, Mekhala Pte Ltd
- Non-Executive Director of Aerospring Gardens
- Council member, YMCA Singapore

Past Directorships In Other Listed Companies Held Over The Preceding Three Years
Nil

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 Director (CDir) since 2014
- A Chartered Financial Analyst (CFA) since 2001
- A Fellow of the Australian Institute of Company Directors and UK Institute of Directors
- A Fellow of the Singapore Institute of Directors

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
12 years (since September 2011)

Present Directorships In Other Listed Companies And Major Appointments
- Independent director of SBS Transit Ltd since 1 May 2017
- Independent director of Lum Chang Holdings Ltd since 27 August 2021
- Independent director of Mooreast Holding Ltd since 28 October 2021
- Independent director of NUS America Foundation, Inc. since 27 August 2013
- Honorary member of Fundraising Committee of Singapore Arts School Ltd
- Member of the Finance & Investment Committee of the Singapore Island Country Club

Past Directorships In Other Listed Companies Held Over The Preceding Three Years
Nil

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

CHIA SIOK MEI, SYLVIA
Independent Director

Date of Appointment
1 March 2022

Date of Last Re-Appointment
20 July 2022

Length of Service
1 year

Present Directorships In Other Listed Companies And Major Appointments
- Chief People Officer, CrimsonLogic Pte Ltd (2014 – present)

Past Directorships In Other Listed Companies 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

TAN CHER TING
Independent Director

Date of Appointment
3 March 2023

Date of Last Re-Appointment
NA

Length of Service
4 months

Present Directorships In Other Listed Companies And Major Appointments
- Director of CIMB Bank Berhad, Singapore Branch (2002 – Present)

Past Directorships In Other Listed Companies Held Over The Preceding Three Years
Nil

Skills & Experience
- Bachelor of Business (Honours), Nanyang Technological University
- CFA Charterholder, CFA Institute
- A member of the Singapore Institute of Directors

KEY MANAGEMENT

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).

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.

KEY MANAGEMENT

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

Chia Siok Mei, Sylvia
Independent Director

Tan Cher Ting
Independent Director

AUDIT AND RISK COMMITTEE

Lee Sok Koon, Constance
Chairperson

Wong Hin Sun, Eugene

Chia Siok Mei, Sylvia

Tan Cher Ting

NOMINATING COMMITTEE

Tan Cher Ting
Chairperson

Wong Hin Sun, Eugene

Chia Siok Mei, Sylvia

Lee Sok Koon, Constance

REMUNERATION COMMITTEE

Chia Siok Mei, Sylvia
Chairperson

Wong Hin Sun, Eugene

Tan Cher Ting

Lee Sok Koon, Constance

COMPANY SECRETARY

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

CLA Global TS (Formerly 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

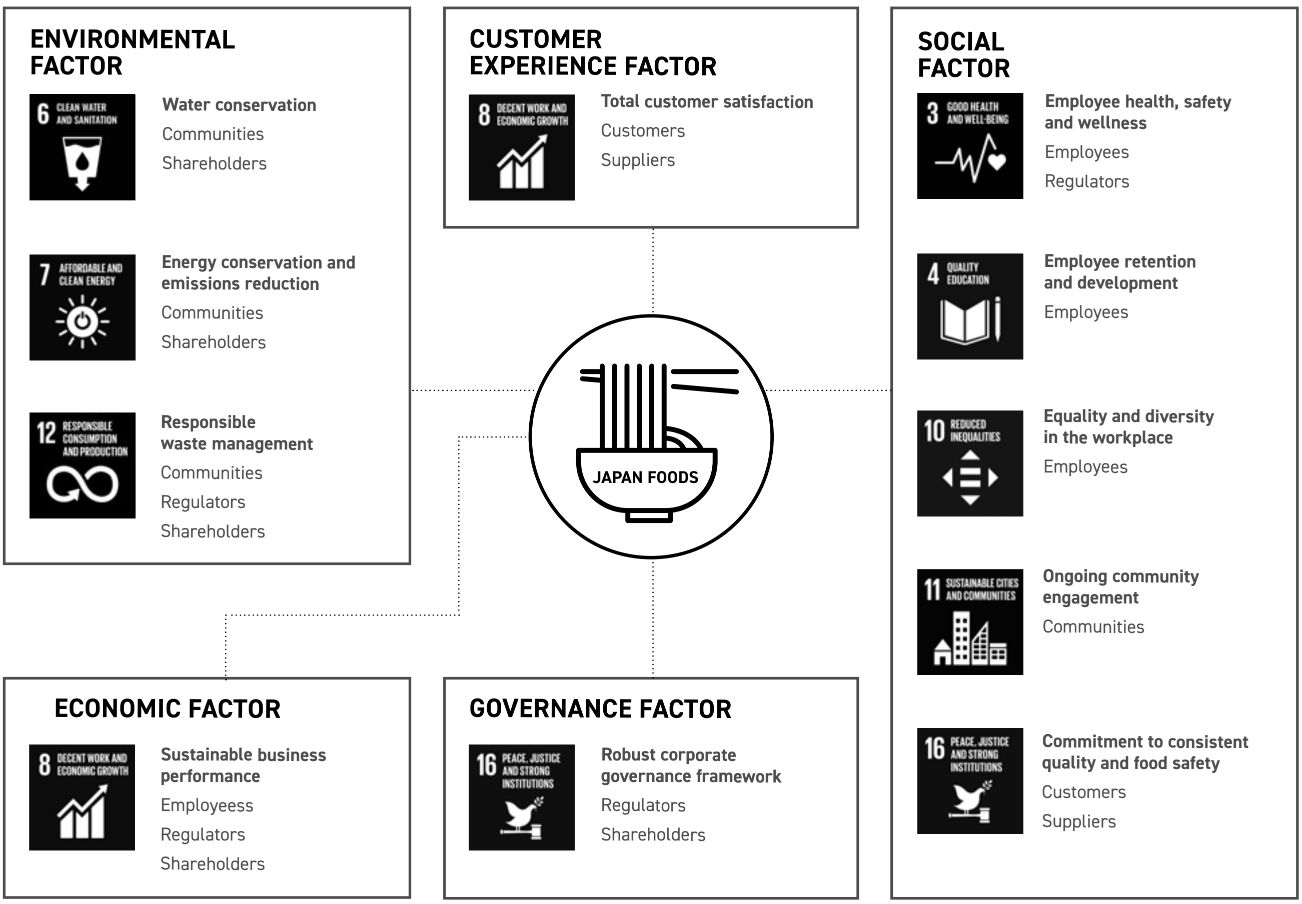
1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report (**Report**”). For this Report, we provide insights into 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 long-term future of Japan Foods Holding Ltd (“**Japan Foods**” or “**the Company**”) and its subsidiaries (collectively known as the “**Group**”). 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**”) covering 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, 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 FY2023 is as follows:

Sustainability factor	Performance indicator	Sustainability performance FY2023	FY2022
Customer experience	Number of restaurants	65	56
	Number of members	363,000	327,000
Economic	Economic value generated[1]	S$79.5 million	S$59.8 million
	Operating costs[2]	S$25.6 million	S$18.9 million
	Salaries to employees	S$24.4 million	S$18.0 million
	Tax to/(refund from) governments	S$0.7 million	(S$0.001 million)
	Payments to providers of capital[3]	S$5.1 million	S$4.7 million
Environmental	Water consumption intensity (Cu M/ revenue S$'000)	1.1	1.5
	Total GHG emissions (tonnes CO_2e)	19,390	16,970
	GHG emissions intensity (tonnes CO_2e/ revenue S$'000)	0.2	0.3
	Percentage of waste oil disposed through licensed oil collector	100%	100%
Social	Number of workplace fatalities	–	–
	Number of high-consequence[4] work-related injuries	1	–
	Number of recordable work-related injuries[5]	43	26
	Number of work-related ill health cases[6]	–	–
	Turnover rate	60.1%	50.9%
	Number of reported incidents of unlawful discrimination[7] against employees	–	–
	Percentage of restaurants graded A (Excellent) or B (Good) by the Singapore Food Agency ("**SFA**")	100%	100%
	Number of major food safety incidents[8]	–	–
Governance	Number of incidents of serious offence[9]	–	–
	Number of valid complaints received via whistle blowing channel	–	–

Our performance is expected to be weighed down by inflationary pressures, the higher costs of operations and raw materials, as well as cautionary spending by consumers amidst recessionary concerns. We also expect the industry's manpower crunch to persist despite our best efforts to actively recruit new staff and retain exsting ones. To mitigate these challenges, the Group will intensify efforts to manage our expenses and to maintain a healthy balance sheet, while looking for opportunities to expand our operations both locally and overseas. At the same time, we are reviewing our staffing needs and exploring ways to reduce our reliance on manpower.

Notes:

1 Economic value generated includes revenue, other income and interest income net of government grant and other unrealised gains.

2 Operating costs include payments to suppliers and service providers.

3 Payments to providers of capital include dividends to all shareholders and interests paid.

4 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.

5 Recordable work-related injuries refer to all work-related injuries that the Company is required to report to the Ministry of Manpower.

6 Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.

7 Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

8 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.

9 A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S$100,000.

2. REPORTING FRAMEWORK

This Report has been prepared in accordance with 711A and 711B of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company has reported in accordance with the Global Reporting Initiative ("**GRI**") Standards for the period from 1 April 2022 to 31 March 2023. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in Appendix of this Report.

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.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**") in our climate-related disclosures.

We relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports.

3. REPORTING 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 2023 ("**FY2023**" or "**Reporting Period**"). This Report covers the entities which contributed 100% of the Group's revenue for FY2023 (FY2022: 100%) as follows:

S/N	Entity
1	Japan Foods Holding Ltd.
2	Bachmann Enterprises Pte. Ltd.
3	Bachmann Japanese Restaurant Pte. Ltd.
4	Japan Foods Enterprises Pte. Ltd.
5	Japan Foods Bridge Pte. Ltd.

A sustainability report is published annually in accordance with our SR Policy.

4. FEEDBACK

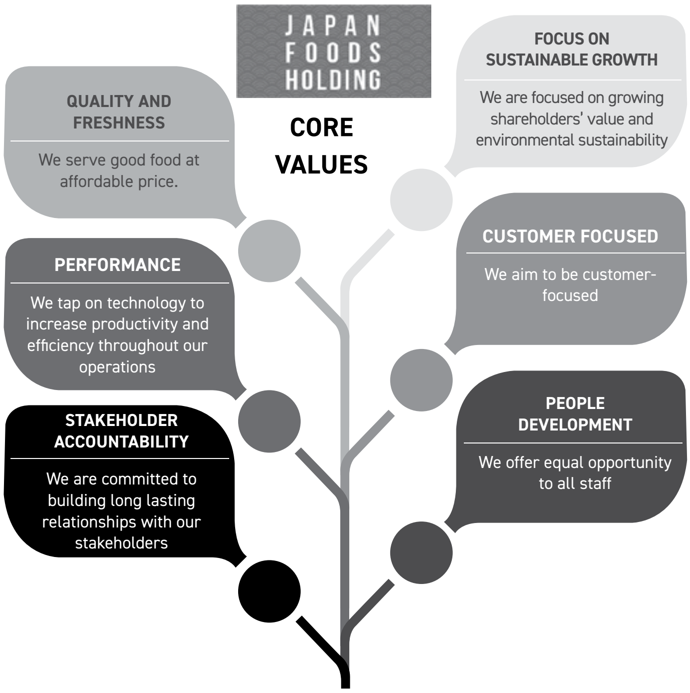
Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at ir@jfh.com.sg.

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.



6. OUR BUSINESS

6.1 Value chain

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.

6.2 People

As at 31 March 2023, the Group has a total of 823 (FY2022: 544) employees in Singapore with breakdown as follows:

Employment type	Total
Full-time	534
Part-time[10]	289
Overall	823

Notes:

10 Part-time employees are not included for calculation of new hire rate and turnover rate.

7. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably affect our ability to implement our strategies to achieve our objectives.

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:

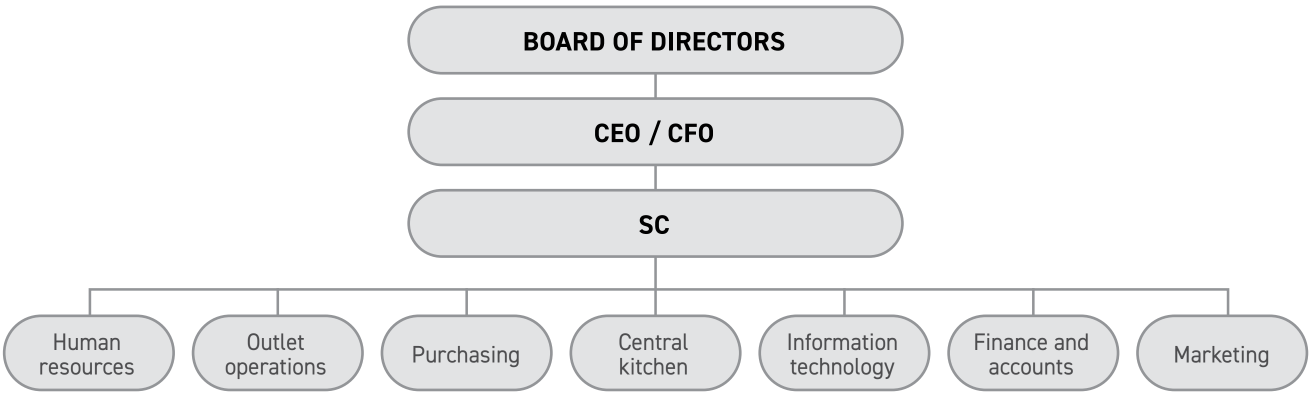
S/N	Key stakeholder	Key engagement channel	Frequency of engagement	Key concern raised by stakeholder
1	Communities	Community campaigns	Ongoing	• Social inclusion • Environmental initiatives
2	Customers	• Customer questionnaires • Online feedback forms • JFH Rewards programme	Daily	• Customer service standards • Food safety
3	Employees	Staff evaluation	Annually	• Equal employment opportunity • Career development and training opportunities • Job security • Remuneration • Workplace health and safety
4	Regulators	Consultations and briefings 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 • Workplace health and safety
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' evaluations • 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 ("**SC**"), which includes senior management executives and key managers from various functions, is led by the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), and 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 an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the results of this process are a list of material Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:

CONTEXT
Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests

IDENTIFICATION
Identify actual and potential impacts on the economy, environment, people and their human rights

ASSESSMENT
Assess the significance of impacts

PRIORITISATION
Prioritise the most significant impacts to determine the material Sustainability Factors for reporting

REVIEW
In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagement with stakeholders, organisational and external developments

8.3 Materiality assessment

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts ("**Likelihood of Impact**") and significance of impacts on the economy, environment, people and their human rights, which include our contribution (negative or positive) to sustainable development ("**Significance of Impact**").

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 aligned with our strategy are set to ensure that we maintain the right course in our sustainability journey. We also consistently enhance our performance-monitoring processes and improve our data capturing systems.

