GOODWILL ENTERTAINMENT HOLDING LIMITED

Company Registration No: 201633838K
Incorporated in the Republic of Singapore on 12 December 2016

AN ENTERTAINMENT BUSINESS THAT FOCUSES ON ALL RANGE MULTI-ENTERTAINMENT VENUES AND CONCERTS IN THE SOUTH EAST ASIA REGION

OFFER DOCUMENT DATED 30 OCTOBER 2024
(Registered by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**") on 30 October 2024)

THIS DOCUMENT IS IMPORTANT. BEFORE MAKING ANY INVESTMENT IN THE SECURITIES BEING OFFERED, YOU SHOULD CONSIDER THE INFORMATION PROVIDED IN THIS DOCUMENT CAREFULLY, AND CONSIDER WHETHER YOU UNDERSTAND WHAT IS DESCRIBED IN THIS DOCUMENT. YOU SHOULD ALSO CONSIDER WHETHER AN INVESTMENT IN THE SECURITIES BEING OFFERED IS SUITABLE FOR YOU, TAKING INTO ACCOUNT YOUR INVESTMENT OBJECTIVES AND RISK APPETITE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S). YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

THIS PLACEMENT (AS DEFINED HEREIN) IS MADE IN OR ACCOMPANIED BY THIS OFFER DOCUMENT (THIS "**OFFER DOCUMENT**") WHICH HAS BEEN REGISTERED BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY, ON 30 OCTOBER 2024. THE REGISTRATION OF THIS OFFER DOCUMENT BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY, DOES NOT IMPLY THAT THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, OR ANY OTHER LEGAL OR REGULATORY REQUIREMENTS, OR REQUIREMENTS UNDER THE SGX-ST'S LISTING RULES, HAVE BEEN COMPLIED WITH.

An application has been made by Evolve Capital Advisory Private Limited ("**ECA**" , "**Sponsor**" or "**Sponsor and Issue Manager**") on behalf of Goodwill Entertainment Holding Limited (the "**Company**") to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares (the "**Shares**") in the capital of the Company already issued (including the Vendor Shares (as defined herein), the ECA Shares (as defined herein), and the New Shares (as defined herein) (the Vendor Shares and the New Shares collectively, the "**Placement Shares**")) which are the subject of this Placement on the Catalist Board of the SGX-ST (the "**Catalist**"). The dealing in, and quotation of, our existing issued Shares (including the Vendor Shares), the ECA Shares and the New Shares will be in Singapore dollars.

Acceptance of applications will be conditional upon, inter alia, permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all of our Shares (including the Vendor Shares) that are already issued, the ECA Shares and the New Shares on the Catalist. Monies paid in respect of any application accepted will be returned to the applicant at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and the applicant will have no claims against us, the Vendor (as defined herein), the Sponsor and Issue Manager and Joint Placement Agents if the admission and listing does not proceed for any reason.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional advisers).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of our Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.

After the expiration of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

PLACEMENT IN RESPECT OF

60,000,000

PLACEMENT SHARES, COMPRISING:

(i) 42,500,000 New Shares; and
(ii) 17,500,000 Vendor Shares.

S$0.20

PER PLACEMENT SHARE,
PAYABLE IN FULL ON APPLICATION

Sponsor, Issue Manager and Joint Placement Agent

Evolve Capital
晋化资本

EVOLVE CAPITAL ADVISORY PRIVATE LIMITED
(Company Registration No.: 201718400R)
(Incorporated in the Republic of Singapore)

Joint Placement Agent

海通國際
HAITONG

HAITONG INTERNATIONAL SECURITIES (SINGAPORE) PTE. LTD.
(Company Registration No.: 201311400G)
(Incorporated in the Republic of Singapore)

BUSINESS OVERVIEW

Our Group is in the business of operating multi-entertainment concepts, comprising a network of family-friendly karaoke facilities with F&B concepts, performance halls and dance clubs, operating under the brand names “HaveFun Family Karaoke”, “FATEbyhavefun” and “HaveFun Live Show”.

12
OUTLETS
ISLANDWIDE

OUR TWO MAIN BUSINESS SEGMENTS

Karaoke Lounges & Multi-Entertainment Venues

This segment comprises our Group’s operations of 11 “HaveFun Family Karaoke” karaoke outlets across Singapore.

Our comprehensive catalogue features karaoke song options in over 12 languages, including English, Korean, Thai and Chinese, catering to the preferences of a diverse range of age groups and language speakers.

We offer a range of specially decorated karaoke rooms for our customers to choose from to enhance their entertainment experience with us.

Each karaoke outlet provides its customers with a variety of amenities, from private cinemas to pool tables, dart machines, as well as board and console games.

As part of our multi-entertainment strategy, some karaoke outlets also feature performance halls that serve as event spaces for live band performances, meet-and-greet events, live comedy, and other acts.

In addition to karaoke lounges, our flagship outlet at Cineleisure Orchard features our first dance club of the Group, “FATEbyhavefun”, providing customers with a seamless transition karaoke to dance for a full “night-out” experience.

Live Show Concept

This segment comprises our Group’s latest instalment, “HaveFun Live Show”, the first-of-its-kind mega live entertainment house in Singapore providing up close live performances and interactions with various performing artistes, coupled with a T-shaped stage surrounded by over 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons and delivering a cinematic and immersive concert-like experience.

Featuring a mix of live DJ acts and choreographed performances by singers with experience of working with renowned names in the Mandopop and Cantopop industry, alongside a live band accompaniment, the daily programme of “HaveFun Live Show” is split into four (4) distinct sets of performances, alternating between a 40-minute group and solo singing and dancing performance by various performing artistes and a 20-minute live DJ set.

Each programme is orchestrated by experienced stage directors who are veterans of the entertainment industry and coordinated to ensure relevance with the audience.

GOODWILL
ENTERTAINMENT

COMPETITIVE STRENGTHS

Strong Brand Recognition

- Since our Group's inception in 2015, we have continuously improved on our processes and offerings to build "Have Fun" into a brand name synonymous with family entertainment in Singapore's karaoke entertainment scene.
- With 11 "HaveFun Family Karaoke" outlets strategically located islandwide, the considerable expansion of our Group from our humble beginnings over the past nine years has allowed us to gain significant experience in the karaoke entertainment scene in which we operate.

Keeping up with Latest Technology to Complement our Offerings

- Our Group is gradually phasing out the usage of physical servers (located at respective outlets) to cloud-based technology across all outlets.
- We have adopted the use of QR codes as part of our mobile technology strategy to provide customers with a multifaceted and immersive entertainment experience. The QR codes facilitate the in-room music selection process whereby customers have instant access to the song library and can browse and select songs on their mobile devices. Customers at our dining concepts are also able to use the QR function to readily view the F&B menu to place their order at their table.
- We intend to introduce a new booking system, either via a mobile application or web browser, that will enable customers to book their sessions and pre-select their room of choice to enhance user convenience and increase our staff's productivity on-site.

Consistently Identifying New Trends and Adapting

- We consistently analyse the market, understand consumer behaviour, and keep an eye for shifts in preferences to quickly adapt our business model, marketing strategies, and product offerings to align with new trends to give us a competitive edge and capitalise on opportunities to implement fresh concepts.
- Our expansion goes beyond karaoke, now including live music performances, pool tables, darts, arcade/board games, private cinemas, and event spaces tailored for corporate and private events.
- Our "HaveFun Live Show" at Bugis+ is a first-of-its-kind mega live entertainment house providing up close live performances and interactions with various performing artistes.

Outlets Located at Strategic Locations

- Positioned in easily accessible locations, our Group's outlets cater to a wide range of demographic groups, including young professionals, families with children, students and senior citizens. This allows us to be in close proximity to our target consumers, creating a convenient avenue for a broad audience to engage with our Group's entertainment offerings.
- This strategic approach enhances the outlets' visibility and strengthens our Group's connection with its intended market segments.

Established Business Relationships with Suppliers

- We have close working relationships with our suppliers and distributors, being the alcohol brand owners in Singapore and our supplier of karaoke equipment.
- We are entitled to certain incentive rebates for our alcohol purchases upon fulfilling a certain order volume with the authorised distributors of the alcohol brands that we purchase from.
- Our established relationship with our karaoke equipment supplier allows us to ease coordination on equipment-related matters such that we are able to achieve timely resolution of technical issues to minimise any disruptions to service and avoiding any unnecessary interruptions in the operation of business.