9. MATERIAL FACTORS

A materiality assessment was conducted by the SC 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 applicable to the Group:

S/N	Material Sustainability Factor	Core value	SDG	Key stakeholder
Customer experience				
1	Total customer satisfaction	Customer focused	Decent work and economic growth	• Customers • Suppliers
Economic				
2	Sustainable business performance	Focused on sustainable growth	Decent work and economic growth	• Employees • Regulators • Shareholders
Environmental				
3	Water conservation	Focused on sustainable growth	Clean water and sanitation	• Communities • Shareholders
4	Energy conservation and emissions reduction	Focused on sustainable growth	Affordable and clean energy	• Communities • Shareholders
5	Responsible waste management	Focused on sustainable growth	Responsible consumption and production	• Communities • Regulators • Shareholders
Social				
6	Employee health, safety and wellness	People development	Good health and well-being	• Employees • Regulators
7	Employee development and retention	People development	Quality education	Employees
8	Equality and diversity in the workplace	People development	Reduced inequalities	Employees
9	Ongoing community engagement	Stakeholder accountability	Sustainable cities and communities	Communities
10	Commitment to consistent quality and food safety	Quality and freshness	Peace, justice and strong institutions	• Customers • Suppliers
Governance				
11	Robust corporate governance framework	Stakeholder accountability	Peace, justice and strong institutions	• Regulators • Shareholders

We will update our 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:

<u>Offer a diverse portfolio of brands</u>

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. During the Reporting Period, we introduced the following brands under our Halal and non-Halal segments:

Brand	Concept
Halal	
Kyoto Shokudo	Wide array of matcha dessert options and savouries
Edo Shokudo	Halal Ramen & Teppanyaki Concept by the group. Featuring the Collagen Rich Chicken Broth Ramen with varieties of topping, exotic soup bases, affordable Teppanyaki Rice Sets and authentic Hiroshima Style Signature Okonomiyaki
Yakiniku Shokudo	Japanese-style grill restaurant that caters to all meat lovers
Non-Halal	
Yakiniku Taro	A Japanese styled grill restaurant that features different cuts of beef, including premium wagyu
Nakiryu	Specialises in Sichuan inspired dandan noodles with a Japanese twist

"**Shokudo**" is our umbrella brand for Halal products and we have expanded the number of Halal restaurants to 26 restaurants as at 31 March 2023 (as at 31 March 2022: 12 restaurants[11]) to serve our customers better.

You may refer to Our Brands of this Annual Report for details of our franchised and self-developed Japanese concept brands.

Notes:

11 Includes restaurants under the brands of "**Fruit Paradise**" and "**Kagurazaka Saryo**".

Maintain presence and proximity to whom we serve

We recognise that a convenient location is key to attracting 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 65 restaurants as at 31 March 2023 (as at 31 March 2022: 56 restaurants) in high-traffic and popular malls island-wide.

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 to achieve consistency in 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 the quality and safety of our products and services. We received Halal certification for our central kitchen in September 2022. This allows us to expand our capacity to serve more Halal products to our customers with more effective quality control. For further details on how we maintain product safety and consistency in quality, refer to Section 9.10.

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.

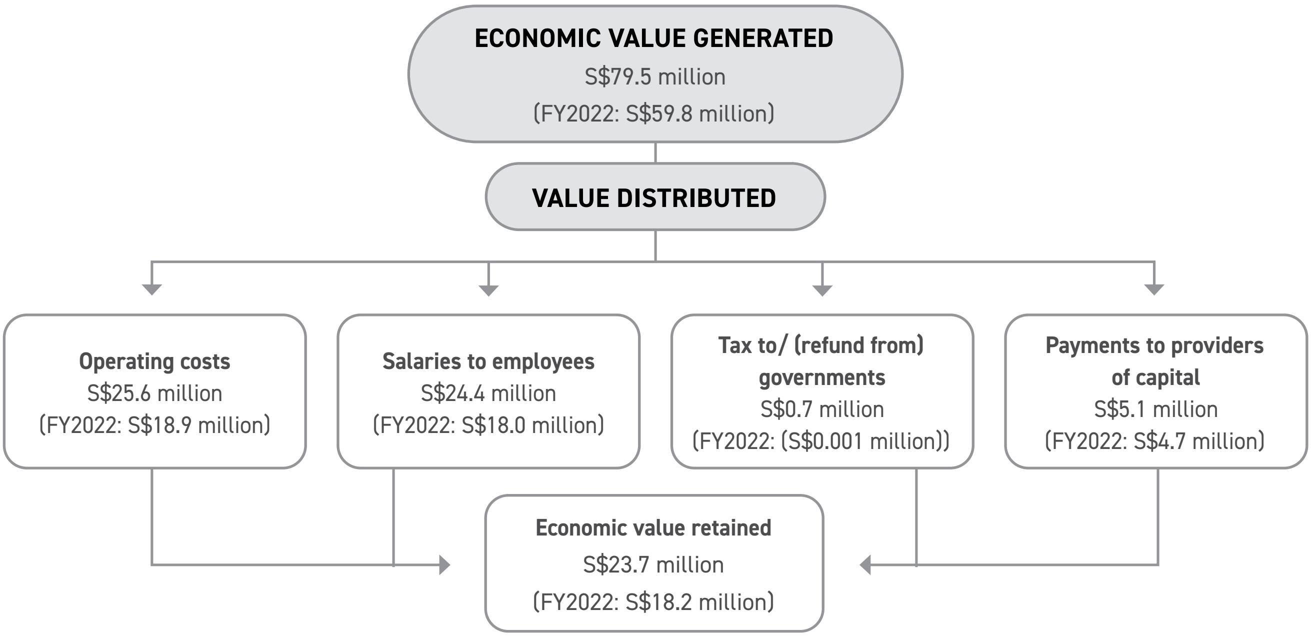
Build loyalty through our membership programme

Our JFH Rewards loyalty programme aims to build loyalty amongst customers. Under the programme, 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 of 31 March 2023, we have accumulated 363,000 members (as at 31 March 2022: 327,000 members).

Target for FY2023	Performance in FY2023	Target for FY2024
• 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 new brands under our Halal and non-Halal segments • Number of restaurants operated increased to 65 • Number of members increased to 363,000	• 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: • Adverse changes in economic conditions and market conditions • 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 F&B 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 FY2023 is distributed as follows to enable a more sustainable future:



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

Target for FY2023	Performance in FY2023	Target for FY2024
• Maintain or improve total economic value created subject to market conditions • Distribute dividend in accordance with our dividend policy	Target partially met as follows: • Economic value generated increased to S$79.5 million • Dividend payout ratio decreased to 84.5% of our Group's net profit in FY2023 after taking into consideration the Group's financial performance in the second half of FY2023 and the Group's capital requirements amidst the challenging environment.	• Maintain or improve total economic value created subject to market conditions • Distribute dividend in accordance with our dividend policy subject to the Group's business requirements and other relevant considerations

Risk and opportunity analysis	
Risk	Risks identified: • Adverse changes in economic conditions and market conditions • Reduction of gross sales due to unattractive pricing • 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 create long-term value for our stakeholders

9.3 Water conservation

We are committed to responsible usage of water resources through enhancing our water consumption efficiency. We rely on water resources to run our operations primarily in the following areas:

- Running water to thaw meat and washing in central kitchen;
- As an ingredient in our products such as soup bases in central kitchen and restaurants; and
- Dishwashing in restaurants.

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.

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

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M/ revenue S$'000)	
	FY2023	FY2022	FY2023	FY2022
Water	86,173	80,712	1.1	1.5

Water consumption intensity decreased as we are able to use water more efficiently due to fewer disruptions to our operations from lesser dinning restrictions in FY2023.

Target for FY2023	Performance in FY2023	Target for FY2024
Reduce or maintain the water consumption rate	Target met as follows: Reduced water consumption intensity from 1.5 Cu M/ revenue S$'000 to 1.1 Cu M/ revenue S$'000	Reduce or maintain the water consumption intensity
Risk and opportunity analysis		
Risk	Risks identified: • Adverse change in economic conditions and market conditions • 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	

9.4 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.

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 programme for operating equipment to maintain energy efficiency and achieve cost savings by limiting equipment degradation.

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

Performance indicator	Unit of measurement	FY2023	FY2022
Energy consumption			
LPG consumption	kWh	5,426,591	4,832,465
Diesel consumption	litre	13,595	10,093
Electricity consumption	kWh	7,810,553	6,189,856
Energy consumption intensity			
LPG consumption intensity	kWh / revenue S$'000	69.1	88.5
Diesel consumption intensity	litre / revenue S$'000	0.2	0.2
Electricity consumption intensity	kWh / revenue S$'000	99.5	113.3
GHG emissions			
Direct GHG emissions (Scope 1[12])	tonnes CO_2e	16,247	14,462
Indirect GHG emissions (Scope 2[13])	tonnes CO_2e	3,143	2,508
Total GHG emissions	tonnes CO_2e	19,390	16,970
GHG emissions intensity	tonnes CO_2e/ revenue S$'000	0.2	0.3

LPG consumption intensity, electricity consumption intensity and GHG emissions intensity decreased as we are able to use energy more efficiently due to fewer disruptions to our operations from lesser dinning restrictions in FY2023.

Target for FY2023	Performance in FY2023	Target for FY2024
• Reduce or maintain the energy consumption intensity • Reduce or maintain GHG emissions intensity	Target met as follows: • Reduction in LPG consumption intensity and electricity consumption intensity • Maintained the diesel consumption intensity • Reduction in GHG emissions intensity	• Reduce or maintain the energy consumption intensity • Reduce or maintain GHG emissions intensity
Risk and opportunity analysis		
Risk	Risks identified: • Adverse change in economic conditions and market conditions • 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	

Notes:

12 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.

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

9.5 Responsible waste management

We believe that responsible waste management will 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 various measures in place to minimise waste generated in operations. Such measures 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; and
- Not providing disposable chopsticks when customers dine at our restaurants.

During the Reporting Period, all waste oil generated in operations of 25,347 litres (FY2022: 100%) of waste oil generated in operations of 19,202 litres) are disposed through a licensed oil collector.

Target for FY2023	Performance in FY2023	Target for FY2024
Maintain the proportion of waste oil generated from operations that is properly disposed	Target met as follows: Maintained 100% waste oil generated from operations that is 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 Employee health, safety and wellness

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 workplace fatalities, one high-consequence work-related injury, 43 recordable work-related injuries and no work-related ill health cases during the Reporting Period (FY2022: no workplace fatalities, no high-consequence work-related injuries, 26 recordable work-related injuries and no work-related ill health cases). The high-consequence work-related injury relates to a slip and fall accident and an anti-slip mat was placed to prevent future accidents. Nonetheless, we remain committed to maintain a safe working environment. Corrective actions have been taken and we 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 are as follows:

- 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.

In addition, we care for our employees' wellness through employee benefits. Such benefits include reimbursements for medical consultation made by employees where applicable, as well as pro-family benefits to eligible employees such as maternity leave, childcare leave and paternity leave. Yearly Service Awards and birthday vouchers are also given to deserving employees to show appreciations.

Target for FY2023	Performance in FY2023	Target for FY2024
Reduce the number of recordable work-related injuries and ill health cases	Target not met as follows: Number of recordable work-related injuries increased to 43	On-going and long-term target 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	

9.7 Employee development and retention

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.

Key statistics on new hires and turnover of our full-time employees are as follows:

New hires	FY2023	FY2022
Gender		
Male	53.4%	46.5%
Female	46.6%	53.5%
Age		
Above 50	23.5%	13.9%
30 to 50	39.0%	45.5%
Below 30	37.5%	40.6%

Turnover	FY2023	FY2022
Overall	60.1%	50.9%
Gender		
Male	52.0%	48.2%
Female	48.0%	51.8%
Age		
Above 50	22.7%	13.9%
30 to 50	40.8%	45.5%
Below 30	36.5%	40.6%

Due to the nature of our business, we experience high employee turnover and our overall turnover rate is 60.1% during the Reporting Period (FY2022: 50.9%). 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:

Systematic and comprehensive training programmes

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 programmes ranging from kitchen housekeeping to food hygiene and safety courses. Such programmes also motivate them to maintain a high level of performance.

A total of 1,946 training hours were provided for our food handlers during the Reporting Period. Each employee received an average of 11.1 training hours in FY2023. Key statistics on training hours by gender group are as follows:

Training and education[14]	**FY2023**	
	Male	**Female**
Total training hours	1,205.5	740.5
Average training hours per employee	11.2	11.1

As part of our continual efforts to upgrade the knowledge of our Directors on sustainability reporting and to meet the requirement of Singapore Exchange ("**SGX**") under Catalist Rule 720(6), we confirm that all Directors have attended one of the approved sustainability training courses.

Robust performance appraisal system

Employee 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. During the Reporting Period, 67.6% of our senior management and office employees received regular performance appraisals[15] (FY2022: above 60.6%). We will continuously work towards improving the percentage of employees who received regular performance appraisals.

Notes:

14 Comparative data was not present in FY2022 due to non-availability of information.

15 Figure excludes new employees.

Target for FY2023	Performance in FY2023	Target for FY2024
Continuously identify opportunities to upskill workforce	Target met as follows: Training programmes 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	Risk identified: • Dependency on key managers and 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	

9.8 Equality and diversity in the 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.

Gender diversity (%)

We view diversity at the Board level as an essential element in supporting sustainable development, and in relation to gender diversity, we have three (as at 31 March 2022: two) female Board members or 60% (as at 31 March 2022: 40%) female representation on the Board. Key statistics on gender diversity of our employees are as follows:

	FY2023		FY2022	
	Male	**Female**	**Male**	**Female**
Overall	51.4%	48.6%	53.1%	46.9%
Management level				
Management	63.4%	36.6%	67.0%	33.0%
Non-management	55.0%	45.0%	46.3%	53.7%
Employment type				
Full-time	57.1%	42.9%	56.0%	44.0%
Part-time	40.8%	59.2%	44.4%	55.6%

Age diversity (%)

We maintain a fair and open employment policy through providing fair employment opportunities to both young and mature workers. Key statistics on age diversity of our employees are as follows:

	FY2023			FY2022		
	Below 30	**30 – 50**	**Over 50**	**Below 30**	**30 – 50**	**Over 50**
Overall	47.0%	31.0%	22.0%	45.0%[16]	30.9%	24.1%
Management level						
Management	34.3%	56.0%	9.7%	38.4%	50.8%	10.8%
Non-management	36.8%	34.0%	29.2%	38.4%	30.8%	30.8%
Employment type						
Full-time	24.7%	39.1%	36.2%	38.4%	37.2%	24.4%
Part-time	67.1%	15.9%	17.0%	65.2%	11.9%	22.9%

To promote equal opportunity, we have a comprehensive Human Resource Policy to ensure that employees are recruited and promoted based on merit and competency. As at 31 March 2023, we have no (FY2022: zero incident) reported incident of unlawful discrimination against employees.

Target for FY2023	**Performance in FY2023**	**Target for FY2024**
Maintain zero reported incident of unlawful discrimination against employees	Target met as follows: Maintained zero reported incident of unlawful discrimination against employees	<u>On-going and long-term target</u> Maintain zero reported incident of unlawful discrimination against employees
Risk and opportunity analysis		
Risk	Risk identified: • Dependency on key managers and 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	

9.9 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 2023, we employed 9 employees (as at 31 March 2022: 7 employees) with special needs.

Notes:
16 Figure has been restated as a connection.