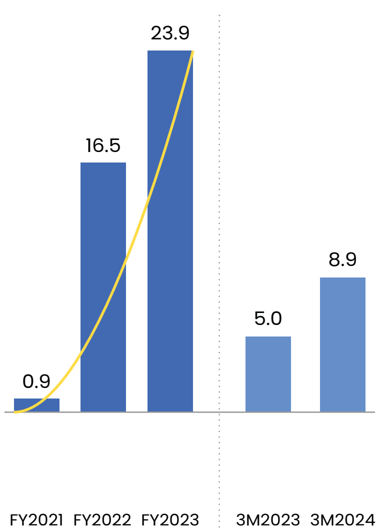
Ability to Identify Opportunities to Expand our Offerings with Strategic Partners

- We are able to identify the right partners to expand our offerings, as demonstrated by the launch of "HaveFun Live Show" at the Bugis+ Joint Venture Outlet in collaboration with Hezong, an experienced player in lifestyle and multi-entertainment events.

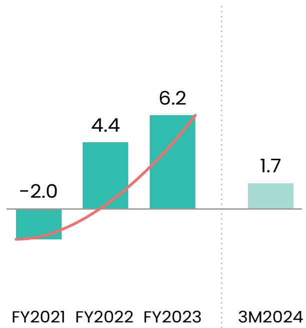
Experienced and Committed Management Team

- Our Group is led by a seasoned management team whose reputation, standing and track record have played a pivotal role in fostering closer working relationships with industry partners.
- Moving forward, the expertise and experience of the management team will continue to be instrumental in driving our success.

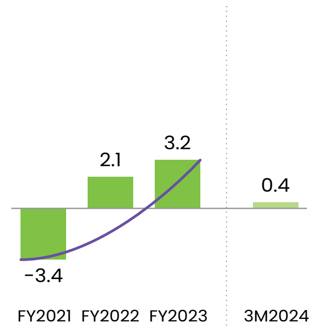
FINANCIAL HIGHLIGHTS



Revenue
S$ millions



Adjusted EBITDA
S$ millions



Net Profit/Loss
S$ millions

GROWTH OPPORTUNITIES & TRENDS

Growing Domestic Consumption

- The trend of rising domestic consumption is evidenced by population growth and increasing household income.
- Singapore's population has been steadily growing at a five-year compound annual growth rate ("**CAGR**") of 1.0%, from 5.64 million in 2018 to approximately 5.92 million in 2023.[1]
- In addition, residents' average monthly household income has generally increased from S$10,099 in 2022 to S$10,869 in 2023.[2]
- With the growing affluence and productivity of the nation, we believe that the demand for afterhours entertainment and retail food services is expected to continue.

Growing Population

Singapore's population reached 5.92 million as of June 2023, marking a 5.0% increase from June 2023.[3] With the increase of Singapore's population over time, coupled with rising affluence of the population, we expect to see a corresponding increase in demand for entertainment services.

Trends

Revenue Growth Drivers

We anticipate increase in revenue mainly due to the opening of new outlets, the launch of "HaveFun Live Show", and increased contributions from our existing outlets. Increase in revenue although we expect to face inflationary pressures in the costs of food ingredients and other overheads.

Regional Opportunities for Growth

Tapping into Asia's Growth

Singapore's entertainment and F&B sectors are well-positioned to capitalise on Asia's rising consumerism, driven by large domestic markets and a growing middle-income group.

Strong ASEAN Economic Outlook

The ASEAN economy is forecasted to continue to grow 4.9% on average in 2024. Between 2023 and 2028, ASEAN's projected average annual GDP growth is 4.4%, making it the second fastest growing economy after India.[4]

Expanding Middle Class and Urbanisation

ASEAN's middle class is forecasted to grow from 190 million in 2020 to over 334 million by 2030. With nearly 70% of the population expected to live in urban areas by 2030, which would boost the demand for entertainment and F&B services in urban areas.[4]

*Refer to footnotes (1), (2), (3) & (4) on page 145 of this Offer Document.

BUSINESS STRATEGIES & FUTURE PLANS

Continued Growth & Geographical Expansion

Expanding in Singapore

- We will continue pursuing strategic growth and expansion within Singapore as it a key area of our competencies.
- We intend to open more outlets in Singapore and introduce newer concepts as part of our expansion plans.
- We anticipate the opening of a new outlet by the last quarter of 2024 as part of our expansion plans.
- We intend for the performance halls to cater to a myriad of events whether by partnering with creative artiste agencies to conduct talent shows or performances, or by working with corporate brands to host their media events.

Southeast Asia Expansion

- Our growth strategy includes geographical expansion across the SEA region by opening new outlets in major cities in SEA with an initial focus on expanding our operations to Malaysia and expanding brand presence to other countries in SEA.

Strategic Joint Ventures and Alliances

Synergistic Expansion & Collaboration for Innovation

- In addition to organic growth, we are actively pursuing joint ventures and strategic alliances to create synergies with our existing businesses.
- These partnerships will strengthen our market position, broaden our customer base, expand our service offerings and enable us to enter new markets.

Our joint venture with Hezong for the "HaveFun Live Show" concept at Bugis+

- Our joint venture partner, Hezong, is an established multi-media and lifestyle brand with vast experiences in lifestyle and multi-entertainment events. We have collaborated with Hezong for our "HaveFun Live Show" concept located at Bugis+.

Broaden Service Offerings by Vertical Expansion

In-House Beverage Production

- In order to enhance our revenue opportunities, we plan to expand into new verticals that are complementary to our current services.
- In 2023, we began developing our own house craft beers, which we intend to introduce and supply to our outlets. thereby reducing our reliance on third-party suppliers for alcoholic beverages and expand on our capabilities to diversify our business. This may also be able to generate significant additional revenue and profit to the Group.

Food Manufacturing Initiative

- We intend to develop a food manufacturing plant as part of the vertical expansion of our entertainment business. This strategic initiative aims to produce a range of food products tailored to the specific needs of our outlets and also allows us to implement our own quality control measures.
- We have entered into the sale and purchase agreements of two (2) units in a multi-tenanted ramp-up factory development designed for food-related trades located in Woodlands to initiate our vertical expansion plan.

Further Investments in Technology

Harnessing AI for Immersive Experiences

- We are committed to a digital future and plan to invest in artificial intelligence ("AI") to create immersive entertainment and audience engagement.
- As AI evolves, it will play an increasingly prominent role in shaping the future of entertainment, offering new possibilities for creativity, storytelling, and audience interaction.

Innovative Features for Unique Customer Engagement

- We have plans to develop an advanced AI robot system to significantly enhance productivity and elevate the customer experience in our "HaveFun Family Karaoke" outlets. The plan is for the AI system to allow convenience in reservations, tracking of membership and past transactions, accumulation of membership points and redemption thereof. The AI systems will study the algorithm of the customers to deliver a personalised experience such as voice and text interaction between our customers.
- Our plans also include pioneering a feature that allows customers to create personalized music videos, which will be added to our song database, to allow customers to utilise their unique music videos for future visits.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Flint Lu (*Executive Chairman and CEO*) Mr. Thang Teck Jong (*Vice Chairman and Non-Executive Director*) Mr. Christopher Huang (*Lead Independent Non-Executive Director*) Mr. Ng Tse Meng (*Independent Non-Executive Director*) Mr. Foong Daw Ching (*Independent Non-Executive Director*)
COMPANY SECRETARY	:	**Katherine Tan Jing Yu** (Bachelor of Laws, LLB)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	33 Ubi Avenue 3 #05-16 Vertex Singapore 408868
SPONSOR AND ISSUE MANAGER AND JOINT PLACEMENT AGENT	:	**Evolve Capital Advisory Private Limited** 160 Robinson Road #20-01/02 SBF Center Singapore 068914
JOINT PLACEMENT AGENT	:	**Haitong International Securities (Singapore) Pte. Ltd.** 10 Collyer Quay #19-01- #19-05 Ocean Financial Centre Singapore 049315
SOLICITORS TO OUR COMPANY AS TO SINGAPORE LAW	:	**Icon Law LLC (a member of the ZICO Law Network)** 9 Raffles Place Republic Plaza, Level 6 Singapore 048619
SOLICITORS TO THE SPONSOR AND ISSUE MANAGER AND JOINT PLACEMENT AGENTS AS TO SINGAPORE LAW	:	**Venture Law LLC** 4 Shenton Way #14-02 SGX Centre II Singapore 068807
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	**Foo Kon Tan LLP** 1 Raffles Place #04-61/62 One Raffles Place Tower 2 Singapore 048616 Partner-in-charge: Mr. Cheong Wenjie (a member of the Institute of Singapore Chartered Accountants)
SHARE REGISTRAR	:	**B.A.C.S. Private Limited** 77 Robinson Road #06-03, Robinson 77 Singapore 068896