Reintegrate ex-offenders a noble cause

We partner with Yellow Ribbon Singapore to provide a second chance to ex-offenders. As at 31 March 2023, we employed 8 employees (as at 31 March 2022: 2 employees) under this partnership.

Target for FY2023	Performance in FY2023	Target for FY2024
Continue to participate in various campaigns to help the communities	Target met as follows: Continued to participate in various campaigns to help the communities	On-going and long-term target 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	

9.10 Commitment to consistent quality and food safety

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 2023, 100%[17] (FY2022: 100%[17]) of our restaurants received an A (Excellent) or B (Good) grading by the Singapore Food Agency ("**SFA**") for the overall hygiene, cleanliness and housekeeping standards[18]. We have put in place additional procedures to keep our premises clean. There was no major food safety incident during the Reporting Period (FY2022: zero incident). We will continuously work towards improving food hygiene standards at our restaurants.

Proactive supply quality and security management

We play an active role in ensuring that our ingredients are obtained from competent and reliable suppliers. 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.

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

Adoption of market standards

We adopt market standards in our operations to ensure quality and safety in our products and services. Some of the market standards adopted by our operations are as follows:

Certification	Focus of relevant certification
HACCP certificate	Manage the food hygiene and safety procedures in our operations
HALAL certificate	Ensure that our operations comply with Islamic dietary requirements

Notes:

17 Where available and excludes new outlets in their first year of operations.

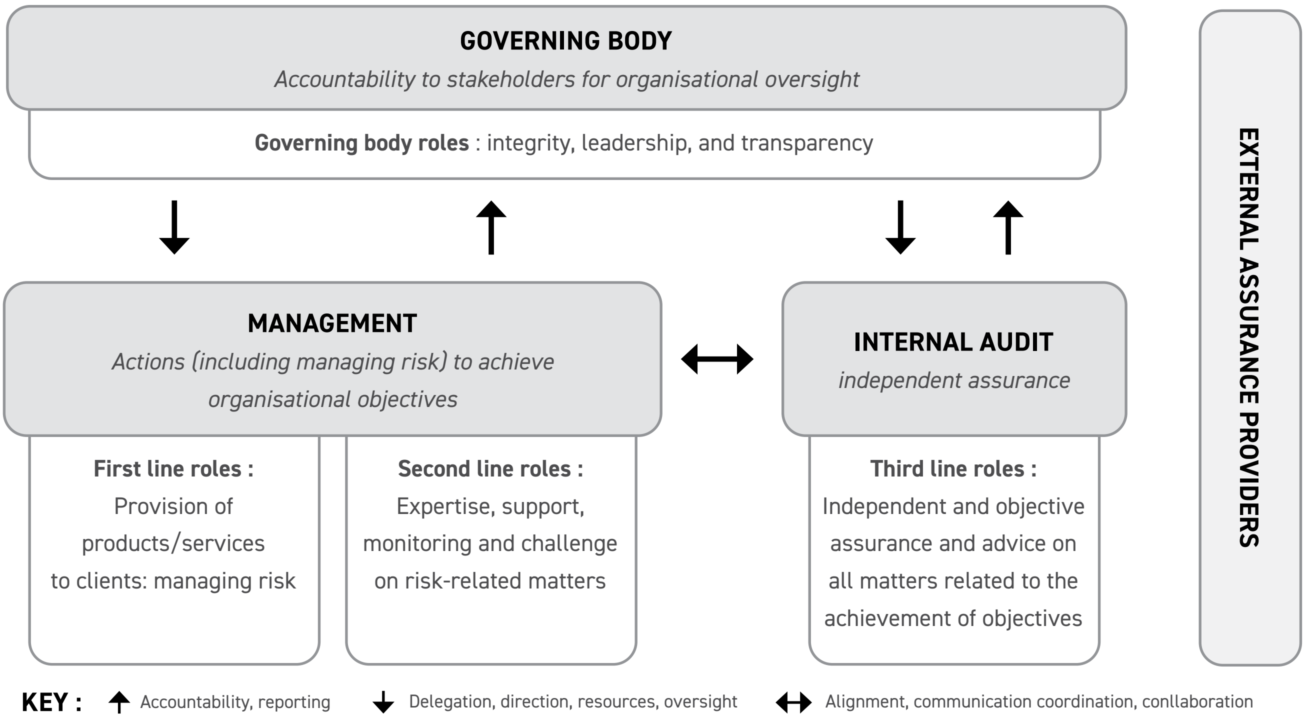
18 As part of the licensing requirements to operate a food and beverage business in Singapore, each restaurant is assessed by the SFA and assigned a grading based on the overall hygiene, cleanliness and housekeeping standards of the premises. The grading ranges from A to D with A being the best and D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

Target for FY2023	Performance in FY2023	Target for FY2024
Maintain zero food safety incident	Target met as follows: Maintained zero food safety incident	On-going and long-term target Maintain zero major food safety incident
Risk and opportunity analysis		
Risk	Risk identified: • 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 build customer confidence in our products and services	

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 aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("**IIA**"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model issued by the IIA

We have put in place an enterprise risk management ("**ERM**") framework to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

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 programme 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 implemented a whistle blowing policy 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 FY2023, no valid compliant was received via the whistle blowing channel (FY2022: zero valid compliant)

The overall SGTI score assessed by the National University of Singapore Business School is 79 for Year 2022 (Year 2021: 73). In FY2023, there was no incident of serious offence reported (FY2022: zero incident).

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

Target for FY2023	Performance in FY2023	Target for FY2024
Ensure zero valid complaint received via whistle blowing channel	Target met as follows: Zero valid complaint received via the whistle blowing channel	On-going and long-term target Maintain zero incident of serious offence
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	

10. SUPPORTING THE UN 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
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Section 9.6 Employee health, safety and wellness 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.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Section 9.7 Employee development and retention We invest in training, education and development of our people to enhance our business competencies.

SDG		Our effort
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water sanitation for all	Section 9.3 Water conservation 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.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Section 9.4 Energy conservation and emissions reduction 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.
8 DECENT WORK AND ECONOMIC GROWTH	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.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 9.8 Equality and diversity in the workplace We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	Section 9.9 Ongoing community engagement We initiate various campaigns to promote social inclusion and sustainable communities.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensures sustainable consumption and production patterns	Section 9.5 Responsible waste management We implement measures to reduce environmental impacts of waste that is generated from our business operations.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	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 9.10 Commitment to consistent quality and food safety 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.

11. SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and have 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 SC in consultation with the Board. The Group's SC, which includes senior management executives and key managers from various functions, is led by the Group's CEO and CFO. The responsibilities of the SC 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 and opportunities identified by the Group during the ERM exercise include the following: • 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; and • On the other hand, this also present an opportunity for the Group to review and assess its operations across its value chain to reduce operating costs. 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	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. Climate related risks and opportunities relevant to the Group are identified and assessed during an ERM exercise. The climate-related risks and their related opportunities and treatment plans are also reviewed and updated during the ERM exercise and are presented to the Audit and Risk Committee along with the other Group's key 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 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 water, energy, GHG emissions and waste management. We will continue to monitor our emissions and disclose Scope 3 GHG emissions wherever applicable and practicable.

APPENDIX GRI CONTENT INDEX

Statement of use	Japan Foods Holdings Ltd. has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard	Disclosure	Location and Omissions
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Cover page, 01 - 02, 08, 24, 161-162
	2-2 Entities included in the organisation's sustainability reporting	27
	2-3 Reporting period, frequency and contact point	27
	2-4 Restatements of information	40-41
	2-5 External assurance	27
	2-6 Activities, value chain and other business relationships	01, 04-07, 28, 32-33
	2-7 Employees	28, 40-41
	2-8 Workers who are not employees	We have a monthly average of approximately 281 workers who are not employees in FY2023. They include kitchen staff, service crews and floor staff who assist in our outlet operations.
	2-9 Governance structure and composition	20-21, 30
	2-10 Nomination and selection of the highest governance body	61-65
	2-11 Chair of the highest governance body	20-21, 30
	2-12 Role of the highest governance body in overseeing the management of impacts	30
	2-13 Delegation of responsibility for managing impacts	30
	2-14 Role of the highest governance body in sustainability reporting	30
	2-15 Conflicts of interest	51-52
	2-16 Communication of critical concerns	43-44, 76 - 80
	2-17 Collective knowledge of the highest governance body	38-40
	2-18 Evaluation of the performance of the highest governance body	65-66
	2-19 Remuneration policies	66-71
	2-20 Process to determine remuneration	66-71
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	25-26
	2-23 Policy commitments	43-46
	2-24 Embedding policy commitments	43-46
	2-25 Processes to remediate negative impacts	43-44, 76-80
	2-26 Mechanisms for seeking advice and raising concerns	43-44, 76-80
	2-27 Compliance with laws and regulations	40-41, 43-44
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	29
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements

GRI Standard	Disclosure	Location and Omissions
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30-31
	3-2 List of material topics	31
Sustainable business performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	34
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	34
	201-2 Financial implications and other risks and opportunities due to climate change	46
	201-3 Defined benefit plan obligations and other retirement plans	68-71, 126
	201-4 Financial assistance received from government	124
Robust corporate governance framework		
GRI 3: Material Topics 2021	3-3 Management of material topics	43-44
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	43-44
	205-2 Communication and training about anti-corruption policies and procedures	43-44
	205-3 Confirmed incidents of corruption and actions taken	43-44
Energy conservation and emissions reduction		
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36
GRI 302: Energy 2016	302-1 Energy consumption within the organization	35-36
	302-2 Energy consumption outside of the organization	35-36
	302-3 Energy intensity	35-36
	302-4 Reduction of energy consumption	35-36
	302-5 Reductions in energy requirements of products and services	Not applicable due to business nature
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	35-36
	305-2 Energy indirect (Scope 2) GHG emissions	35-36
	305-3 Other indirect (Scope 3) GHG emissions	46
	305-4 GHG emissions intensity	35-36
	305-5 Reduction of GHG emissions	35-36
Water conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	35
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	35
	303-2 Management of water discharge-related impacts	Not applicable due to business nature
	303-3 Water withdrawal	35
	303-4 Water discharge	Not applicable due to business nature
	303-5 Water consumption	35
Responsible waste management		
GRI 3: Material Topics 2021	3-3 Management of material topics	37
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	37
	306-2 Management of significant waste-related impacts	37
	306-3 Waste generated	37

GRI Standard	Disclosure	Location and Omissions
Employee health, safety and wellness		
GRI 3: Material Topics 2021	3-3 Management of material topics	37-38
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	37-38
	403-2 Hazard identification, risk assessment, and incident investigation	37-38
	403-3 Occupational health services	37-38
	403-4 Worker participation, consultation, and communication on occupational health and safety	37-38
	403-5 Worker training on occupational health and safety	37-38
	403-6 Promotion of worker health	37-38
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37-38
	403-8 Workers covered by an occupational health and safety management system	37-38
	403-9 Work-related injuries	37-38
	403-10 Work-related ill health	37-38
Employee retention and development		
GRI 3: Material Topics 2021	3-3 Management of material topics	38-40
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	38-40
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	38-40
	404-3 Percentage of employees receiving regular performance and career development reviews	38-40
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	38-40
	404-2 Programs for upgrading employee skills and transition assistance programs	38-40
	404-3 Percentage of employees receiving regular performance and career development reviews	38-40
Equality and diversity in the workplace		
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	40-41
	405-2 Ratio of basic salary and remuneration of women to men	The Company will not be providing this information due to confidentiality constraints
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	40-41
Commitment to consistent quality and food safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	42-43
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	42-43
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	42-43

TABLE OF CONTENTS

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 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 2023 ("**FY2023**"), with specific reference made to the principles and provisions of the Code, which forms part of the continuing obligations under the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").

Our corporate governance principles reflect the Board's focus on strong leadership, effective internal controls and risk management, a robust corporate culture, accountability to Shareholders and engagement with stakeholders. The Board is pleased to confirm that for FY2023, the Group has adhered to the core principles of corporate governance, and in all material respects, with the provisions of the Code and the Catalist Rules, where appropriate, except for the following Provisions where the deviations and explanations have been provided:-

Provision 3.1 – Common Role of Chairman and CEO
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 is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. It provides entrepreneurial leadership and sets goals, reviews and advises on overall strategies and directions, oversees the effectiveness of the Management and assumes responsibilities for overall corporate governance of the Group to ensure the Group's strategies are in the best interests of the Company and its Shareholders.

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;

(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 the 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 participating in the meetings, discussions, and decisions on the matter at all levels within the Group including, but not limited to, the Company's subsidiaries and any committees and sub-committees, if any, that are involved in the proposed transaction in which the Director has an interest or in respect of which the Director is conflicted. 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 are given guidance and orientation to familiarise them with the Group's business and corporate governance practices upon their appointment to facilitate the effective discharge of their duties. Any newly appointed Director who has no prior experience as a director of a Singapore-listed company is required to attend the relevant prescribed training on the roles and responsibilities as a director of a listed company in Singapore, conducted 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 unless the Nominating Committee is of the view that training is not required because he/she has other relevant experience, in which case the basis of its assessment will be disclosed.

To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operations and meet with members of the Management. This allows incoming Directors to get better acquainted with the nature and working of the Group's business as well as to familiarise themselves with members of the Management.

The Company recognises the importance of ongoing professional development for the Board members. Depending on each Director's background and development needs, 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, at the Company's expense. Directors are encouraged to attend training courses organised by the SID or other training institutions in connection with their duties as Directors on an on-going basis, at the Company's expense. If required, briefings by external consultants or professional parties are also organised for the Board.

During FY2023, the Management has kept the Directors apprised on pertinent developments in the business of the Group during Board and/or Board committee meetings to facilitate the discharge of their duties. The Board is also provided with information and updates on the Group's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties and responsibilities as Board members or Board committee members.

During FY2023, some Directors attended third party-run programmes such as those organised by the SID, the Institute of Singapore Chartered Accountants and other professional bodies. Regular updates were also provided by the external auditors on any applicable new or revised financial reporting standards.

Pursuant to Catalist Rule 720(6), all the Directors have attended the required training on sustainability matters as prescribed by the SGX-ST in FY2023 and prior to the issuance of this Report. In addition, Mdm Tan Cher Ting, who was newly appointed on the Board on 3 March 2023, has also completed all five core modules and all four elective modules under the Listed Entity Director (LED) Programme of the SID.

Provision 1.3
Internal Guidelines on Matters Requiring Board's Approval

The Group has adopted internal guidelines governing matters which require the Board's approval, apart from its statutory duties. 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 pay-out 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.

To optimise operational efficiencies, the Company has also adopted a guideline and policy setting out financial operations authorisation and approval limits. These are periodically reviewed for operating and capital expenditure and the procurement of goods and services. The Board approves transactions exceeding certain threshold amounts while delegating authority to the Management for transactions below such limits.

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:

(a) Audit and Risk Committee ("**ARC**");
(b) Remuneration Committee ("**RC**"); and
(c) Nominating Committee ("**NC**"),

(collectively, the "**Board Committees**"),

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 2023, 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 FY2023 to discuss and review the strategic policies of the Group, significant business plans, and performances of the business and approves the release of the interim and full year financial results. Board and Board Committee meetings are planned and scheduled well in advance at the beginning of each year in consultation with the Directors to facilitate meaningful participation and to ensure optimal attendance.