CORPORATE INFORMATION

PRINCIPAL BANKERS	:	**DBS Bank Ltd** 12 Marina Boulevard, Level 43 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982 **United Overseas Bank Limited** 80 Raffles Place UOB Plaza Singapore 048624
RECEIVING BANK	:	**United Overseas Bank Limited** 80 Raffles Place UOB Plaza Singapore 048624
VENDOR	:	**Mengkim Holdings Pte. Ltd.** 53 Ubi Avenue 3 #01-01 Travelite Building Singapore 408863

In this Offer Document and the accompanying Application Forms (as defined herein), unless the context otherwise requires, the following definitions apply where the context so admits:

Group Companies

"*Company*"	:	Goodwill Entertainment Holding Limited
"*Group*" *or "Group Companies*"	:	Our Company and our Subsidiaries and a "Group Company" shall be construed accordingly
"*7-24 Entertainment*"	:	7-24 Entertainment Pte. Ltd.
"*Cookease*"	:	Cookease Pte. Ltd.
"*Goodwill Entertainment Malaysia*"	:	Goodwill Entertainment Malaysia Sdn Bhd.
"*HF Bugis*"	:	Have Fun Bugis Pte. Ltd.
"*HF Bugis Plus*"	:	Have Fun Bugis Plus Pte. Ltd.
"*HF Cineleisure*"	:	Have Fun Cineleisure Pte. Ltd.
"*HF Chinatown"*	:	HF Chinatown Pte. Ltd. (formerly known as Have Fun Jurong (W) Pte. Ltd.)
"*HF DTE*"	:	Have Fun DTE Pte. Ltd.
"*HF Lite*"	:	Have Fun Lite Pte. Ltd.
"*HF Orchard*"	:	Have Fun Orchard Pte. Ltd.
"*HF Pasir Ris*"	:	Have Fun Pasir Ris Pte. Ltd.
"*HF Serangoon*"	:	Have Fun Serangoon Pte. Ltd.
"*HF Suntec*"	:	Have Fun Suntec Pte. Ltd.
"*HF Thomson*"	:	Have Fun Thomson Pte. Ltd.
"*HF TPY*"	:	Have Fun TPY Pte. Ltd.
"*HF Yishun*"	:	Have Fun Yishun Pte. Ltd.
"*Open Menu Marketing*"	:	Open Menu Marketing Pte. Ltd.
"*Yakitori One" or "HF Liveshow"*	:	Yakitori One Pte. Ltd, (formerly known as Have Fun Liveshow Pte. Ltd.)
"*Subsidiaries*"	:	Cookease, HF Bugis, HF Bugis Plus, HF Cineleisure, HF Chinatown, HF DTE, HF Lite, HF Orchard, HF Pasir Ris, HF Serangoon, HF Suntec, HF Thomson, HF TPY, HF Yishun, Yakitori One (formerly, HF Liveshow), 7-24 Entertainment and Goodwill Entertainment Malaysia, and each a "Subsidiary"

Other Corporations and Agencies

"*Authority*" *or* "*MAS*"	:	The Monetary Authority of Singapore
"*CDP*"	:	The Central Depository (Pte) Limited

"*CIMB*"	:	CIMB Bank Berhad
"*COMPASS*"	:	Composers and Authors Society of Singapore Ltd
"*CPF*"	:	Central Provident Fund
"DBS"	:	DBS Bank Ltd
"*ECA*" *or* "*Sponsor and Issue Manager*" *or* "*Joint Placement Agent*"	:	Evolve Capital Advisory Private Limited
"*Funtech Solutions*"	:	Funtech Solutions Pte. Ltd.
"*GIH2023*"	:	Goodwill Investment Holdings 2023 Pte. Ltd.
"*Global Oceanlink*"	:	Global Oceanlink Pte. Ltd.
"*HSA*"	:	Health Sciences Authority
"*Hezong*"	:	Hezong Pte. Ltd., a Singapore-incorporated company related to the Hezong group of companies (合纵文化集团)
"*IMDA*"	:	Infocomm Media Development Authority
"*Independent Auditor and Reporting Accountant*"	:	Foo Kon Tan LLP
"Joint Placement Agent" or "*HTI*"	:	Haitong International Securities (Singapore) Pte. Ltd.
"*Joint Placement Agents*"	:	ECA and HTI
"*Mengkim*" or "*Vendor*"	:	Mengkim Holdings Pte. Ltd.
"*MOM*"	:	Ministry of Manpower
"*MRSS*"	:	Music Rights (Singapore) Public Limited
"*NEA*"	:	National Environment Agency
"*PELU*"	:	Public Entertainment & Liquor Licensing Division of the Police Licensing & Regulatory Department of the Singapore Police Force
"*Receiving Bank*"	:	United Overseas Bank Limited
"*SIC*"	:	Securities Industry Council of Singapore
"*SGX-ST*"	:	Singapore Exchange Securities Trading Limited
"*Share Registrar*"	:	B.A.C.S. Private Limited
"*Twinstar Global*"	:	Twinstar Global Pte. Ltd.
"*Twinstar Logistics*"	:	Twinstar Logistics Pte. Ltd.

"*UOB*"	:	United Overseas Bank Limited
"*URA*"	:	Urban Redevelopment Authority

Legislation and Regulations

"*Catalist Rules*"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
"*Code of Corporate Governance*"	:	The Code of Corporate Governance 2018, as amended, supplemented or modified from time to time
"*Companies Act*"	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"*Copyright Act*"	:	The Copyright Act 2021 of Singapore, as amended, modified or supplemented from time to time
"*Securities and Futures Act*" *or "SFA*"	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"*SFR*"	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore
"*Take-Over Code"*	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
"*WICA*"	:	The Work Injury Compensation Act 2019 of Singapore, as amended, modified or supplemented from time to time
"*WSHA*"	:	The Workplace Safety and Health Act 2006 of Singapore, as amended, modified or supplemented from time to time

General

"*313@Somerset"*	:	The shopping mall located at 313 Orchard Road Singapore 238895
"*3M2023"*	:	The three (3)-month financial period ended 31 March 2023
"*3M2024*"	:	The three (3)-month financial period ended 31 March 2024
"*Application Forms*"	:	The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
"*Application List*"	:	The list of applications for subscription or purchase of the Placement Shares
"*associate*"	:	(a) in relation to any individual, including a director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more

"*Audit and Risk Committee*"	:	The audit and risk committee of our Company as at the date of this Offer Document, unless otherwise stated
"*Board" or "Board of Directors*"	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
"*Bugis Cube*"	:	The shopping mall located at 470 North Bridge Road Singapore 188735
"*Bugis+*"	:	The shopping mall located at 201 Victoria Street Singapore 188067
"*Bugis+ Joint Venture Outlet*"	:	The live show outlet operating "HaveFun Live Show" located at Unit #07-01 of Bugis+
"*Bugis+ Karaoke Outlet*"	:	The karaoke outlet operating "HaveFun Family Karaoke" located at Unit #03-18 of Bugis+
"*Catalist*"	:	The sponsor-supervised listing platform of the SGX-ST
"*Capitalisation of the GIH2023 Loan*"	:	The capitalisation of the loans provided by GIH2023 to the Company, details as described in the section entitled "Our Restructuring Exercise and Further Developments"
"*CEO*"	:	Chief Executive Officer
"*CFO*"	:	Chief Financial Officer
"*Cineleisure Orchard*"	:	The shopping mall located at 8 Grange Road Singapore 239695
"*Circuit Breaker Measures*"	:	Measures implemented by the Singapore Government during the course of the COVID-19 pandemic to stem the spread of COVID-19 in the community
"*COO*"	:	Chief Operating Officer
"*Constitution*"	:	The constitution of our Company, as amended, supplemented or modified from time to time

"*Continuing Sponsorship Agreement*"	:	The continuing sponsorship agreement dated 29 October 2024 entered into between our Company and ECA
"*Controlling Shareholder*"	:	As defined in the Catalist Rules: (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over a Company
"*COVID-19*"	:	Coronavirus Disease 2019
"*Directors*"	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
"*Downtown East*"	:	The shopping mall located at 1 Pasir Ris Close Singapore 519599
"*ECA Shares*"	:	The 750,000 new Shares to be allotted and issued by our Company to ECA as part of ECA's commission as Joint Placement Agent together with the Placement Shares
"*EFS*"	:	Enterprise Financing Scheme
"*EPS*"	:	Earnings per Share
"*ESG*"	:	Environmental, social and governance
"*Executive Director(s)*"	:	The executive Director(s) of our Company as at the date of this Offer Document, unless otherwise stated
"*Executive Officers*"	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
"*FY*"	:	Financial year ended or, as the case may be, ending 31 December
"*F&B*"	:	Food and beverage
"*GIH2023 Loan*"	:	The loan agreement dated 3 April 2023 entered into between our Company GIH2023, details as described in the section entitled "Interested Person Transaction – Present and On-Going Interested Person Transactions"
"*GST*"	:	Singapore goods and services tax
"*HF Bugis APA*"	:	The asset and purchase agreement dated 15 July 2024 entered into between HF Bugis and HF Bugis Plus, details as described in the section entitled "Our Restructuring Exercise and Further Developments – Further Developments – Business Transfer from HF Bugis to HF Bugis Plus"