Ad-hoc meetings are convened when circumstances require, to discuss pressing matters which require the Board's deliberation and decision in between the scheduled meetings. 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.

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 FY2023.

The number of Board and Board Committees' meetings held in FY2023 and the attendance of each Director at such meetings are set out below:

	Board	ARC	NC	RC	AGM
Total number of Meetings Held	4	5	2	2	1
Name of Director			**Number of Meetings Attended**		
Takahashi Kenichi	4	NA	NA	NA	1
Wong Hin Sun, Eugene	4	5	2	2	1
Lee Sok Koon, Constance	4	5	2	2	1
Tan Lye Huat[(a)]	4	5	2	NA	1
Chia Siok Mei, Sylvia	4	5	1	1	1
Tan Cher Ting[(b)]	NA	NA	NA	NA	NA

NA: not applicable
(a) Mr Tan Lye Huat ceased to be a Director with effect from 3 March 2023.
(b) Mdm Tan Cher Ting was newly appointed as a Director with effect from 3 March 2023.

Provision 1.6
Access to Information

To enable the Board to fulfil its responsibilities, the Management provides adequate and timely information to the Board to make informed decisions. A system of communication between the Management and the Board, and between the Board and Board Committees, has been established and improved over time. The Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at the Board meetings. Contact details of the senior management, the Company Secretary and external advisers (where necessary) are also provided to the Directors to facilitate separate and independent access at the Company's expense.

To ensure that the Board and Board Committees are able to fulfil and discharge their duties and responsibilities, the Management will endeavour to circulate meeting papers to the Directors at least one week before the relevant meetings to facilitate meaningful discussions at such meetings. All Directors have unrestricted access to the 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. Quarterly updates are also provided, where necessary, by the auditors, the Company's sponsor and/or Company Secretary, during the Board and ARC meetings on risk management, corporate governance and the key changes in the relevant regulatory requirements and financial reporting standards.

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 the Management, the Company Secretary and to seek independent legal and other 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 the Management and the non-executive Directors.

The Company Secretary assists the Chairman and the Chairperson 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 1967 of Singapore, Securities and Futures Act 2001 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 Board, taking into account the views of the NC, determines the independence of each Director on an annual basis or as and when circumstances require, based on the requirements under the Code and the Catalist Rules. In determining whether a Director is independent, the NC has adopted the definition in the Code of what constitutes an independent director and may take into account other relevant circumstances and facts. The Board considers whether a Director has or 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 judgement with a view to the best interests of the Group.

For FY2023, the NC has assessed the independence of Mr Tan Lye Huat, Mdm Lee Sok Koon, Constance, Mdm Tan Cher Ting 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 other Directors and the 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, prepared based on the principles of good corporate governance and relevant provision of the Code, to confirm his/her independence. 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 Mr Tan Lye Huat, Mdm Lee Sok Koon, Constance, Mdm Tan Cher Ting 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 FY2023.

Mdm Lee Sok Koon, Constance was appointed on 1 September 2011 and had served more than nine years on the Board. Under Rule 406(3)(d)(iv) and with reference to Transitional Practice Note 3 of the Catalist Rules, Mdm Lee Sok Koon, Constance may continue to be considered independent until the next annual general meeting ("**AGM**") of the Company to be held in July 2024.

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 FY2023.

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. As at the date of this report, the Board 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. With their expertise and competency in their respective fields, the Board engages in open and constructive debate and challenges the Management on its strategy proposals and assists in reviewing the performance of the Management in achieving set objectives. They are well-supported by the Management with accurate, complete and timely information to enable them to make informed decisions.

Information regarding each Board member is provided under the Board of Directors section set out on pages 20 to 21 of this report.

Due to her work commitment, Mdm Chia Siok Mei, Sylvia has expressed her desire to retire at the conclusion of the AGM in July 2023. Upon her retirement as a Director, there will be four Directors on the Board, half of whom are independent. The Company will fill the vacancy arising from Mdm Chia's retirement as soon as possible, so that the Board will comprise a majority of independent directors in line with the requirements of the Code.

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 and Size

The Board recognises the benefit of diversity in fostering robust discussions and strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complementary backgrounds and experiences, but also through gender and age diversity.

Each Director has been appointed based on the strength of his/her calibre, experience and stature, and the Board, as a group, 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.

As at the date of this report, the Board 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
Mdm Chia Siok Mei, Sylvia	Independent Director
Mdm Tan Cher Ting*	Independent Director

* Mdm Tan Cher Ting was appointed to the Board on 3 March 2023

The Board, through the NC, has examined its structure, size and composition, and is of the opinion that it 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.

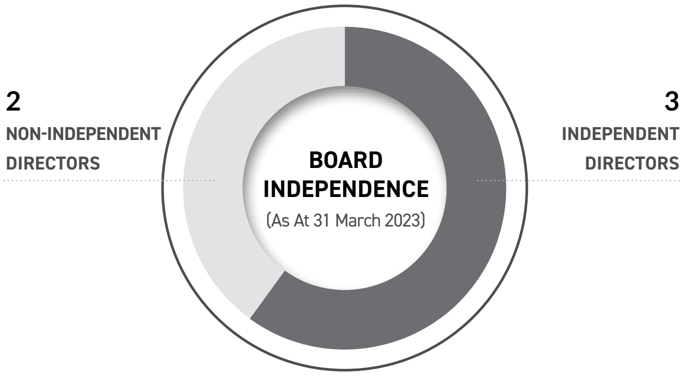
Board Diversity

The Company is committed to building and maintaining a culture of diversity and inclusivity, in terms of skillsets, knowledge, industry and business experience, educational background, gender, age, culture, geographical background, independence and professional qualifications. For this reason, the Company had adopted a board diversity policy ("**Board Diversity Policy**") which recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The current Board composition takes into consideration board diversity. To assist the NC in its annual review of the Directors' mix of skills and experiences required to discharge their duties competently and efficiently, each Director has completed a Board of Directors Competency Matrix form by providing additional information in their areas of specialisation and expertise in FY2023. 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.

In recognition of the importance and value of gender diversity in the composition of the Board, the Company undertakes to have at least one female representation on the Board at all times. As at the date of this report, the Board has three female Directors, representing 60% of the total Board membership.

In addition, the Board consists of Directors with ages ranging from 40s to 70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.



The NC will review the Board Diversity Policy, from time to time as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. In the process of sourcing for qualified candidates to serve on the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity (including gender diversity) on the Board.

The current Board composition reflects the Company's commitment to the relevant diversity in gender, age, skills and knowledge. The following table sets out the diversity targets and progress since the adoption of the Board Diversity Policy:

	Targets	**Progress**
(a)	To maintain at least three Independent Directors which will comprise at least 50% of the entire Board	As at the date of this report, the Board currently comprises five members, three of whom are independent Directors, with one non-executive Director and one executive Director.
(b)	In seeking renewal of the Board, by the time of the next AGM in July 2024, to appoint one other Independent Director with the relevant expertise and experience that would complement those already on the Board and to assess the suitability of candidates taking into consideration the aforementioned relevant aspects of diversity	As at the date of this report, the company has commenced it search for suitable candidates.
(c)	To ensure appropriate balance between functional skill sets, domain expertise and specific skills and capabilities needed to support the Company's strategy and business	This is a continual target as part of the Board Renewal.
(d)	To ensure at least one female representation in the Board.	As at the date of this report, the Board has three female Directors, representing 60% of the total Board membership.

Having considered the scope and nature of the operations of the Group, the Board is satisfied that the current size and composition of the Board and Board Committees are appropriate and reflective of the Company's commitment to Board diversity with a good balance of skills, experience, industry knowledge, professional qualifications, gender and age, which serve to support the Group in achieving its strategic objectives.

The Company will continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Group in line with the Board Diversity Policy.

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 the Management in meeting agreed-upon goals and objectives, and monitor the reporting of performance. The Directors also review and oversee effective implementation by the Management in achieving agreed goals and objectives and monitor the reporting of performance.

During the year, the non-executive Directors communicated among themselves without the presence of the Management as and when the occasion warrants, and the chairperson of such meetings provides feedback to the Board and/or Chairman as appropriate. 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 ARC 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 and Roles and Responsibilities of the NC

The Board establishes a NC to make recommendations to the Board on relevant matters, pertaining to the composition of the Board including aspects such as professional qualifications of its Directors, industry and geographic knowledge, experience, skills, length of service and the needs of the Company.

As at the date of this report, the NC comprises the following members, the majority of whom, including the chairperson of the committee, are independent non-executive Directors:

Mdm Tan Cher Ting, Chairperson	Independent and Non-Executive
Mdm Lee Sok Koon, Constance	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 search and nomination process for the appointment and re-appointment of Directors. The NC also evaluates and reviews the Board succession plans for Directors to ensure progressive renewal of the Board, as well as the appointment and/or replacement of the Chairman, the CEO or key management personnel.

The NC has written terms of reference that set out its roles and responsibilities. The Board recognises the importance of progressively renewing the Board to address the evolving needs of the Company and is committed to a process of orderly succession planning for 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 Board recognises the importance of progressively renewing the Board to address the evolving needs of the Company and is committed to a process of orderly succession planning for 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 nomination and selection process, the NC will first review the Company's prevailing and emerging strategic priorities before reviewing the experience and expertise of the current Board composition to identify critical complementary gaps which require filling that are aligned to the strategic priorities of the Company.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment of a new Director. 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.

The Board is also advised by the Company's sponsor, UOB Kay Hian Private Limited, on appointment of Directors as required under Catalist Rules 226(2)(d).

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 AGM and Directors appointed during the course of the year will be subject to re-election at the next AGM following his/her appointment.

The NC deliberates the suitability of the Directors for re-election and takes into consideration their competencies, past contribution, attendance and participation at Board and Board Committee meetings, commitment, and performance during the previous year, and where applicable, the retiring Directors' independence. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her re-election as a Director. The NC's recommendations will then be made to the Board for its approval, and Shareholders would be provided with relevant information on the Directors who will be standing for re-election at each AGM.

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 Eugene Wong – Regulation 101 of the Company's Constitution;
(b) Mdm Lee Sok Koon, Constance – Regulation 101 of the Company's Constitution; and
(c) Mdm Tan Cher Ting - 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 Eugene Wong, Mdm Lee Sok Koon, Constance and Mdm Tan Cher Ting be nominated for re-election at the forthcoming AGM pursuant to Regulations 101 and 105 of the Company's Constitution. The NC's recommendation, which has been endorsed by the Board, follows the NC's assessment of the Directors' contributions, competencies, and commitments (including attendance, preparedness, participation at Board and Board Committee meetings).

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 Eugene Wong shall remain as the Non-Executive Vice Chairman of the Board ("**Vice Chairman**") of the Company and a member of the ARC, NC and RC respectively;

(b) Mdm Lee Sok Koon, Constance shall remain as an Independent Director, Chairperson of the ARC, and a member of the NC and RC respectively; and

(c) Mdm Tan Cher Ting shall remain as an Independent Director, Chairperson of NC and a member of the ARC and RC respectively.

Please refer to page 87 to 93 in the Annual Report for the detailed information required pursuant to Rule 720(5) of Catalist Rules.

At the forthcoming AGM, Mdm Chia Siok Mei, Sylvia will also retire from the Board at the conclusion of the meeting. Upon her retirement as a Director, there will be four Directors on the Board, half of whom are independent with the majority of Directors being non-executives. The Company will fill the vacancy arising from Mdm Chia's retirement as soon as possible so that the Board will comprise a majority of independent directors in line with the requirements of the Code.

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 Director is required to disclose to the Board any relationships or circumstances which are likely to affect or could appear to affect the Director's judgement, as and when they arise. The Directors are also required, to complete annually, a confirmation of independence based on the substantive requirements of the Code and declare whether he/she considers himself/herself to be independent based on the criteria under the Catalist Rules and the Code, including, amongst others, the confirmation that he/she does not have any relationship with his/her fellow Directors or with the Group and its substantial shareholders. Such declarations are put before the NC to be reviewed annually in accordance with the definition of independence in the Code and the Catalist Rules to ensure that there is a strong independent element on the Board such that the Board is able to exercise objective judgment on corporate affairs independently.

For FY2023, the Independent Directors have confirmed that they are independent and do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that 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 Company.

Taking into consideration factors above, the NC is of the view that the Independent Directors, Mdm Lee Sok Koon, Constance, Mdm Chia Siok Mei, Sylvia and Mdm Tan Cher Ting, remain independent. The NC is satisfied that the Board, in its current composition, has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

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 page 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 the 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 FY2023.

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 Chairperson 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.

The NC has assessed the current Board's and Board Committees' performance to-date and individual Directors' contributions and is of the view that the performance of the Board as a whole, the Board Committees and individual Directors, was satisfactory. Accordingly, the Board has met the performance evaluation criteria and objectives during the financial year under review.

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 Board establishes a RC to review and recommend to the Directors the Group's remuneration framework for both the Directors and key management personnel including the specific remuneration packages for each of such individual, with the main objective to attract, reward, motivate and retain a talented and high performing workforce in order to achieve the Group's business objectives as well as to motivate Directors to provide good stewardship to the Group.

As at the date of this report, the RC currently comprises the following members:

Mdm Chia Siok Mei, Sylvia, Chairperson	Independent and Non-Executive
Mdm Lee Sok Koon, Constance	Independent and Non-Executive
Mdm Tan Cher Ting	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.

The RC plays an important role in ensuring that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration. The RC also considers all aspects of remuneration including termination terms to ensure they are fair. Its key functions 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

In discharging its functions, the RC may, from time to time, seek independent external legal and other professional advice on the remuneration of all Directors and key management personnel. The expenses of such advice shall be borne by the Company.

The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2023.

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 key management personnel's remuneration packages to corporate and individual performance, thus aligning their interests with those of Shareholders, and which also takes into account effort and time spent and responsibilities of the Executive Director and key management personnel. In determining the remuneration of the Executive Director and key management personal, the RC reviewed their respective achievement of key performance indicators and assessed their performance for the financial year.

The key performance indicators 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 FY2023, the RC has evaluated the extent to which the Executive Director and key management personnel have delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation which was endorsed by the Board.

Each member of the RC will abstain from reviewing and voting on any RC's resolutions approving his/her own remuneration as well as the remuneration packages of persons related to him/her, if any.

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$7,000
Nominating Committee	3,000	Additional S$3,000
Remuneration Committee	3,000	Additional S$3,000
Lead Independent Director	5,000	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.

The Company believes that the current remuneration of the Independent Directors and Non-Independent Non-Executive Director are at a level that will not compromise the independence of such 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, 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 sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group.

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 FY2023 is set out below:

Name of Director	Total remuneration in FY2023 (S$'000)	Director's fees (%)	Salary (%)	Incentive bonus and other benefits (%)	Total (%)
Takahashi Kenichi	610	–	48	52	100
Wong Hin Sun, Eugene	44	100	–	–	100
Lee Sok Koon, Constance	45	100	–	–	100
Tan Lye Huat[1]	38	100	–	–	100
Chia Siok Mei, Sylvia	34	100	–	–	100
Tan Cher Ting[2]	3	100	–	–	100
Total S$'000	774	164	318	292	774

Note 1: This was based on Mr Tan Lye Huat prorated remuneration until his cessation date of 3 March 2023.
Note 2 : This was based on Mdm Tan Cher Ting prorated remuneration from 3 March 2023 to 31 March 2023.

On 19 December 2008, the Company 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 was renewed on a yearly basis thereafter. On 13 February 2023, the Company entered into a new service agreement with Mr Takahashi Kenichi in relation to his appointment as CEO. This service agreement is for a initial period of five years and will be renewed for a further two-year period(s) thereafter. Save for the adjustment in remuneration, the material terms of the agreement are the same as previously.

For FY2023, the remuneration band (including any bonus, allowance and other incentives) of the top five key management personal (who are not Directors or CEO) is set out below:

Name of Key Management Personnel	Remuneration bands	Salary[(2)] (%)	Bonus and other benefits (%)	PSP (%)	Total (%)
Chan Fuang Chiang	Band A[(1)]	71.1	8.2	20.7	100
Fong Siew Geen	Band A[(1)]	71.4	8.2	20.4	100
Kenneth Liew Kian Er	Band A[(1)]	68.4	7.9	23.7	100
Otsuka Ichiro	Band A[(1)]	66.0	9.7	24.3	100
Koga Tsutomu	Band A[(1)]	68.1	9.0	22.9	100
Total S$'000		651	78	206	935

Notes :

(1) Band A : Remuneration from S$0 – S$250,000

(2) Salary is inclusive of CPF contribution.

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five key management personnel for FY2023 was approximately S$935,000.

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

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

The Company had 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 PSP was approved and adopted by the Shareholders at an Extraordinary General Meeting of the Company held on 24 July 2013. The PSP which is administered by the RC will expire and lapse on 23 July 2023. The Company is seeking Shareholders' approval for the adoption of a new PSP at the Extraordinary General Meeting to be convened following the conclusion of the forthcoming AGM.

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 share buybacks.

Pursuant to the PSP, an aggregate of 490,000 treasury shares, constituting approximately 0.3% of the total number of issued shares of the Company as at 31 March 2023, were awarded on 9 December 2022. The Company has announced the details as required under Rule 704(32) of the Catalist Rules in relation to the grant of awards on 9 December 2022.

Since the commencement of the PSP and up to the date of this report, an aggregate of 5,475,000 fully-paid shares, constituting approximately 3.1% 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	140,000	1,710,000	1,710,000	Nil

Disclosure pursuant to Catalist Rules 851(1)(d) is not applicable for PSP.

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

The Board and the Management of the Group are committed to maintaining throughout the Company, a culture of risk awareness.

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 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 FY2023, 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.

Risk Management

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 the 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

(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.

On an annual basis, the 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.

Internal Controls

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 FY2023 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 treatment
1	Adverse change in economic conditions and market conditions A deterioration in operating environment, market conditions and inflation may arise due to events such as geo-political conflicts, new pandemic and climate changes. Such events may cause a significant drop in customers' purchasing power, market demand and adversely affect the business and financial performance of the Group.	The Group seeks to minimise adverse effects from deterioration in economic conditions and market conditions due to external events such as the pandemic outbreak, geo-political situations and climate changes. 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 and regular review of financial performance.
2	Reduction of gross sales due to customer dissatisfaction The success of the Group is dependent on the level of customer satisfaction. Customer satisfaction may be adversely affected by the following: • Non-choice locations with low human traffic; • Failure to adapt to shifting consumer preferences for sustainable products; • Unattractive pricing; • Poor customer service; and • Lack of marketing efforts. Should one or more of the above risk events occur, the Group's financial performance may be adversely affected.	The Group makes continuous efforts to deliver good customer service. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, introducing new menu items and regular review of financial performance.
3	Non-compliance with laws and regulations, licences and certifications In the course of running its operations, the Group has to comply with relevant laws and regulations, licenses and certifications, including but not limited to the following: • SGX-ST Listing Rules; • Personal Data Protection Act; • Climate reporting requirements; • Local tax requirements; • HACCP certification; • Halal certification; • SFA licences; • Employment of Foreign Manpower Act. Failure to comply with the relevant laws and regulations, licences and certifications may adversely affect the Group's reputation and lead to suspension or revocation of business licence and financial loss through fines or penalties imposed by the regulators.	The Group makes continuous efforts to comply with relevant laws and regulations, licenses and certifications. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system, regular review of financial performance, setting up effective training programmes and obtaining advice from professional service providers.

S/N	Risk title and description	Risk treatment
4	Improper food handling resulting in food poisoning cases The Group operates a central kitchen that supplies ingredients to its 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 adversely impact customers' confidence on the safety of Group's products and result in reduced sales. In such an event, the Group's financial performance will be adversely affected.	The Group focuses on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, training and conduct of laboratory tests on food by third party professionals.
5	Escalating costs due to pandemic outbreak, geo-political situations and/or climate changes 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. Cost escalations may affect profit margins and adversely affect the Group's financial performance if the cost increase cannot be transferred to the customers via price increase.	The Group focuses on effective cost controls and seeks to maximise value for costs incurred. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
6	Supply chain disruptions The ability to source adequate and suitable food ingredients at an acceptable price and in a timely manner is critical to the Group's business. Events like changes in foreign governments' export policy on ingredients such as palm oil and poultry could result in supply chain bottlenecks and business disruptions. In addition, under the relevant franchise agreement, the Group is required to purchase selected ingredients directly from franchisor in Japan or approved suppliers. A sudden and prolonged disruption to the supply from the franchisor or approved suppliers may severely affect the Group's operations.	The Group focuses on managing supply chain disruptions. Key mitigating controls in place include maintaining a competent and experienced team, maintaining alternative suppliers and developing in-house capabilities to produce key ingredients.

S/N	Risk title and description	Risk treatment
7	<u>Accidents at the central kitchen and outlets leading to injuries or fatalities</u> 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 may adversely affect the Group's operations and financial performance.	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 and 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.
8	<u>Dependency on key managers and operational staff</u> The Group's operations are dependent on its key managers and operational staff. For 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 retain, attract and hire competent and experienced personnel, the ability to run the operations may be adversely affected.	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 implementing adequate, effective policies and procedures, performing remuneration and benefit review and adopting a comprehensive manpower planning.

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 deemed to be significant at this time 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 the Management, internal audit by the internal auditors, statutory audit by the external auditors and external certification conducted by various external professional service firms.

Fraud risk management processes include conflict of interest declaration by Directors and the implementation of whistle blowing policy (details in Provisions 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

The Board reviews, annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board continually monitors the threat and impact of risks to the Company's business and in parallel, assesses the Company's internal systems and procedures that monitor, control and mitigate these risks. The Board has received assurance from the CEO and the CFO in respect of FY2023 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 key management personnel, the CEO and CFO had also provided assurance that the Group's risk management and internal control systems were adequate and effective.

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 FY2023 and as at 31 March 2023 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 Board has an ARC which was formed under written terms of reference which clearly sets out its authority and duties. As at the date of this report, the ARC comprises the following Directors, the majority of whom, including the Chairperson, are independent:

Mdm Lee Sok Koon, Constance, Chairperson	Independent and Non-Executive
Mdm Tan Cher Ting	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 assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control. The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. Majority of the ARC members (including ARC Chairperson) 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 the 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 auditors and 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 FY2023 to *inter alia* review the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with the Management and its auditors, and reports to the Board. 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 auditors' audit plan for FY2023 and had agreed with the auditors' 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 FY2023, the ARC had discussed with the 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 FY2023:

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

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

  The PE was also an area of focus by the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2023. Please refer to page 100 of this Annual Report.

  The ARC has considered the approach and methodology applied on the impairment assessment. Following the review and discussion with the Management and the external auditors, the ARC is satisfied that the impairment charge has been adequately provided for in FY2023.

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 26 June 2023 approved the financial statements.

The ARC had explicit authority to investigate any matter within its terms of reference and is given the task to commission independent investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof. The ARC has full access to, and the co-operation of the Management, and also the discretion to invite any Director or any member of the Management to attend its meetings. The ARC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities 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 auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors is subject to Shareholders' approval at each AGM of the Company.

The ARC also reviews the scope and value of non-audit services provided by the Company's external auditors, CLA Global 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 FY2023 did not prejudice their objectivity and independence. The ARC has therefore recommended to the Board the nomination of CLA Global 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 external auditors (including its associated firms) are disclosed in the table below:

External Auditors' Fees for FY2023	$'000	% of Total Fees
Total Audit Fees	96	78
Total Non-Audit Fees	27	22
Total Fees Paid	123	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 ("**Whistle Blowing Policy**"). The Whistle Blowing 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 FY2023, no valid[1] complaints were received via the whistle blowing channel.

For FY2023, 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 Whistle Blowing Policy, before forwarding them to the WBC for further investigations and appropriate follow-up actions where applicable.

Whistle-Blowing Committee

The WBC which was constituted by the CEO, Head of Human Resources and CFO of the Company, 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.

1 As defined in the Company's whistle blowing policy

The Group takes concerns with the integrity and honesty of its employees seriously. A copy of the Whistle Blowing 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 last 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.

The internal audit function of the Group has been outsourced to Yang Lee & Associates ("**YLA**"), an independent accounting and auditing firm.

The internal auditors's primary line of reporting 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 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 ARC reviews annually the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively, and that the Management provides the necessary co-operation to enable the internal auditor to perform its function. The ARC also reviews the internal auditor's reports and remedial actions implemented by the Management to address any internal control inadequacies identified and was satisfied that the internal audit functions were adequate and effective.

The internal auditors completed one review during FY2023 in accordance with the Rotational Internal Audit Plan approved by the ARC and the Management has adopted key recommendations of the internal auditors set out in their report.

For FY2023, the ARC reviewed the adequacy of the internal function to ensure that internal audits were conducted effectively and that the Management provided the necessary co-operation to enable YLA to perform its function. After having reviewed the Rotational Internal Audit Plan, reports and remedial actions implemented by the Management to address any internal control inadequacies identified, the ARC is satisfied that the internal audit function is independent, adequately resourced and effective.

Upon the recommendation of the ARC, the Board has approved the re-engagement of YLA as internal auditors of the Group in the ensuing year ending 31 March 2024.

Provision 10.5
Independent Meeting with External and Internal Auditors

During FY2023, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations, as appropriate. Both auditors 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 and ensures that Shareholders have the opportunity to participate effectively in and vote 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.

The principal forum for dialogue with the Shareholders remains at the AGM. Shareholders are informed of Shareholders' meetings through notices published on the SGXNet and the Company's website, electronic releases, reports and/or circulars, and are provided with the opportunity and time to voice their views and raise questions to the Directors or the Management regarding the Company via various methods. These methods include submission of questions in advance of the AGM via the Company's AGM website, or via a dedicated email address, or via physical submission of questions to a dedicated office address, or at the AGM itself.

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 the 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 who were appointed as proxy(ies), will have the same rights as direct shareholders to attend, speak and vote at general meetings.

The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies (proxy needs not be a member) to attend and vote on their behalf at a general meeting by submitting proxy forms within the stipulated timeline to the Company. These voting mechanisms allow for absentia voting and facilitates members to exercise their voting rights. In line with the amendments to the Act, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two (2) proxies to attend and vote on their behalf at general meetings. The proxy forms including the instructions on voting, are issued in conjunction with the notices of general meetings.

Conduct of general meetings

In view of the COVID-19 pandemic, the AGM for the financial year ended 31 March 2022 was convened and held by way of electronic means on 20 July 2022 pursuant to the COVID-19 Temporary Measures Order ("**AGM 2022**"). While Shareholders were not able to attend AGM 2022 physically and participate in-person, they were able to submit questions to the Chairman of the Meeting before the AGM 2022 and have their questions addressed prior to the AGM 2022 itself.

The Company's forthcoming AGM in respect of FY2023 ("**AGM 2023**") to be held on 20 July 2023, will be held in a wholly physical format. The Company will adhere to the SGX-ST's guiding principle to allow Shareholders sufficient time from the date of the AGM Notice to raise questions and provide answers to such questions within reasonable timelines. Please refer to the Notice of the AGM 2023 of the Company, which may be accessed at the Company's corporate website at https://www.jfh.com.sg//html/ir_announcements.php and/or the SGX website at https://www.sgx.com/securities/company-announcements

The Company endeavours to communicate regularly and effectively with the Shareholders and the Board supports and encourages active Shareholders participation at AGMs. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and Management, as well as to interact with them. As and when extraordinary general meeting is convened, a circular is sent to Shareholders, containing details of the matters proposed for Shareholders' consideration and approval.

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. In the event that there are resolutions which are interdependent and linked, the Board will explain the reasons and material implications in the notice of the relevant meeting. Shareholders in attendance are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are put to the vote.

All resolutions are put to vote by poll in the presence of independent scrutineer. To ensure transparency in the voting process, the detailed results of all resolutions put to vote, showing the number of votes cast, for or against each resolution, and the respective percentages are tallied and disclosed live on-screen to the Shareholders immediately after the vote has been cast. 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 AGM 2022.

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.

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.

In view of capital requirements amidst the challenging operating environment and taking into account the Group's business plan including expansion of restaurant network, for FY2023, the Board has decided to deviate from the Company's dividend policy which was to declare at least 100% of its net profit attributable to Shareholders. The Company has previously paid interim dividend of 1.00 cent per share on 9 December 2022 and the Board is proposing to declare a final dividend 1.00 cent per share which is subject to Shareholders' approval at the forthcoming AGM on 20 July 2023. Although the total dividends to be paid in respect of FY2023 will represent 84.5% of the net profit attributable to Shareholders for FY2023, such total dividends amounting to 2.00 cents per share will still be higher than that of 1.85 cents paid out in respect of FY2022.

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

The Company is committed to maintaining high standards of corporate disclosure and transparency, and proactively engages its Shareholders to ensure effective communication with the investment community.

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 Chairperson 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 investing 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 in line with the requirements of Rule 1204(19) of the Catalist Rules. The Directors, the 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. For good corporate governance, the Directors, the Management and officers of the Group do not deal in the Shares during the period commencing two weeks before the Company's voluntary quarterly business and financial update. 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 FY2023.

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 FY2023 or if not subsisting, were entered into since 1 April 2022.

SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's Sponsor, UOB Kay Hian Private Limited, during FY2023.