"*HF Bugis Class B Ordinary Shares*"	:	The new class of ordinary shares of HF Bugis issued to our Company and Hezong pursuant to the HF Bugis JVA
"*HF Bugis JVA*"	:	The shareholders' agreement dated 18 December 2023 entered into between HF Bugis, our Company and Hezong, details as described in the section entitled "General Information on our Group – History".
"*HF Bugis JV Shareholding Proportion*"	:	The shareholding of the HF Bugis Class B Ordinary Shares between the Company and Hezong, that is on a 70-30% basis
"*immediate family*"	:	As defined in the Catalist Rules, in relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent
"*Independent Directors*"	:	The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
"*Latest Practicable Date*" *or* "*LPD*"	:	16 September 2024, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
"*Listing*"	:	The proposed listing and quotation of all our Shares on Catalist
"*Listing Date*"	:	The date of commencement of dealing in our Shares on the Catalist
"*Lucky Chinatown*"	:	The shopping mall located at 211 New Bridge Road Singapore 059432
"*Market Day*"	:	A day on which the SGX-ST is open for trading in securities
"*Management and Sponsorship Agreement*"	:	The management and sponsorship agreement dated 29 October 2024 entered into between our Company, the Vendor and ECA pursuant to which our Company and the Vendor have appointed ECA, and ECA has agreed to manage and sponsor the Placement, details as described in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document
"*MK Repayment Deed*"	:	The repayment deed dated 7 November 2022 entered into between our Company and Mengkim for the full settlement of loans owing by the Company to Mengkim
"*NAV*"	:	Net asset value
"*New Shares*"	:	The 42,500,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions of this Offer Document
"*NEX*"	:	The shopping mall located at 23 Serangoon Central Singapore 556083
"*Nominating Committee*"	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated

"*Non-Executive Directors*"	:	The non-executive Directors of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
"*NTA*"	:	Net tangible assets
"*Offer Document*"	:	This offer document dated 27 September 2024 issued by our Company in respect of the Placement
"*Pasir Ris Mall*"	:	The shopping mall located at 7 Pasir Ris Central Singapore 519612
"*PER*"	:	Price-to-earnings ratio
"*Period Under Review*"	:	The period which comprises FY2021, FY2022, FY2023 and 3M2024
"*Placement*"	:	The placement of the Placement Shares by the Joint Placement Agents on behalf of our Company for subscription of the Placement Shares at the Placement Price, subject to and on the terms and conditions of this Offer Document
"*Placement Agreement*"	:	The placement agreement dated 29 October 2024 entered into between our Company, the Vendor and the Joint Placement Agents pursuant to which the Joint Placement Agents shall procure subscribers and/or purchasers for the Placement Shares at the Placement Price, details as described in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document
"*Placement Price*"	:	S$0.20 for each Placement Share
"*Placement Shares*"	:	The 60,000,000 Shares, comprising 42,500,000 New Shares and the 17,500,000 Vendor Shares, which are the subject of the Placement
"*PRC*"	:	The People's Republic of China
"*Restructuring Exercise*"	:	The restructuring exercise that we carried out to streamline our corporate structure as set out in the section entitled "Our Restructuring Exercise and Further Developments" of this Offer Document
"*Remuneration Committee*"	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
"*SAFRA Toa Payoh*"	:	The recreational club located at 293 Lorong 6 Toa Payoh Singapore 319387
"*SAFRA Yishun*"	:	The recreational club located at 60 Yishun Avenue 4 Singapore 769027
"*SEA*"	:	South East Asia
"*Securities Account*"	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account

"*Service Agreement*"	:	The service agreement entered into between our Company and our Executive Director, as described in the section entitled "Directors, Executive Officers and Employees" of this Offer Document
"*SFRS(I)*" or "*SFRS(I)s*"	:	Singapore Financial Reporting Standards (International)
"*SGXNET*"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"*Shares*"	:	Ordinary shares in the share capital of our Company
"*Shareholder(s)*"	:	Registered shareholders of our Company, except where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"*Share Split*"	:	The sub-division of 942,628 Shares in the issued share capital of our Company into 356,750,000 Shares, which was effected on 25 October 2024
"*Share Swap*"	:	The share swap with GIH2023, details as described in the section entitled "Our Restructuring Exercise and Further Development – Restructuring Exercise"
"*SORA*"	:	Singapore Overnight Rate Average, the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore
"*Substantial Shareholders*"	:	Persons who have an interest in the Shares of not less than 5.0% of the aggregate of all the voting shares of our Company
"*Suntec City*"	:	The shopping mall located at 3 Temasek Boulevard Singapore 038983
"*Thomson Plaza*"	:	The shopping mall located at 301 Upper Thomson Road Singapore 574408
"*Vendor Shares*"	:	The 17,500,000 issued and fully paid-up Shares for which the Vendor invites applications to purchase on the terms and subject to the conditions set out in this Offer Document

Currencies, Units and Others

"*SGD*", "*S$*" or "*$*" and "*cents*"	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
"*N.A.*"	:	Not applicable
"*RM*" or "*sen*"	:	Ringgit Malaysia, the lawful currency of Malaysia
"*%*" or "*per cent.*"	:	Per centum or percentage

Names used in this Offer Document

"*Flint Lu*"	:	Lu Mang
"*Victoria Sun*"	:	Sun Jingwan
"*Christopher Huang*"	:	Huang Junli, Christopher

The expressions "associated company", "associated entity", "related corporation", "related entity", "Entity At Risk", "Interested Person", "Interested Person Transaction", "subsidiary", "subsidiary entity", "substantial interest-holder" and "Substantial Shareholder" shall have the meanings ascribed to them respectively in the SFA, the SFR, the Companies Act and/or the Catalist Rules, as the case may be.

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereto, as the case may be.

Any reference to a time of day in this Offer Document, the Application Forms shall be a reference to Singapore time unless otherwise stated.

Any references in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively of this Offer Document.

Any reference in this Offer Document, the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the Securities Account of that applicant.

References in this Offer Document to "our Group", "we", "our", and "us" or any other grammatical variations thereof shall, unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

The exchange rates used in this Offer Document are for reference only. No representation is made that any foreign currency amounts were, could have been, will be or could be converted into SGD amounts at any of the exchange rates used in this Offer Document, at any other rate or at all.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded off.

The information on our websites or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this Offer Document and should not be relied on.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us, the Vendor or our Directors, Executive Officers, employees or other party acting on our behalf or the Vendor's behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these statements by forward-looking terms such as "anticipate", "believe", "could", "estimate", "profit estimate", "expect", "intend", "may", "plan", "will" and "would" or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including, without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions which reflect our current views with respect to future events. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe that the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions would be incorrect.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

(a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;

(b) our ability to obtain licences, permits, approvals and/or certifications for our business and operations;

(c) changes in consumer preferences and needs;

(d) changes in the availability and prices of our services;

(e) changes in competitive conditions and our ability to compete under such conditions from time to time;

(f) impact of any global pandemic outbreak (including COVID-19) on our business and operations;

(g) our exposure to certain risks against which we do not insure, and may have difficulty obtaining insurance on acceptable terms or at all;

(h) our exposure to potential liabilities arising from personal injuries, property damage and/or fatal accidents;

(i) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;

(j) our inability to implement our business strategies and future plans;

(k) our dependence on the continued service of our key management personnel;

(l) changes in currency exchange rates and interest rates;

(m) changes in labour relations;

(n) increase in operating costs;

(o) changes in our future capital needs and the availability of financing and capital to fund these needs;

(p) changes in taxation in the countries in which we operates;

(q) the factors described under the section entitled “Risk Factors” of this Offer Document; and

(r) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document. All forward-looking statements by or attributable to us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or person(s) acting on our behalf or the Vendor’s behalf, contained in this Offer Document, are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of this Offer Document.