ADDITIONAL INFORMATION ON DIRECTORS' RE-ELECTION AND CONTINUED APPOINTMENT

- pursuant to Catalist Rule 720(5) and Appendix 7F

Details	**Name of Director: Lee Sok Koon, Constance**	**Name of Director: Wong Hin Sun, Eugene**	**Name of Director: Tan Cher Ting**
Date of Appointment	1 September 2011	24 November 2008	3 March 2023
Date of last re-appointment (if applicable)	21 July 2021	21 July 2021	NA
Age	70	55	47
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board of Directors of the Company, having considered among others, the recommendation of the Nominating Committee ("**NC**") and the qualifications, work experience and competencies of Mdm Lee Sok Koon, Constance, is of the view that she is suitable for re-appointment as Lead Independent Director, the Chairperson of the Audit and Risk Committee, and a member of each of the Nominating and Remuneration Committees.	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Wong Hin Sun, Eugene, is of the view that he is suitable for re-appointment as Non-Executive Vice Chairman, and a member of the Audit and Risk Committee, the Nominating Committee, and the Remuneration Committees respectively.	The Board has reviewed the qualifications and experience of Mdm Tan Cher Ting and on the recommendation of the NC, has approved the re-appointment of Mdm Tan as an Independent Director, Chairperson of the NC and a member of each of the Audit and Risk Committee, and the Remuneration Committee of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non- Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Lead Independent Director • Chairperson of the Audit and Risk Committee • Member of the Remuneration Committee • Member of the Nominating Committee	• Non-Executive Vice Chairman • Member of the Audit and Risk Committee • Member of the Nominating Committee • Member of the Remuneration Committee	• Independent Director • Chairperson of the Nominating Committee • Member of the Audit and Risk Committee • Member of the Remuneration Committee

Details	Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
Professional qualifications	• Graduated with a Bachelor of Accountancy (Second Class Honours) from the National University of Singapore in 1975 • A Fellow of the Institute of Singapore Chartered Accountants • Member of the Singapore Institute of Directors	• Graduated with a Bachelor of Business Administration (First Class Honours) from the National University of Singapore in 1992 • Graduated with a Master of Business Administration from Imperial College of Science, Technology and Medicine from the University of London in 1998 • Completed the Owners' President Management Program from Harvard Business School in 2011 • Chartered Financial Analyst in 2001 • Chartered Director in 2014 • Fellow of the Australian Institute of Company Directors, UK Institute of Directors, Singapore Institute of Directors	• CFA Charterholder, CFA Institute • Bachelor of Business (Honours), Nanyang Technological University • Member of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Director (Operations) in the Development Office of National University of Singapore from May 2012 to August 2017.	Mr Wong Hin Sun, Eugene, founded Sirius Venture Capital Pte. Ltd., a venture capital investment company, and has been its managing director since its incorporation in 2002.	Director, Investment Banking, CIMB Bank Berhad, Singapore Branch (2002 - Present)
Shareholding interest in the listed issuer and its subsidiaries	Nil	Yes Mr Wong Hin Sun, Eugene, has 5.45% deemed interest in the Company held through Sirius Venture Capital Pte Ltd and his spouse	Nil

Details	Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
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	Nil	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.	<u>Current</u> • Independent Director, SBS Transit Ltd since 1 May 2017 • Independent Director, Lum Chang Holdings Ltd since 27 August 2021 • Independent Director of Mooreast Holdings since 28 October 2021 • Director of NUS America Foundation, Inc., since 27 August 2013 • Honorary Member of Fundraising Committee of Singapore Arts Singapore Ltd since 23 January 2020 • Member of Finance and Investment Committee of Singapore Island Country Club <u>Past (in the last 5 years)</u> • Director of Singapore Arts School Limited • Non-Executive Director of Invictus Group Pte Ltd	<u>Current</u> • Founder and Managing Director, Sirius Venture Capital Pte Ltd • Non-Executive Director, Sirus SME Growth Partners I Limited • Lead Independent Director, AP AC Realty Limited • Non-Executive Director, Singapore Cruise Centre Pte Ltd • Non-Executive Vice Chairman, Jason Marine Group Limited • Lead Independent Director, Alliance Healthcare Group Ltd • Vice Chairman, SBF's China & North Asia Business Group • Non-Executive Deputy Chairman, NTUC Learninghub Pte Ltd • Non-Executive Deputy Chairman, NTUC Learninghub Co-operative Limited • Non-Executive Chairman, Tangram Asia Capital LLP • Non-Executive Director, Mekhala Pte. Ltd. • Non-Executive Director, Aerospring Gardens Pte. Ltd. • Board Member, Gardens by the Bay	<u>Current</u> • Director, Investment Banking, CIMB Bank Berhad, Singapore Branch <u>Past (in the last 5 years)</u> Nil

Details	Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
		Current • Council Member, YMCA Singapore • Member, Investment Advisory Committee, People's Association Past (in the last 5 years) • Board Member, Agri-food & Veterinary Authority of Singapore • Board Member, Enterprise Singapore • Dining Collective Pte. Ltd.	
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

Details		Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
C.	Whether there is any unsatisfied judgment against him?	No	No	No
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

Details		Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
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	No	No
	(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

Details	Name of Director: Lee Sok Koon, Constance	Name of Director: Wong Hin Sun, Eugene	Name of Director: Tan Cher Ting
(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 2023

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 2023 and the statement of financial position of the Company as at 31 March 2023.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 103 to 160 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2023 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
Chia Siok Mei, Sylvia
Tan Cher Ting (appointed on 3 March 2023)

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 95 to 96 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 2023	At 1 April 2022	At 31 March 2023	At 1 April 2022
The Company				
(No. of ordinary shares)				
Takahashi Kenichi	114,814,800	114,814,800	8,100,000	8,100,000
Wong Hin Sun, Eugene	–	–	9,487,000	9,487,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

(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 2023 were the same as those as at 31 March 2023.

SHARE OPTIONS

No options were 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:

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

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

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 corporations) of the Company on the day immediately preceding the date on which the Award shall be granted.

During the financial year ended 31 March 2023, Awards comprising 490,000 shares were granted to certain key management personnel on 9 December 2022 ("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 2023.

No performance shares were outstanding as at 31 March 2023.

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

Except as disclosed in the table below, no participant was granted 5% or more of the total number of shares available under JF PSP.

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	140,000	1,710,000	1,710,000	Nil

AUDIT AND RISK COMMITTEE

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

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

All members of the Audit and Risk Committee were independent non-executive directors except for Wong Hin Sun, Eugene. The Audit and Risk Committee carried out its function in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. 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 with the independent internal auditor;

(iii) reviews the statement of financial position of the Company, the consolidated financial statements of the Group for the financial year ended 31 March 2023 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 statement of financial position 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 the 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 2023, the fees charged by the independent auditor for the provision of non-audit services amounted to $26,500 (2022: $23,350). 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 CLA Global TS Public Accounting Corporation (formerly 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 2023

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation (formerly 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

26 June 2023

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 statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023, 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.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 of Singapore (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 2023 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 2023. 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.

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 *Refer to Note 2.9, Note 21 and Note 22 to the financial statements* As at 31 March 2023, the Group's plant and equipment and right-of-use assets amounted to $11.8 million (2022: $7.2 million) and $45.7 million (2022: $35.1 million), which accounted for 13% (2022: 9%) and 50% (2022: 45%) 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 2023, certain restaurant outlets incurred losses, which provide 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 the recoverable amounts based on the calculation of value-in-use. 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 to. Accordingly, the recoverable amounts of the CGUs are determined through the estimation of the expected discounted future cash flows which involves making key assumptions about the sales growth rate, gross profit margin and discount rate. Due to significant management judgements and estimates involved in the impairment assessment, we have identified this area to be a key audit matter.	Our audit procedures included, amongst others, the following: • Assessed management's determination of 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, reviewed and evaluated the key assumptions used in management's impairment assessment by: - Assessing the sales growth rate and gross profit margin in comparison to historical performance and economy outlook. - Engaging our internal valuation specialist to evaluate reasonableness of the discount rate applied. - Performing sensitivity analysis to evaluate the impact of changes to the key assumptions on the recoverable amounts, determining they would fall below the carrying amounts of the plant and equipment and right-of-use assets. • Assessed the adequacy of the disclosures in the consolidated financial statements regarding the impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual 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 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.

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.

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

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

- 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.

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.

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore
26 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2023

	Note	The Group 2023 $'000	The Group 2022 $'000
Revenue	4	78,532	54,614
Cost of sales		(12,114)	(8,401)
Gross profit		66,418	46,213
Other income			
- Bank interest		128	86
- Others	5	1,912	7,199
Other (losses)/gains - net	6	(56)	26
Expenses			
- Selling and distribution		(57,117)	(44,670)
- Administrative		(3,723)	(3,646)
- Others		(1,886)	(1,247)
- Lease liabilities interest	22(b)	(1,024)	(813)
Share of profit of associated companies	16	205	83
Profit before income tax		4,857	3,231
Income tax (expense)/credit	9(a)	(730)	1
Total comprehensive income, representing net profit		4,127	3,232
Profit attributable to:			
Equity holders of the Company		4,127	3,232
Total comprehensive income attributable to:			
Equity holders of the Company		4,127	3,232
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic and diluted earnings per share	10	2.37	1.85

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Note	The Group 2023 $'000	The Group 2022 $'000	The Company 2023 $'000	The Company 2022 $'000
ASSETS					
Current assets					
Cash and bank balances	11	18,489	23,207	2,705	4,114
Trade and other receivables	12	1,065	1,065	2,258	981
Inventories	13	807	579	–	–
Current income tax recoverable	9(b)	–	–	–	3
Other current assets	14	3,709	2,729	97	39
		24,070	27,580	5,060	5,137
Non-current assets					
Investments in subsidiary corporations	15	–	–	6,042	6,042
Investments in associated companies	16	2,072	1,867	232	232
Investment in a joint venture	17	–	–	100	100
Loan to an associated company	18	248	248	248	248
Loan to a joint venture	19	1,820	1,050	1,820	1,050
Other investments at amortised cost	20	534	1,309	–	–
Plant and equipment	21	11,795	7,188	9	10
Right-of-use assets	22(a)	45,732	35,067	319	441
Intangible assets	23	146	136	–	–
Club membership	24	322	322	322	322
Long-term security deposits	25	3,880	3,070	51	45
		66,549	50,257	9,143	8,490
Total assets		90,619	77,837	14,203	13,627
LIABILITIES					
Current liabilities					
Trade and other payables	26	9,662	8,479	912	966
Provisions	27	143	103	–	–
Lease liabilities	22(f)	22,056	17,391	179	162
Current income tax liabilities	9(b)	538	123	–	–
		32,399	26,096	1,091	1,128
Non-current liabilities					
Lease liabilities	22(f)	24,973	18,818	158	288
Deferred income tax liabilities	28	527	216	2	2
		25,500	19,034	160	290
Total liabilities		57,899	45,130	1,251	1,418
NET ASSETS		32,720	32,707	12,952	12,209
EQUITY					
Share capital	29(a)	9,522	9,522	9,522	9,522
Treasury shares	29(b)	(18)	(5)	(18)	(5)
Capital reserves	29(c)	36	38	36	38
Retained profits	30	23,180	23,152	3,412	2,654
TOTAL EQUITY		32,720	32,707	12,952	12,209

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2023

	Note	Share capital $'000	Treasury shares $'000	Capital reserves $'000	Retained profits $'000	Total equity $'000
The Group						
2023						
Beginning of financial year		9,522	(5)	38	23,152	32,707
Performance shares granted	29(b), 29(c)	–	208	(2)	–	206
Dividends relating to 2023 paid	31	–	–	–	(1,744)	(1,744)
Dividends relating to 2022 paid	31	–	–	–	(2,355)	(2,355)
Purchase of treasury shares	29(b)	–	(221)	–	–	(221)
Total comprehensive income for the financial year		–	–	–	4,127	4,127
End of financial year		9,522	(18)	36	23,180	32,720
2022						
Beginning of financial year		9,522	(35)	45	23,845	33,377
Performance shares granted	29(b), 29(c)	–	239	(7)	–	232
Dividends relating to 2022 paid	31	–	–	–	(873)	(873)
Dividends relating to 2021 paid	31	–	–	–	(3,052)	(3,052)
Purchase of treasury shares	29(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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

		The Group	
		2023	2022
	Note	$'000	$'000
Cash flows from operating activities			
Net profit		4,127	3,232
Adjustments for:			
- Allowance for impairment of plant and equipment	7	350	11
- Allowance for impairment of right-of-use assets	7	398	96
- Amortisation of government grants	5	(28)	(28)
- Amortisation of intangible assets	7	62	63
- Amortisation of other investments at amortised cost	7	4	12
- Depreciation of plant and equipment	7	3,383	2,901
- Depreciation of right-of-use assets	7	20,259	17,631
- Employee performance shares expenses	8	206	232
- Income tax expense/(credit)	9(a)	730	(1)
- Interest on lease liabilities	22(b)	1,024	813
- Interest income from bank deposits		(128)	(86)
- Loss on early redemption of financial assets	6	21	–
- Gain on early termination of lease	6	–	(40)
- Plant and equipment written-off	7	42	27
- Rent concessions	5	(132)	(1,267)
- Share of profit of associated companies	16	(205)	(83)
		30,113	23,513
Changes in working capital:			
- Inventories		(228)	82
- Trade and other receivables		19	(198)
- Other current assets		(980)	(446)
- Long-term security deposits		(810)	730
- Trade and other payables		1,211	2,099
- Provisions		40	(5)
Cash generated from operations		29,365	25,775
Income tax paid	9(b)	(4)	(439)
Interest received		109	64
Net cash provided by operating activities		29,470	25,400

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the Financial Year Ended 31 March 2023

	Note	The Group 2023 $'000	The Group 2022 $'000
Cash flows from investing activities			
Additions to plant and equipment	21	(8,382)	(3,990)
Additions to intangible assets	23	(72)	–
Additions to associated companies	16	–	(20)
Dividends received from associated company	16	–	380
Loan to a joint venture	19	(770)	(330)
Redemption of financial assets, held to maturity	20	750	500
Net cash used in investing activities		(8,474)	(3,460)
Cash flows from financing activities			
Principal repayment of lease liabilities		(20,370)	(16,920)
Interest paid		(1,024)	(813)
Purchase of treasury shares	29(b)	(221)	(209)
Increase in short-term bank deposits pledged		(175)	(749)
Dividends paid to equity holders of the Company	31	(4,099)	(3,925)
Net cash used in financing activities		(25,889)	(22,616)
Net decrease in cash and cash equivalents		(4,893)	(676)
Cash and cash equivalents			
Beginning of financial year		19,940	20,616
End of financial year	11	15,047	19,940

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

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)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s 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 2022, 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 years.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(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) Membership program

The Group offers customers a membership program, which is primarily a spend-based loyalty program where membership points are earned from qualified purchases and these points are used to offset on future purchases. Customers membership points earned through qualified purchases are considered as a separate performance obligation arising from transactions with customers.

The Group estimates the value of the future redemption obligation based on the estimated value of the products for which the membership points are expected to be redeemed based on historical redemption patterns, including an estimate of the breakage for points that will not be redeemed.

(c) 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.

(d) 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.

(e) 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.

(f) Interest income

Interest income is recognised using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.4 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.

(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 corporation 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 corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

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 equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, 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 SFRS(I).

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 venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Associated companies and joint venture

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.

Joint venture is an entity 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 venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(b) Associated companies and joint venture (continued)

(i) Acquisition

Investments in associated companies and joint venture 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 venture represents the excess of the cost of acquisition of the associated companies or joint venture over the Group's share of the fair value of the identifiable net assets of the associated companies 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 the associated companies or joint venture equals to or exceeds its interest in the associated companies 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 companies or joint venture. If the associated companies 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 the associated companies or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint venture are eliminated to the extent of the Group's interest in the associated companies or joint venture. 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 venture are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated companies 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 venture" for the accounting policy on investments in associated companies and joint venture in the separate financial statements of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reporting 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.

(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 (losses)/gains – net".

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 venture

Investments in subsidiary corporations, associated companies and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. 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 venture

Intangible assets, club membership, plant and equipment, right-of-use assets and investments in subsidiary corporations, associated companies and joint venture 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)

Management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior period may no longer exists or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. 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 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. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied the general approach for 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 statement of financial position 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 and subsequently measured at the higher of:

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss allowance computed using the impairment methodology under Note 2.10.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.14 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 incentives 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.

  Right-of-use assets are presented as a separate line in the statements of financial position.

- Lease liabilities

  The initial measurement of a 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 fixed payments (including in-substance fixed payments), less any lease incentives receivables.

  Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities 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 liabilities are 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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. Details of the variable lease payments are disclosed in Note 22.

2.15 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.

2.16 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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (continued)

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 reporting date; and

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

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.

2.17 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.

2.18 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. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the reporting 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (continued)

(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.

2.19 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 Dollars ("$"), 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 reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities.

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 (losses)/gains - net".

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (continued)

(b) Transactions and balances (continued)

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 reporting 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 reporting date.

2.20 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.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change 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.

2.22 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share capital and treasury shares (continued)

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.

2.23 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 2023, the Group has recognised net impairment losses of $350,000 (2022: $11,000) and $398,000 (2022: $96,000) 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 2023, the Group would have recognised further impairment losses on plant and equipment and right-of-use assets of $66,000 (2022: $53,000) and $76,000 (2022: $211,000) respectively. Further details are provided in Note 21 and 22 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.

(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.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Leases (continued)

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 2023 was 2.5% to 4.5% (2022: 2.5% to 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 2023 was $47,029,000 and $337,000 (2022: $36,209,000 and $450,000) respectively.

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

The accounting policies for leases are stated in Note 2.14.

4 REVENUE

	The Group	
	2023 $'000	2022 $'000
Restaurant sales	78,341	54,492
Sales of food ingredients	191	122
	78,532	54,614

The Group derives revenue from the transfer of goods and services at a point in time.

5 OTHER INCOME - OTHERS

	The Group	
	2023 $'000	2022 $'000
Amortisation of government grants [a] (Note 26)	28	28
Franchise income	–	35
Government grants		
- Special Employment Credit [b]	33	42
- Wage Credit Scheme [c]	960	104
- Enhanced Jobs Support Scheme [d]	–	1,874
- Jobs Growth Incentive [e]	236	176
- Enabling Employment Credit [f]	12	12
- Rental Support Scheme Cash Payout [g]	–	3,189
- Progressive Wage Credit Scheme [h]	3	–
- CPF transition offset [i]	1	–
- Small Business Recovery Grant [j]	30	–
	1,275	5,397
Royalty income	377	347
Rental concessions [k]	132	1,267
Others	100	125
	1,912	7,199

(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 Restaurant Pte. Ltd. The grants received are subsequently charged to profit or loss over the useful life of the related assets.

(b) The Special Employment Credit ("SEC") was introduced in Budget Initiative in year 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in year 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 payouts 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) Due to the COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provide 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.

(h) The Progressive Wage Credit Scheme ("PWCS") was introduced in Budget 2022 to provide transitional wage support for employers to adjust upcoming mandatory wage increase for lower-wage workers and voluntarily raise wages of lower-wage workers.

(i) Due to the rise in business costs and the increase in CPF contribution rates for senior workers, the Government will provide employers with a transitionary wage offset equivalent to 50% of each year's increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker employed at the age above 55 to 70.

(j) The Small Business Recovery grant ("SBRG") provides one-off cash support to small businesses in sectors that were most affected by COVID-19 Safe Management Measures in year 2022.

(k) Due to the COVID-19 pandemic, the government had passed in parliament on 5 June 2020 to provide 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.

6 OTHER (LOSSES)/GAINS – NET

	The Group	
	2023 $'000	2022 $'000
Currency exchange losses - net	(35)	(14)
Gain on early termination of lease	–	40
Loss on early redemption of financial assets	(21)	–
	(56)	26

7 EXPENSES BY NATURE

	The Group	
	2023 $'000	2022 $'000
Purchases of inventories	12,342	8,319
Allowance for impairment of plant and equipment, net (Note 21)	350	11
Allowance for impairment of right-of-use assets, net (Note 22)	398	96
Amortisation of intangible assets (Note 23)	62	63
Amortisation of other investments at amortised cost (Note 20)	4	12
Consumables	1,074	798
Credit card and NETS commission	1,214	815
Depreciation of plant and equipment (Note 21)	3,383	2,901
Depreciation of right-of-use assets (Note 22)	20,259	17,631
Directors' fees	155	131
Employee compensation (Note 8)	24,218	17,893
Fees on audit services paid/payable to:		
- Auditor of the Company	96	96
Fees on non-audit services paid/payable to:		
- Auditor of the Company	32	23
Plant and equipment written-off (Note 21)	42	27
Rental expense (Note 22(c))	1,330	1,130
Repair and maintenance	1,026	995
Royalty fees	1,019	1,028
Utilities	3,807	2,602
Changes in inventories	(228)	82
Other expenses	4,257	3,311
Total cost of sales, selling and distribution, administrative and other expenses	74,840	57,964

8 EMPLOYEE COMPENSATION

	The Group	
	2023	2022
	$'000	$'000
Wages and salaries	20,971	15,425
Employer's contribution to Central Provident Fund	1,746	1,160
Employee performance shares	206	232
Other short-term benefits	1,295	1,076
	24,218	17,893

9 INCOME TAXES

(a) Income tax expense/(credit)

	The Group	
	2023	2022
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
Profit for the current financial year:		
- Current income tax	553	–
- Deferred income tax (Note 28)	311	–
	864	–
Over-provision in prior financial years		
- Current income tax	(134)	(1)
	730	(1)

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 as follows:

	The Group	
	2023	2022
	$'000	$'000
Profit before income tax	4,857	3,231
Share of profit of associated companies, net of tax	(205)	(83)
Profit before tax and share of profit of associated companies	4,652	3,148
Tax calculated at a tax rate of 17% (2022: 17%)	791	535
Effects of:		
- Expenses not deductible for tax purposes	735	327
- Income not subject to tax	(904)	(872)
- Statutory tax exemption	(70)	–
- Deferred tax assets not recognised	1	10
- Over-provision in prior financial years	(134)	(1)
- Deferred tax charge relating to the origination and reversal of temporary differences	311	–
	730	(1)

9 INCOME TAXES (CONTINUED)

(a) Income tax expense/(credit) (continued)

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 $6,000 (2022: $61,000) 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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Beginning of financial year	123	563	(3)	7
Income tax paid	(4)	(439)	–	(10)
Income tax expense	553	–	–	–
Over-provision in prior financial years	(134)	(1)	3	–
End of financial year	538	123	–	(3)

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 shares outstanding during the financial year.

	The Group	
	2023	2022
Profit attributable to equity holders of the Company ($'000)	4,127	3,232
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	174,418	174,382
Basic and diluted earnings per share (cents per share)	2.37	1.85

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

11 CASH AND BANK BALANCES

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank and on hand	13,030	17,470	1,394	3,296
Short-term bank deposits	5,459	5,737	1,311	818
	18,489	23,207	2,705	4,114

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

	The Group	
	2023	2022
	$'000	$'000
Cash and bank balances (as above)	18,489	23,207
Less: Bank deposits pledged	(3,442)	(3,267)
Cash and cash equivalents per consolidated statement of cash flows	15,047	19,940

Short-term bank deposits amounting to $3,442,000 (2022: $3,267,000) have been pledged to financial institutions as security for performance guarantees.

12 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables				
- Related parties:				
- Associated companies	283	216	–	–
- Joint venture	8	25	–	–
- Non-related parties	736	778	–	–
Non-trade receivables				
- Subsidiary corporations	–	–	2,258	981
- Joint venture	–	3	–	–
- Non-related parties	38	43	–	–
	38	46	2,258	981
	1,065	1,065	2,258	981

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Raw materials and consumables	807	579	–	–

The cost of raw materials recognised as an expense and included in "Cost of sales" amounted to $12,114,000 (2022: $8,401,000).

14 OTHER CURRENT ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Short-term security deposits	2,344	2,083	5	3
Prepayments	1,365	646	92	36
	3,709	2,729	97	39

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	The Company	
	2023	2022
	$'000	$'000
Equity investments at cost		
Beginning and end of financial year	6,042	6,042

The Group had the following subsidiary corporations as at 31 March 2023 and 2022:

Name of Subsidiary Corporations	Principal activities	Country of business and incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2023	2022
			%	%
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 CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation, Singapore).

16 INVESTMENTS IN ASSOCIATED COMPANIES

	The Company	
	2023	2022
	$'000	$'000
Equity investments at cost		
Beginning of financial year	232	212
Additions [(1)]	–	20
End of financial year	232	232

	The Group	
	2023	2022
	$'000	$'000
Interests in associated companies		
Beginning of financial year	1,867	2,144
Additions [(1)]	–	20
Share of profits	205	83
Dividends received	–	(380)
End of financial year	2,072	1,867

(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 represents 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	
		2023	2022
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	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 are 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.

16 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The directors are of the opinion that the associated companies are not individually material to the Group as at 31 March 2023 and 2022. 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	
	2023 $'000	2022 $'000
Carrying amount of interest in associated companies	2,072	1,867
Total comprehensive income, representing net profit	511	331

17 INVESTMENT IN A JOINT VENTURE

	The Company	
	2023 $'000	2022 $'000
Equity investments at cost		
Beginning and end of financial year	100	100

Details of the joint venture company is as follows:

Name of entity	Place of business and country of incorporation	% of ownership interest	
		2023	2022
Dining Collective Pte. Ltd. [(a)]	Singapore	50	50

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

The Group has an aggregate $100,000 (2022: $100,000) 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 2023 and 2022.

The directors are of the opinion that the joint venture is not individually material to the Group as at 31 March 2023 and 2022. 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:

	2023 $'000	2022 $'000
Carrying amount of interest in a joint venture	–	–
Total comprehensive loss, representing net loss	(907)	(370)

As at 31 March 2023, the Group has not recognised its share of losses of the investment in a joint venture amounting to $453,000 (2022: $185,000) as the Group's cumulative shares of losses has exceeded its interest in the entity. The cumulative unrecognised losses of this entity are $701,000 (2022: $248,000) as at financial position date.

18 LOAN TO AN ASSOCIATED COMPANY

	The Group and Company	
	2023	2022
	$'000	$'000
Non-current	248	248

For the financial years ended 31 March 2023 and 2022, the loan to an associated company 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.

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 and Company	
	2023	2022
	$'000	$'000
Loan to an associated company	236	236

	Borrowing rate	
	2023	2022
	%	%
Loan to an associated company	5.3	5.3

19 LOAN TO A JOINT VENTURE

	The Group and Company	
	2023	2022
	$'000	$'000
Non-current	1,820	1,050

For the financial years ended 31 March 2023 and 2022, 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 and Company	
	2023	2022
	$'000	$'000
Loan to a joint venture	1,728	998

	Borrowing rate	
	2023	2022
	%	%
Loan to a joint venture	5.3	5.3

20 OTHER INVESTMENTS AT AMORTISED COST

	The Group	
	2023	2022
	$'000	$'000
Beginning of financial year	1,309	1,821
Amortisation (Note 7)	(4)	(12)
Loss on redemption on financial assets	(21)	–
Redemption of financial assets	(750)	(500)
End of financial year	534	1,309

	The Group	
	2023	2022
	$'000	$'000
Listed debt securities		
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	–	252
- Bond with fixed interest of 3.15% and maturity date of 3 September 2031 – Singapore	534	538
- Bond with fixed interest of 3.8% and maturity date of 23 April 2027 – Singapore	–	519
	534	1,309

21 PLANT AND EQUIPMENT

	Furniture and fittings $'000	Kitchen equipment $'000	Renovation $'000	Motor vehicles $'000	Computer and office equipment $'000	Total $'000
The Group						
2023						
Cost						
Beginning of financial year	626	10,637	24,131	391	3,611	39,396
Additions	–	2,041	5,968	39	334	8,382
Written-off	(98)	(1,554)	(3,044)	–	(258)	(4,954)
End of financial year	528	11,124	27,055	430	3,687	42,824
Accumulated depreciation and impairment losses						
Beginning of financial year	604	8,582	19,309	352	3,361	32,208
Depreciation charge (Note 7)	7	950	2,205	16	205	3,383
Impairment losses (Note 7)	–	–	350	–	–	350
Written-off	(98)	(1,404)	(3,157)	–	(253)	(4,912)
End of financial year	513	8,128	18,707	368	3,313	31,029
Net book value						
End of financial year	15	2,996	8,348	62	374	11,795
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)	(439)
End of financial year	626	10,637	24,131	391	3,611	39,396
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

21 PLANT AND EQUIPMENT (CONTINUED)

	Renovation $'000	Computer equipment $'000	Total $'000
The Company			
2023			
Cost			
Beginning of financial year	3	76	79
Additions	–	3	3
End of financial year	3	79	82
Accumulated depreciation			
Beginning of financial year	2	67	69
Depreciation charge	–	4	4
End of financial year	2	71	73
Net book value			
End of financial year	1	8	9
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

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 $42,000 (2022: $27,000) (Note 7).

Impairment of plant and equipment and right-of-use assets

The Group has identified the cash generating units ("CGUs") to the respective restaurant outlets to which the plant and equipment and right-of-use assets belong. Management has determined that prolonged losses is 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.

21 PLANT AND EQUIPMENT (CONTINUED)

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

Key assumptions used for value-in-use-calculations:

	The Group	
	2023	2022
	%	%
Gross profit margin	83	83
Growth rate	5 - 10	5 - 10
Pre-tax discount rate	10	9

Following the impairment assessment, the Group has recognised net impairment losses of $350,000 (2022: $11,000) and $398,000 (2022: $96,000) (Note 22) for the plant and equipment and right-of-use assets in profit or loss as the result of the carrying amount exceeds 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 back-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			
2023			
Cost			
Beginning of financial year	67,020	55	67,075
Additions	31,483	–	31,483
Written-off[1]	(21,792)	–	(21,792)
Early termination of lease	(738)	–	(738)
End of financial year	75,973	55	76,028
Accumulated depreciation and impairment losses			
Beginning of financial year	31,980	28	32,008
Depreciation charge (Note 7)	20,248	11	20,259
Written-off[1]	(21,792)	–	(21,792)
Early termination of lease	(577)	–	(577)
Impairment losses (Note 7, Note 21)	398	–	398
End of financial year	30,257	39	30,296
Net book value			
End of financial year	45,716	16	45,732
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

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			
2023			
Cost			
Beginning of financial year	833	55	888
Additions	61	–	61
Written-off[1]	(97)	–	(97)
End of financial year	797	55	852
Accumulated depreciation			
Beginning of financial year	419	28	447
Depreciation charge	172	11	183
Written-off[1]	(97)	–	(97)
End of financial year	494	39	533
Net book value			
End of financial year	303	16	319
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

(1) The written-off assets relate to those leases which has expired.

Please refer to Note 21 to the financial statements for the impairment assessment of right-of-use assets.