The sections entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analysis, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete. While our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents have taken reasonable action to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, neither we, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, nor any person(s) acting on our behalf or the Vendor’s behalf or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures, statements, assumptions and projections (the “**Third Party Data**”). No representation is made by us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any person(s) acting on our behalf or the Vendor’s behalf or their behalf in respect of any of such Third Party Data or information and neither we, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents nor any person(s) acting on our behalf, the Vendor’s behalf or their behalf take any responsibility for any of such Third Party Data or information.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those forward-looking statements. Our actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

We and the Vendor, are, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority but before the close of the Placement, our Company and the Vendor become aware of:

(a) a false or misleading statement or matter in this Offer Document;

(b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA, the SFR, or the Catalist Rules; or

(c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA, the SFR, or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we (and on behalf of the Vendor) may, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

Where such changes occur and are material or are required to be disclosed by law, we and the Vendor will comply with the relevant provisions of the SFA and make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority pursuant to the SFA. All applicants should take note of any such announcement or supplementary or replacement offer document and, upon the release of the same, shall be deemed to have notice of such changes.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore.

The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (a) copied, photocopied or duplicated in any form by any means, or (b) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

LISTING ON THE CATALIST BOARD

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares (including the Vendor Shares) that are already issued, the ECA Shares and the New Shares, on Catalist. Such permission will be granted when our Company has been admitted to the Catalist. The dealing in, and quotation of, our existing issued Shares (including the Vendor Shares), the ECA Shares and the New Shares will be in SGD.

Our acceptance of applications will be conditional upon, among others, permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all of our Shares (including the Vendor Shares) that are already issued, the ECA Shares and the New Shares, on the Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and the applicant shall not have any right or claim against us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, if the completion of the Placement does not occur because the said permission is not granted or for any reason, or if the admission, listing and trading of all of our Shares that are already issued (including the Vendor Shares), and the New Shares, do not proceed for any reason.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the SFR, the Catalist Rules or any other legal or regulatory requirements have been complied with. Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager and the Joint Placement Agents confirming that our Company is suitable to be listed on the Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of our Shares (including the Vendor Shares) being offered for investment, and admission to the Catalist is not to be taken as an indication of the merits of the Placement, our Company, our Subsidiaries, our Shares (including the Vendor Shares) that are already issued, the ECA Shares and the New Shares.

After the expiration of six (6) months from the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document, and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares, or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

We and the Vendor are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding the contents of this Offer Document. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Placement, we or the Vendor become aware of:

(a) a false or misleading statement or matter in this Offer Document;

(b) an omission from this Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA, the SFR or the Catalist Rules; or

(c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by Section 243 of the SFA, the SFR or the Catalist Rules to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may (and on behalf of the Vendor), in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe and/or purchase for the Placement Shares and:

(a) where the Placement Shares have not been issued and/or transferred to the applicants, we (and on behalf the Vendor) shall either:

   (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications, and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

   (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or

   (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or

(b) where the Placement Shares have been issued and/or transferred to the applicants but trading has not commenced, we (and on behalf the Vendor) shall either:

   (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us (for us as well as on behalf the Vendor) the Placement Shares which they do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

   (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us (for us as well as on behalf the Vendor) the Placement Shares which they do not wish to retain title in; or

(iii) treat the issue and/or sale of the Placement Shares as void and our Company shall (A) if documents purporting to evidence title to the Placement Shares have been issued and/or transferred to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform the applicants to return such documents to us within 14 days from the date of lodgement of the supplementary or replacement offer document, and within seven (7) days from the date of receipt of the documents purporting to evidence title to the Placement Shares or the date of lodgement of the supplementary or replacement offer document, whichever is the later, pay to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or (B) if no documents purporting to evidence title to the Placement Shares have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk,

and the applicants shall not have any right or claim against our Company, the Vendor, our Directors, the Sponsor and Issue Manager and the Joint Placement Agents, or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his/her application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we (and on behalf the Vendor) shall, within seven (7) days from the receipt of such notification, return all monies paid in respect of the application for the application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we (and on behalf the Vendor) shall, subject to compliance with the Companies Act, within seven (7) days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue and/or sale of those Placement Shares shall be deemed to be void, and the applicant shall not have any claim against us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Pursuant to Section 242 of the SFA, the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no or no further Placement Shares to which this Offer Document relates, be allotted, issued or sold. Such circumstances will include a situation where this Offer Document (a) contains any statement or matter which, in the Authority's opinion, is false or misleading, (b) omits any information that should have been included in it under the SFA, (c) does not, in the Authority's opinion, comply with the requirements of the SFA, or (d) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for and/or purchase the Placement Shares have been made prior to the Stop Order, then:

(a) where the Placement Shares have not been issued and/or transferred to the applicants, the applications of the Placement Shares shall be deemed to have been withdrawn and cancelled and we (and on behalf the Vendor) shall, within 14 days from the date of the Stop Order, refund (at the applicants own risk) all monies the applicants have paid on account of their applications for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom); or

(b) where the Placement Shares have been issued and/or transferred to the applicants, the issue and/or sale of the Placement Shares shall be deemed to be void and we (and on behalf the Vendor) shall:

(i) if documents purporting to evidence title to the Placement Shares have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from that date, and within seven (7) days from the date of receipt of those documents or the date of the Stop Order, whichever is the later, pay to the applicants all monies paid by them for the Placement Shares; or

(ii) if no such documents have been issued to the applicants, within seven (7) days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Where monies are to be returned in respect of any application, it will be returned to the applicant without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and the applicant shall not have any right or claim against us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations or as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers. No information in this Offer Document should be considered as being business, legal, financial or tax advice regarding an investment in our Shares. You should consult your legal, financial, tax or other professional adviser(s) for business, financial, legal or tax advice before deciding to invest in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we (and on behalf the Vendor), will comply with the relevant provisions and, if required, make an announcement of the same to the SGX-ST and to the public and, if required under the SFA, we (and on behalf the Vendor) may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcement and, upon release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have been given notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription and/or purchase solely on the basis of the instructions contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

DETAILS OF THE PLACEMENT

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Notification under Section 309B of the SFA: The Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products), pursuant to paragraph 1(a) of the schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

Evolve Capital Advisory Private Limited
160 Robinson Road
#20-01/02 SBF Center
Singapore 068914

Haitong International Securities (Singapore) Pte. Ltd.
10 Collyer Quay #19-01-#19-05
Ocean Financial Centre
Singapore 049315

A copy of this Offer Document is also available on the SGX-ST website, http://www.sgx.com.

The Placement will open from 30 October 2024 immediately upon the registration of the Offer Document by the SGX-ST, acting as agent on behalf of the Authority to 13 November 2024.

The Application List will open immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, and will remain open until 12.00 noon on 13 November 2024 or such other period or periods as our Directors and the Vendor may, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, in their absolute discretion, decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to application for the Placement Shares are described under Appendix C to this Offer Document entitled "Appendix C – Terms and Conditions and Procedures for Application".

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Placement and trading of our Shares is set out below for your reference:

Indicative date/time	Event
30 October 2024 (immediately upon registration of this Offer Document)	Commencement of the Placement
13 November 2024 at 12.00 noon	Close of Application List
15 November 2024 at 9.00 a.m.	Commence trading on a "ready" basis
16 November 2024	Settlement date for all trades done on a "ready" basis

The above timetable is indicative only and is subject to change at our discretion, with the agreement of the Sponsor and Issue Manager and the Joint Placement Agents.

We may, at our discretion in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the Placement period, provided that the Placement may not be less than two (2) Market Days.

The above timetable assumes that: (a) the date of closing of the Application List will be 13 November 2024; (b) the Listing Date will be 15 November 2024; (c) the shareholding spread requirement of the Catalist Rules will be complied with; and (d) the New Shares will be issued and fully paid-up prior to 9.00 a.m. on 15 November 2024. The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modifications as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a "ready" basis and the commencement date of such trading. **The commencement of trading on a "ready" basis will be entirely at the discretion of the SGX-ST. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.**

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com; and

(b) in a major English newspaper in Singapore.

We will publicly announce the level of subscription for the Placement Shares (and the basis of allotment and/or allocation of the Placement Shares pursuant to the Invitation) as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

Investors should consult the SGX-ST's announcement on the "ready" trading date released on the internet (at the SGX-ST website, http://www.sgx.com) or the local newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Placement Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

THE PLACEMENT

The Placement is for 60,000,000 Placement Shares offered by way of the Placement and the listing is sponsored and managed by ECA.

Prior to the Placement, there has been no public market for our Shares. The Placement Price was determined after a book-building process and agreed by us and the Vendor following consultation with the Sponsor and Issue Manager and the Joint Placement Agents. Among the factors considered in determining the Placement Price were the prevailing market conditions, estimated market demand for our Shares, assessment of our Group's recent historical performance, the current state of our Group's development and the current state of the industry in which our Group operates as well as the economy as a whole. The Placement Price is the same for all Placement Shares and is payable in full on application.