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Interest expense

	The Group	
	2023	2022
	$'000	$'000
Interest expense on lease liabilities	1,024	813

(c) Lease expense not capitalised in lease liabilities

		The Group	
		2023	2022
		$'000	$'000
Lease expense	– short-term leases	342	183
	– low-value leases	92	95
Variable lease payments		896	852
Total (Note 7)		1,330	1,130

(d) Total cash outflow for all leases during the financial year ended 31 March 2023 was $20,064,000 (2022: $18,863,000).

(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 in profit or loss when incurred and amounted to $896,000 (2022: $852,000) (Note 22(c)) for the financial year ended 31 March 2023.

(ii) Extension options

The leases for certain 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.

22 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(f) Lease liabilities

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current	22,056	17,391	179	162
Non-current	24,973	18,818	158	288
	47,029	36,209	337	450

(g) Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 April 2022 $'000	Principal and interest payments $'000	Rent concession $'000	Additions $'000	Early termination of lease $'000	Interest expense $'000	31 March 2023 $'000
Lease liabilities	36,209	(21,394)	(132)	31,483	(161)	1,024	47,029

			Non-cash changes				
	1 April 2021 $'000	Principal and interest payments $'000	Rent concession $'000	Additions $'000	Early termination of lease $'000	Interest expense $'000	31 March 2022 $'000
Lease liabilities	27,466	(17,733)	(1,267)	27,285	(355)	813	36,209

23 INTANGIBLE ASSETS

	The Group	
	2023	2022
	$'000	$'000
Trademarks and franchise rights		
Cost		
Beginning of financial year	758	1,013
Additions	72	–
Written-off	(139)	(255)
End of financial year	691	758
Accumulated amortisation and impairment loss		
Beginning of financial year	622	814
Amortisation charge (Note 7)	62	63
Written-off	(139)	(255)
End of financial year	545	622
Net book value		
End of financial year	146	136

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 names 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 2023 and 31 March 2022.

24 CLUB MEMBERSHIP

	The Group and Company	
	2023	2022
	$'000	$'000
Club membership at cost		
Beginning and end of financial year	322	322

The fair value of the club membership at the financial position date is as follows:

	The Group and Company	
	2023	2022
	$'000	$'000
Club membership	1,650	1,050

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Refundable security deposits	3,880	3,070	51	45

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	
	2023	2022
	$'000	$'000
Long-term security deposits	3,709	2,917

	Borrowing rate	
	2023	2022
	%	%
Long-term security deposits	5.3	5.3

26 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	1,707	1,200	–	–
Non-trade payables				
- Subsidiary corporations	–	–	–	45
- Associated companies	253	253	253	253
- Non-related parties	2,170	1,843	16	5
Accruals for operating expenses[1]	5,523	5,174	643	663
Franchise deposits	9	9	–	–
	9,662	8,479	912	966

The non-trade amounts due to subsidiary corporations and associated companies are unsecured, interest-free and are repayable on demand.

(1) Accruals for operating expenses

Included in above are government grants comprising a balance of $84,000 (2022: $112,000) for the acquisition of certain automated equipment for the central kitchen of the Group's subsidiary corporation, Bachmann Japanese Restaurant Pte. Ltd. The grants received are subsequently charged to profit or loss of $28,000 (2022: $28,000) over the useful life of related assets to match the related cost.

27 PROVISIONS

	The Group	
	2023	2022
	$'000	$'000
Provisions	143	103

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.

27 PROVISIONS (CONTINUED)

Movements in the provisions is as follows:

	The Group	
	2023	2022
	$'000	$'000
Balance as at the beginning of the financial year	103	108
Provision made during the financial year	140	180
Utilisation during the financial year	(100)	(185)
Balance as at the end of financial year	143	103

28 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 statement of financial position as follows:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred income tax liabilities, representing accelerated tax depreciation				
- To be settled after one year	527	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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Beginning of financial year	216	216	2	2
Tax expensed to profit or loss (Note 9(a))	311	–	–	–
End of financial year	527	216	2	2

29 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

	The Group and Company			
	2023		2022	
	Number of ordinary shares ’000	Amount $’000	Number of ordinary shares ’000	Amount $’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:

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

29 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES (CONTINUED)

(a) *Share capital* (continued)

(i) *Japan Foods Performance Share Plan ("JF PSP")* (continued)

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 corporations) 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 2023 and 2022 are as follows:

	Beginning of financial year	Granted during financial year	End of financial year	Vesting price	Vesting date
2023					
2022 JF PSP	4,495,000	490,000	4,985,000	$0.42	09.12.2022*
2022					
2021 JF PSP	3,900,000	595,000	4,495,000	$0.39	25.06.2021*

* The share awards had been vested on the date of grant.

29 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES (CONTINUED)

(b) Treasury shares

	The Group and Company			
	2023		2022	
	Number of ordinary shares '000	Amount $'000	Number of ordinary shares '000	Amount $'000
Beginning of financial year	12	5	89	35
Treasury shares purchased	519	221	518	209
Less: Treasury shares granted	(490)	(208)	(595)	(239)
End of financial year	41	18	12	5

During the financial year, 490,000 (2022: 595,000) 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 $205,800 (2022: $232,050) based on the market price of the Company's share at the grant date.

The Company acquired 519,800 (2022: 518,000) shares of the Company in the open market during the financial year ended 31 March 2023. The total amount paid to acquire the shares was $221,000 (2022: $209,000) and this was presented as a component within shareholders' equity. After these share buy-backs, the Company held 41,000 (2022: 12,000) treasury shares as at 31 March 2023 and the total number of issued shares (excluding treasury shares and subsidiary corporations) was 174,394,200 (2022: 174,424,000) shares.

(c) Capital reserves

	The Group and Company	
	2023 $'000	2022 $'000
Beginning of financial year	38	45
Performance shares granted	(2)	(7)
End of financial year	36	38

30 RETAINED PROFITS

(a) Retained profits of the Group are distributable except for cumulative share of profit of associated companies amounting to $1,840,000 (2022: $1,635,000).

(b) Movement in retained profits for the Company is as follows:

	The Company	
	2023	2022
	$'000	$'000
Beginning of financial year	2,654	5,857
Net profit for the financial year	4,857	722
Dividend paid (Note 31)	(4,099)	(3,925)
End of financial year	3,412	2,654

31 DIVIDENDS

	The Group	
	2023	2022
	$'000	$'000
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial year of 1.35 cents (2022: 1.75 cents) per share	2,355	3,052
Interim exempt dividend paid in respect of the current financial year of 1.00 cents (2022: 0.5 cents) per share	1,744	873
	4,099	3,925

At the forthcoming Annual General Meeting on 20 July 2023, a final exempt (one-tier) dividend of 1.00 cents per share amounting to a total of $1,743,942 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 2024.

32 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.

33 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 the parties:

	The Group	
	2023	2022
	$'000	$'000
Sales of ingredients		
- Joint venture	69	96
Royalty fees		
- Associated companies	363	337
Franchise fee		
- Associated companies	–	35

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2023 are unsecured and receivable/payable within 12 months from financial position date and are disclosed in Notes 12, 18 and 26 to the financial statements respectively.

(b) Key management personnel compensation

	The Group	
	2023	2022
	$'000	$'000
Wages and salaries	1,453	1,094
Employer's contribution to Central Provident Fund	50	59
Employee performance shares	206	191
	1,709	1,344

Included in the above is total compensation to directors of the Company amounting to $774,000 (2022: $485,000).

34 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price 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.

(a) Market risk

(i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies, other than their respective functional currency. 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 $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
2023					
Financial assets					
Cash and bank balances	17,473	182	538	296	18,489
Trade and other receivables	1,031	34	–	–	1,065
Other financial assets	8,044	–	248	–	8,292
Receivables from subsidiary corporations	2,258	–	–	–	2,258
Other investments at amortised cost	534	–	–	–	534
	29,340	216	786	296	30,638
Financial liabilities					
Trade and other payables	(9,492)	(85)	(80)	(5)	(9,662)
Lease liabilities	(47,029)	–	–	–	(47,029)
Payables to subsidiary corporations	(2,258)	–	–	–	(2,258)
	(58,779)	(85)	(80)	(5)	(58,949)
Net financial (liabilities)/assets	(29,439)	131	706	291	(28,311)
Add: Net non-financial assets	61,031	–	–	–	61,031
Currency profile including non-financial assets	31,592	131	706	291	32,720
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	131	706	291	1,128

34 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
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 (liabilities)/ assets	(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

34 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
<u>2023</u>			
Financial assets			
Cash and bank balances	2,167	538	2,705
Trade and other receivables	2,258	–	2,258
Other financial assets	1,876	248	2,124
	6,301	786	7,087
Financial liabilities			
Trade and other payables	(912)	–	(912)
Lease liabilities	(337)	–	(337)
	(1,249)	–	(1,249)
Net financial assets	5,052	786	5,838
Add: Net non-financial assets	7,114	–	7,114
Currency profile including non-financial assets	12,166	786	12,952
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	786	786
<u>2022</u>			
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

34 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% (2022: 8%), 6% (2022: 6%) and 6% (2022: 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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
JPY against SGD				
- Strengthened	9	29	–	–
- Weakened	(9)	(29)	–	–
HKD against SGD				
- Strengthened	35	44	39	44
- Weakened	(35)	(44)	(39)	(44)
USD against SGD				
- Strengthened	14	6	–	–
- Weakened	(14)	(6)	–	–

(ii) Price risk

The Group and the Company does not have exposure to price risk as it does not hold any equity or debt securities financial instruments.

(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.

34 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 financial position 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 statement of financial position, except as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Financial guarantee provided to banks on subsidiary corporations' performance guarantee	2,880	2,607

(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 2023 and 2022, the trade and other receivables are not past due and are not subject to any material credit losses.

The Group establishes a credit loss allowance that represents its estimate of incurred losses in respect of trade and other 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.

34 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 having low credit risk as the corporate bonds are listed bonds with high credit rating assigned by international credit rating agencies.

As at 31 March 2023, the other investments at amortised cost are not subject to any material credit losses.

(iii) Cash and cash equivalents

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 having 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:

The Group	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
At 31 March 2023				
Trade and other payables	9,662	–	–	–
Lease liabilities	23,284	16,395	9,300	–
At 31 March 2022				
Trade and other payables	8,479	–	–	–
Lease liabilities	18,119	11,432	7,837	–

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The Company	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
At 31 March 2023				
Trade and other payables	912	–	–	–
Lease liabilities	76	46	–	–
Financial guarantee contracts	726	–	–	–
At 31 March 2022				
Trade and other payables	966	–	–	–
Lease liabilities	173	170	127	–
Financial guarantee contracts	1,685	–	–	–

Balances 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 a 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 a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables and provisions less cash and bank balances. Total capital is calculated as total equity plus net debt.

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Net debt	(8,684)	(14,625)	(1,793)	(3,148)
Total equity	32,720	32,707	12,952	12,209
Total capital	24,036	18,082	11,159	9,061
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 2023 and 2022.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

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

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial assets at amortised cost	28,380	32,032	7,087	6,441
Financial liabilities at amortised cost	56,691	44,688	1,249	1,416

35 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 $'000	Other segments $'000	Total $'000
The Group			
2023			
Revenue			
Total segment revenue	78,341	191	78,532
Segment results	4,287	237	4,524
Depreciation and amortisation	3,383	62	3,445
Depreciation of right-of-use assets	20,259	–	20,259
Allowance for impairment of plant and equipment	350	–	350
Allowance for impairment of right-of-use assets	398	–	398
Plant and equipment written-off	42	–	42
Share of profit of associated companies	(205)	–	(205)
Segment assets	83,509	1,117	84,626
Segment assets includes:			
Additions to plant and equipment	8,382	–	8,382
Additions to right-of-use assets	31,483	–	31,483
Additions to intangible asset	72	–	72
Loan to an associated company	248	–	248
Loan to a joint venture	1,820	–	1,820
Segment liabilities	56,125	709	56,834

35 SEGMENT INFORMATION (CONTINUED)

	Singapore		
	Restaurant sales $'000	**Other segments $'000**	**Total $'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	27	–	27
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

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 of 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.

35 SEGMENT INFORMATION (CONTINUED)

Reconciliations

(i) Segment profits

A reconciliation of reported segment results to profit before tax is provided as follows:

	The Group	
	2023 $'000	2022 $'000
Reported segments	4,524	3,062
Interest income	128	86
Share of profit of associated companies	205	83
Profit before income tax	4,857	3,231

(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	
	2023 $'000	2022 $'000
Segment assets for reportable segments	84,626	70,791
Unallocated:		
Short-term bank deposits	5,459	5,737
Other investments at amortised cost	534	1,309
	90,619	77,837

35 SEGMENT INFORMATION (CONTINUED)

Reconciliations (continued)

(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	
	2023	**2022**
	$'000	**$'000**
Segment liabilities for reportable segments	56,834	44,791
Unallocated:		
Current income tax liabilities	538	123
Deferred income tax liabilities	527	216
	57,899	45,130

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

There are no 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 2023 and which the Group has not early adopted.

37 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 26 June 2023.

STATISTICS OF SHAREHOLDINGS

As at 19 June 2023

Class of shares	:	Ordinary Shares
Number of shares issued (including Treasury Shares)	:	174,436,000
Number of shares issued (excluding Treasury Shares)	:	174,423,300
Number/Percentage of Treasury Shares	:	12,700 (0.01%)
Number/Percentage of Subsidiary Holdings	:	NIL
Voting rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 19 JUNE 2023

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	3	0.51	77	0.00
100 - 1,000	87	14.95	51,388	0.03
1,001 - 10,000	267	45.88	1,407,130	0.81
10,001 - 1,000,000	216	37.11	16,273,075	9.33
1,000,001 and above	9	1.55	156,691,630	89.83
Total	582	100.00	174,423,300	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 19 JUNE 2023

No.	Name of shareholders	No. of shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	114,946,930	65.90
2	HSBC (SINGAPORE) NOMINEES PTE LTD	8,164,200	4.68
3	CHAN CHAU MUI	8,100,000	4.64
4	SIRIUS VENTURE CAPITAL PTE LTD	7,165,800	4.11
5	DBS NOMINEES PTE LTD	7,017,900	4.02
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	YU HEA RYEONG	2,254,400	1.29
10	YAP KWOK KHUEN OR GOH POH LIAN	877,800	0.50
11	TAN BIN CHENG GUY	854,000	0.49
12	TAN KOK CHING	748,200	0.43
13	IFAST FINANCIAL PTE LTD	624,800	0.36
14	OCBC SECURITIES PRIVATE LTD	570,600	0.33
15	PHILLIP SECURITIES PTE LTD	478,825	0.27
16	KOGA TSUTOMU	475,250	0.27
17	YEO WEI HUANG	420,000	0.24
18	HO JUAT KENG	419,800	0.24
19	TAN BEE KIA (CHEN MEIJING)	400,000	0.23
20	CHRISTELLA CHUAH POH CHOO	320,000	0.18
		162,880,905	93.37

STATISTICS OF SHAREHOLDINGS

As at 19 June 2023

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 19 June 2023, 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%

Notes :

(1) These are 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.

WIDENING OUR HORIZONS
SCALING HIGHER PEAKS

Japan Foods Holding Ltd.
Annual Report 2023

INCORPORATED IN THE REPUBLIC OF SINGAPORE
ON 3 DECEMBER 2007 (UEN: 200722314M)
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