Investors may apply to subscribe for and/or purchase any number of Placement Shares in integral multiples of 1,000 Placement Shares. In order to ensure a reasonable spread of Shareholders, we have absolute discretion to prescribe a limit to the number of Placement Shares to be allotted and/or allocated to any single applicant and/or to allot and/or allocate the Placement Shares above or under such prescribed limit as we shall deem fit.

Subject to the terms and conditions set forth in the Management and Sponsorship Agreement entered into between us, the Vendor and ECA as set out in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document, our Company and the Vendor have appointed ECA to manage and act as the Sponsor and Issue Manager, and ECA and HTI as the Joint Placement Agents for the Listing. ECA and HTI will receive fees for their services rendered in connection with the Placement.

PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors in Singapore who may apply through their brokers or financial institutions. Applications for the Placement Shares may be made by way of printed Application Forms or such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deem appropriate. The terms and conditions and procedures for application and acceptance are described in Appendix C to this Offer Document entitled "Appendix C – Terms and Conditions and Procedures for Application and Acceptance".

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed in the section entitled "Management, Sponsorship and Placement Arrangements – Placement Agreement" of this Offer Document, each of the Joint Placement Agents have agreed to use its best efforts to procure subscribers and/or purchasers for the Placement Shares at the Placement Price, for a placement commission of 4.0% of the Placement Price for the total number of Placement Shares successfully subscribed and/or purchased. In addition, our Company will pay ECA an additional S$150,000 as part of its commission as a Joint Placement Agent, which shall be payable by the allotment and issuance of 750,000 ECA Shares to ECA. Subject to any applicable laws and regulations, the Joint Placement Agents may, at their absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Subscribers and/or purchasers of the Placement Shares may be required to pay to the Joint Placement Agents or any sub-placement agent that may be appointed by the Joint Placement Agents a brokerage fee of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable), as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription, at the time of settlement.

SUBSCRIPTION FOR THE PLACEMENT SHARES

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Placement Shares pursuant to the Placement. In the event that any Placement Shares are subscribed for and/or purchased by our Directors, Substantial Shareholders and/or their respective associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge and belief, as at the Latest Practicable Date, none of our Company's management or employees intends to subscribe for and/or purchase more than 5.0% of the Placement Shares in the Placement.

To the best of our knowledge and belief, as at the Latest Practicable Date, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Placement Shares pursuant to the Placement. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for and/or purchase more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and/or allocation of the Placement Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by SGX-ST, acting as agent on behalf of the Authority.

NO INTRODUCERS AND CONSULTANTS

There are no introducers to the Placement and no consultants have been engaged by our Group to assist in relation to the Placement and/or the Listing or to assist in the issue of securities or securities-based derivatives contracts to investors during the period of 12 months prior to the date of lodgement of this Offer Document, for the purposes of facilitating the Placement and our application for Listing.

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the section entitled "Risk Factors" of this Offer Document and our financial statements and related notes before deciding on whether or not to invest in our Shares.

Under no circumstances should any information in this summary be regarded as a representation or warranty by our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents that such information will not change.

OUR COMPANY

Our Company was incorporated in the Republic of Singapore on 12 December 2016 under the Companies Act as a private company limited by shares, under the name of "Goodwill Entertainment Holding Pte. Ltd.". Our Company's registration number is 201633838K. Our Company was converted into a public company limited by shares and the name of our Company was changed to "Goodwill Entertainment Holding Limited" in connection therewith on 25 October 2024. Our Company became the holding company of our Group following the completion of the Restructuring Exercise on 15 December 2023. For more information, please refer to the section entitled "Our Restructuring Exercise and Further Developments" of this Offer Document.

BUSINESS OVERVIEW

Our Group is in the business of operating multi-entertainment concepts, comprising a network of family-friendly karaoke facilities with F&B concepts, performance halls and dance clubs, operating under the brand names "HaveFun Family Karaoke", "FATEbyhavefun" and "HaveFun Live Show".

Details of our two (2) main business segments are as follows:

(a) **Karaoke Lounges and Multi-Entertainment Venues**

This segment comprises our Group's operations of 11 "HaveFun Family Karaoke" karaoke outlets across Singapore. Each karaoke outlet provides its customers with a variety of amenities, from private cinemas to pool tables, dart machines, as well as board and console games. As part of our multi-entertainment strategy, some of our karaoke outlets feature performance halls that serve as an event space for live band performances, meet-and-greet events, live comedy and other acts.

In addition to karaoke lounges, our flagship outlet at Cineleisure Orchard features our first dance club of the Group, "FATEbyhavefun". Our flagship outlet provides customers with a seamless transition karaoke to dance for a full "night-out" experience.

(b) **Live show concept**

This segment comprises our Group's latest instalment, "HaveFun Live Show", which is multi-entertainment concept in collaboration with Hezong. As a new mega live entertainment house, it is the first-of-its-kind in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience.

Please refer to the section entitled "General Information on our Group – Business Overview" of this Offer Document for further details.

COMPETITIVE STRENGTHS

Our Directors believe that we are able to compete effectively due to the following competitive strengths:

(a) **We have a strong brand recognition**

Since our Group's inception in 2015, we have continuously improved on our processes and offerings to build "Have Fun" into a brand name for family entertainment in Singapore's karaoke entertainment scene. Currently with 11 "HaveFun Family Karaoke" outlets islandwide, we plan to expand our footprint in other entertainment segments, through the introduction of our dance club and live show performance venues. We firmly believe that the considerable expansion of our Group from our humble beginnings over the past nine (9) years has allowed us to gain significant experience in the karaoke entertainment scene in which we operate. Furthermore, our Group's scale of operations has contributed to a strengthened position in negotiations with suppliers and other key third parties.

(b) **We have an experienced and committed management team**

Our Group is led by a seasoned management team whose reputation, standing and track record have played a pivotal role in fostering closer working relationships with industry partners. Moving forward, the expertise and experience of the management team will continue to be instrumental in driving our success.

Our Group's management team collectively bring substantial expertise from diverse fields:

(i) Mr. Flint Lu, Executive Chairman and CEO, has over nine (9) years of experience in the public entertainment industry, specialising in strategic planning, business development, marketing strategy and business strategy.

(ii) Mr. Tan Kian, CFO, has over 27 years of experience in financial management and audit.

(iii) Ms. Victoria Sun, COO, has over eight (8) years of experience in operations and business development.

(c) **We are consistently identifying new trends and adapting**

To cater to evolving consumer tastes and reach a wider group of consumer segments, our Group constantly seeks emerging trends to stay ahead. We consistently analyse the market, understand consumer behaviour, and keeping an eye for shifts in preferences.

With our knowledge and expertise, we will quickly adapt our business model, marketing strategies and product offerings to align with new trends to give us a competitive edge and capitalise on opportunities to implement fresh concepts.

We have expanded our offering from karaoke to a diverse range of entertainment options, including live music performances, pool tables, darts machines, arcade/board games, private cinemas and event spaces tailored for both corporate and private events. Our latest instalment of "HaveFun Live Show" located in the Bugis+ Joint Venture Outlet was adapted from studying overseas trend and assimilating with the local trend in Singapore, resulting in a first-of-its-kind mega live entertainment house in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience.

(d) **We are constantly keeping up with latest technology to complement our offerings**

Our Group utilises both physical and the latest cloud-based technology for the maintenance of its database of songs and music videos. Our Group is gradually phasing out the usage of physical servers (located at respective outlets) to cloud-based technology across all outlets. Pending Group-wide implementation, only the newer outlets located at Suntec City, Cineleisure Orchard and Pasir Ris utilise the use of cloud-based technology which will eliminate the need for software updates, server maintenance and replacement, and minimises system lag time for smoother performance, leading to cost savings and operational efficiency. It also allows the Group to optimise usable space at their premises by eliminating the need for bulky server infrastructure.

Additionally, our Group has adopted the use of QR codes as part of its mobile technology strategy to provide customers with a multifaceted and immersive entertainment experience. In our karaoke outlets, the QR codes facilitate the in-room music selection process whereby customers have instant access to the song library and can browse and select songs on their mobile devices. The QR function has also been extended to the dining concept, where customers may readily view the F&B menu to place their order at their table. Our Group also intends to introduce a new booking system, either via a mobile application or web browser, that will enable customers to book their sessions and pre-select their room of choice to enhance user convenience and increase our staff's productivity on-site. As part of our Group's vision to continuously push boundaries and operate on the edge of the latest advancements in entertainment and technology, we have developed a new website platform via a QR code for our Bugis+ Joint Venture Outlet which introduces an interactive experience for our customers. In addition to enjoying the programmed live performances, our customers can submit song requests to the performing artistes. Our customers may also show their appreciation to the performing artistes by sending virtual gifts through using the website platform. The website platform also includes other features such as screen takeover function allowing customers to use the screen animation (from a pre-selected list of animations) or to advertise their personalised greetings or messages. Such virtual gifts and screen takeover are subject to charges to be paid by the customers via credit card and/or mobile payment platforms such as PayNow.

(e) **We have established business relationships with our suppliers**

We have close working relationships with our suppliers and distributors, particularly as sale of alcohol accounts for 80% of our Group's purchases and related costs. We have entered into agreements with alcohol brand owners in Singapore which authorise certain incentive rebates upon fulfilling a certain order volume with their authorised distributors, which we have recurring purchases.

We also have good relationships with the supplier of our karaoke equipment, Funtech Solutions, which is advantageous to ease coordination on equipment-related matters such that we are able to achieve timely resolution of technical issues to minimise any disruptions to service and avoiding any unnecessary interruptions in the operation of business.

Further details on our Group's major suppliers are set out in the section entitled "General Information on our Group – Major Suppliers" of this Offer Document.

(f) **Our outlets are located at strategic locations**

The strategic locations of our Group's outlets stand as a pivotal competitive advantage. Positioned in easily accessible locations, the outlets cater to a wide range of demographic groups, including young professionals, families with children, students and senior citizens. The deliberate placement of our outlets islandwide places our Group in close proximity to its target consumers, creating a convenient avenue for a broad audience to engage with our Group's entertainment offerings. This strategic approach enhances the outlets' visibility and strengthens our Group's connection with its intended market segments.

(g) **We are able to identify opportunities to expand offering with strategic partners**

We are able to identify the right partners to expand our offerings, as demonstrated by the launching of "HaveFun Live Show" at the Bugis+ Joint Venture Outlet, the first-of-its-kind in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience. The Bugis+ Joint Venture Outlet is launched pursuant to the joint venture between our Group and Hezong, who is experienced in lifestyle and multi-entertainment events. The collaboration has strengthened our competitive edge against the current offering by other competitors.

Our Group is not prohibited to actively pursue new joint ventures or strategic alliances that may create synergistic opportunities with our existing businesses as we are not bound by any non-compete provisions or exclusivity provisions in the HF Bugis JVA. We may pursue strategic partnerships or joint ventures to expand our service offerings.

While we seek to further expand our business, we may face difficulties in (a) identifying suitable partners; and (b) negotiating terms with the partners which are more favourable to us. The terms with each partner may not be on similar parameters or conditions with all other strategic partnerships or joint ventures pursued by our Group, for example the HF Bugis JVA.

Notwithstanding the above, we believe that such collaborations are extremely effective in bringing our offerings to the wider market and attract new customers to our Group and will continue such collaborations with various organisations in the future.

Please refer to the section entitled "General Information on our Group – Competitive Strengths" of this Offer Document for further details.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our business are further described below.

(a) **Continue to grow the business and conduct geographical expansion**

We will continue pursuing strategic growth and expansion within Singapore as it a key area of our competencies. The domestic market presents ample opportunities for growth. We intend to open more outlets in Singapore and introduce newer concepts along the expansion plans. We have identified key regions, demographics, and market segments where demand for our products/services is high, particularly in key neighbourhood regions. We anticipate the opening of a new outlet by the last quarter of 2024 as part of our expansion plans. Our expansion plans are strategically aligned with market trends, consumer preferences and industry dynamics, so as to ensure that we are able to retain and expand our current market share and drive revenue growth. With the introduction of regular live performances at the selected outlets, we aim to elevate the standards of and expand the variety of entertainments in Singapore. We intend for the performance halls to cater to a myriad of events whether by partnering with creative artiste agencies to conduct talent shows or performance, or corporate brands to host their media events.

With a strong foundation of our business built since 2015, we plan to embark on the next phase of our expansion plans. Realising of emerging opportunities outside Singapore, our growth strategy includes geographical expansion across the SEA region by opening new outlets in major cities in SEA with an initial focus on expanding our operations to Malaysia and expanding brand presence to other countries in SEA.

(b) **Broaden our Company's range of service offerings by vertical expansion**

Our current core strength is being a provider of entertainment services and spaces, in particular karaoke lounges complemented by F&B offerings. In order to enhance our revenue opportunities, we plan to expand into new verticals that are complementary to our current services. Our Group currently engages third-party suppliers for alcoholic beverages. Since 2023, we have been engaged in the development and manufacturing of our house craft beers which we intend to introduce and supply to our outlets. We believe this will reduce our reliance on third-party suppliers for alcoholic beverages and expand on our capabilities to diversify our business. Upon successful production, we intend for our house craft beers to be able to generate significant additional revenue and profit to the Group.

We are also looking into developing a food manufacturing plant as part of the vertical expansion of our entertainment venue. This strategic initiative aims to produce a range of food products tailored to the specific needs of our outlets. In doing so, we would be able to implement our own quality control measures to ensure high standards of product quality, safety and consistency, which in turn we hope to earn the trust and confidence of our customers on our commitment to provide the best standards of F&B offerings at our outlets. As of the date of this Offer Document, we have entered into the sale and purchase agreements of two (2) units in a multi-tenanted ramp-up factory development designed for food-related trades located in Woodlands to initiate our vertical expansion plan.

(c) **Strategic Joint Ventures and Alliances**

Beyond organic growth, we are exploring expansion avenues through joint ventures and strategic alliances to create synergistic opportunities with our Group's existing businesses. Through such expansion strategies, we intend to strengthen our market position and broaden our reach to increase our customer base, expand service offerings and establish ourselves in new markets.

The joint venture partner of our Bugis+ Joint Venture Outlet is an established multi-media and lifestyle brand, Hezong group, is experienced in lifestyle and multi-entertainment events. The Bugis+ Joint Venture Outlet features the "HaveFun Live Show" concept, the first-of-its-kind in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience. It provides us with a competitive edge against the current entertainment offerings by our competitors.

We are also working to collaborate with successful brands and businesses, locally and overseas, to introduce fresh concepts to Singapore and SEA generally, with the vision of broadening and diversifying the entertainment or service offerings, thereby enhancing customer experience.

As at the Latest Practicable Date and aside from the HF Bugis JVA, we have not entered into definitive agreements with any potential party to acquire potential businesses or to form joint ventures and/or strategic alliances or identified any specific acquisition targets. We will carefully consider any such opportunities and undertake a comprehensive review and evaluation to determine whether such transactions will benefit our business before entering into them. Key factors that our Group will take into consideration when assessing such opportunities include, *inter alia*, return on investments, market demands and trends and commercial viability.

(d) **Further invest in technologies on entertainment experience**

We believe in a digital future for our Group and are planning to invest in artificial intelligence (AI) technology to create immersive entertainment experiences and audience engagement. As AI continues to evolve, it will play an increasingly prominent role in shaping the future of entertainment, offering new possibilities for creativity, storytelling, and audience interaction.

We aim to monitor the AI trends and development of AI capabilities in the entertainment segment, research its potential applications, and explore the incorporation of AI-driven tools into our existing processes that will complement and/or enhance our current operational procedures and processes so as to improve our efficiency and reduce operating costs. We aim to leverage on this technological wave and plans to develop an advanced AI robot system to significantly enhance productivity and elevate the customer experience in our "HaveFun Family Karaoke" outlets, to ensure that such experience is seamless and personalised. The plan is for the AI system to allow convenience in reservations, tracking of membership and past transactions, accumulation of membership points and redemption thereof. In addition, the AI systems will study the algorithm of the customers to deliver a personalised experience such as voice and text interaction between our customers and the AI interface which allows songs selection suited to the customer's vocal preferences and preferred genre or suggestion of F&B menu based customer's past orders. Our plans also include pioneering a feature that allows customers to create personalized music videos, which will be added to our song database, to allow customers to utilise their unique music videos for future visits.

We are cognisant of the potential problems and risks that may be related to the use of AI-technology, such as a possible infringement or misappropriation of intellectual property rights, and will continue to work closely with our clients to mitigate and manage the impacts arising from such risks. We will carefully consider any such investment opportunities and undertake a comprehensive review and evaluation to determine whether such transactions will benefit our business before entering into any such transaction. Key factors that our Group will take into consideration when assessing such opportunities include, inter alia, return on investments, market trends and commercial viability.

Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document for further details.

PROSPECTS

Our Directors are confident of the prospects and outlook of our business for the next 12 months from the Latest Practicable Date, due to the following factors:

(a) **Growing domestic consumption in Singapore**

The trend of rising domestic consumption is evidenced by population growth and increasing household income. Singapore's population has been steadily growing at a five-year compound annual growth rate ("**CAGR**") of 1.0%, from 5.64 million in 2018 to approximately 5.92 million in 2023.

In addition, residents' average monthly household income has generally increased from S$10,099 in 2022 to S$10,869 in 2023.

With the growing affluence and productivity of the nation, we believe that the demand for afterhours entertainment and retail food services is expected to continue.

(b) **Growth in Singapore's population**

Singapore's total population stood at 5.92 million as at June 2023, a 5.0% increase from June 2022.

With the increase of Singapore's population over time, coupled with rising affluence of the population, we expect to see a corresponding increase in demand for entertainment services.

(c) **Regional opportunities for growth**

Singapore's entertainment and F&B industry players may also benefit greatly by tapping into opportunities in the rest of Asia, with consumerism on the rise, driven by large domestic markets and a growing middle-income group.

After a 5.7% GDP growth in 2022, the ASEAN economy is forecasted to continue to grow by 4.6% and 4.9% on average in 2023 and 2024, respectively. Between 2023 and 2028, ASEAN's projected average annual GDP growth is 4.4%, making it the second fastest growing economy after India. ASEAN's middle class is projected to grow from 190 million residents in 2020 to over 334 million by 2030. It is also estimated that the urban ASEAN population will increase to nearly 70% by 2023, from the current level of just over 50%.

Our Group intends to capitalise on such opportunities for growth through our expansion plans in the SEA region. For more details, please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

Please refer to the sections entitled "General Information on our Group – Prospects" of this Offer Document for further details.

TREND INFORMATION

The following discussions about trends include forward-looking statements that involve risk and uncertainty. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Board of Directors has observed the following trends for the since the end of 3M2024 and for the next 12 months from the Latest Practicable Date, based on our Group's revenue and operations as at the Latest Practicable Date:

(a) We expect an increase in revenue mainly due to the opening of new outlets and the introduction of our latest instalment, "HaveFun Live Show", as well as increased contribution from our existing outlets. We expect our growth to continue to be underpinned by consumer demand for entertainment and dining due to the busy lifestyle of consumers in Singapore, driving the need for accessible and multi-faceted afterhours establishments that they may dine at and unwind.

(b) As with our other businesses in Singapore, we expect to face inflationary pressures and a general trend of increase in the costs of food ingredients and other overheads such as utilities.

(c) Coupled with the ongoing compliance costs of a publicly listed company and our one-time listing expenses, we expect our financial performance to be affected by ongoing compliance costs and expenses recorded in our financial statements in respect of a portion of our listing expenses incurred in connection with the Placement. We also expect our other expenses to increase significantly in FY2024 due mainly to professional and legal fees in relation to the Placement. We have recognised professional fees of S$0.2 million in connection with the Placement, in our unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for 3M2024. Please refer to the section "Use of Proceeds and Listing Expenses" of this Offer Document for further details in relation to our listing expenses.

(d) As set out in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, we intend to conduct geographical expansion by opening of new outlets or by entering into joint ventures, collaborations and/or strategic alliances. These expansion plans entail additional capital expenditures (such a renovations costs) before any generation of revenue and depreciation expenses.

Please refer to the sections entitled "General Information on our Group – Trend Information" of this Offer Document for further details.

OUR FINANCIAL PERFORMANCE

You should read the following summary of our financial information in conjunction with the full text of this Offer Document, including the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document and the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively.

Selected items from the Consolidated Statements of Profit or Loss and Other Comprehensive Income of Our Group

	Audited			Unaudited	
(S$'000)	**FY2021**	**FY2022**	**FY2023**	**3M2023**	**3M2024**
Revenue	930	16,487	23,931	5,071	8,926
(Loss)/Profit before taxation	(3,793)	2,776	3,685	1,418	510
(Loss)/Profit for the year/period	(3,391)	2,052	3,239	1,223	408
(Loss)/Profit for the year attributable to owners of the Company	(3,307)	1,145	2,904	1,013	386
Adjusted EBITDA[(1)]	(2,004)	4,402	6,224	1,885	1,667
Pre-Placement EPS (cent)[(2)]	(0.93)	0.32	0.81	0.28	0.11
Post-Placement EPS (cent)[(3)]	(0.83)	0.29	0.73	0.25	0.10

Notes:

(1) The adjusted EBITDA computation has been derived from taking the (loss)/profit before taxation and excluding the finance costs and depreciation of plant and equipment.

(2) The pre-Placement EPS for the Period under Review has been derived based on our profit for the year attributable to owners of the Company divided by our share capital of 356,750,000 Shares immediately prior to the Placement and the issue of the ECA Shares.

(3) The post-Placement EPS for the Period Under Review has been derived based on the profit for the year attributable to owners of the Company divided by our share capital of 400,000,000 Shares immediately following the Placement and the issue of the ECA Shares.

Selected items from the Consolidated Statements of Financial Position of our Group

	Audited			Unaudited
(S$'000)	**As at 31 December 2021**	**As at 31 December 2022**	**As at 31 December 2023**	**As at 31 March 2024**
Non-current assets	6,917	10,665	30,381	31,906
Current assets	1,853	4,158	8,612	14,954
Total assets	**8,770**	**14,823**	**38,993**	**46,860**
Non-current liabilities	1,628	5,326	15,217	21,321
Current liabilities	9,173	6,148	15,622	15,286
Total liabilities	**10,801**	**11,474**	**30,839**	**36,607**
Total equity	**(2,031)**	**3,349**	**8,154**	**10,253**
NAV per Share (cents)[(1)]	(0.57)	0.94	2.29	2.87

Note:

(1) The NAV per Share has been derived using our total equity divided by our share capital of 356,750,000 Shares immediately prior to the Placement and the issue of the ECA Shares.

Selected items from the Consolidated Statements of Cash Flows of our Group

(S$'000)	Audited			Unaudited	
	As at 31 December 2021	**As at 31 December 2022**	**As at 31 December 2023**	**As at 31 March 2023**	**As at 31 March 2024**
Net cash (used in)/generated from operating activities	(84)	6,333	7,828	(389)	4,189
Net cash used in investing activities	(281)	(364)	(10,674)	(269)	(2,020)
Net cash generated from/(used in) financing activities	437	(4,337)	3,549	(580)	3,620
Net increase/(decrease) in cash and cash equivalents	**72**	**1,632**	**703**	**(1,238)**	**5,789**
Cash and cash equivalents					
Cash and cash equivalents at the beginning of year/period	436	508	2,140	2,140	2,843
Cash and cash equivalents at the end of year/period	**508**	**2,140**	**2,843**	**902**	**8,632**

OUR CONTACT DETAILS

Our Company's registered office is at 33 Ubi Avenue 3, #05-16 Vertex, Singapore 408868. The telephone of our registered office is (65) 6702 6200. Our email address is admin@goodwillsg.com. Our website address is https://goodwillsg.com/.

Information contained on our website does not constitute part of this Offer Document and should not be relied upon.

Placement Size	:	60,000,000 Placement Shares comprising 42,500,000 New Shares and 17,500,000 Vendor Shares, by way of Placement. The Placement Shares will, upon allotment and issuance, and the Vendor Shares will, upon their allocation, be free from all pre-emption rights, charges, liens and other encumbrances, and rank *pari passu* in all respects with our existing issued Shares (including the Vendor Shares).
Vendor	:	Mengkim
Placement Price	:	S$0.20 for each Placement Share, payable in full on application.
The Placement	:	The Placement comprises an offering of 60,000,000 Placement Shares at the Placement Price, for placement to investors, including institutional and other investors in Singapore, subject to and on the terms and conditions of this Offer Document.
Purpose of the Placement	:	The purpose of the Placement is to secure the admission of our Company to the Catalist. Our Directors believe that the Listing will enhance the corporate profile of our Group locally and internationally and enable us to tap into the capital markets to fund the expansion of our business growth. The Placement will also provide members of the public, our business associates and others with an opportunity to participate in the equity of our Company. In addition, the net proceeds from the issue of the New Shares will provide us with additional capital to fund our expansion. Please see the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for further details.
Listing Status	:	Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted in SGD on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for the listing and quotation of, our existing and issued Shares (including the Vendor Shares), the ECA Shares and the New Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.
Risk Factors	:	Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.
Use of Proceeds	:	Please refer to the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for more details.

PLACEMENT STATISTICS

Placement Price	S$0.20

NAV per Share

NAV per Share based on the unaudited condensed consolidated statement of financial position of our Group as at 31 March 2024:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the share capital of 356,750,000 Shares immediately prior to the Placement and the issue of the ECA Shares	2.2 cents
(b)	before adjusting for the estimated net proceeds of the issue of the New Shares and based on the share capital of 357,500,000 Shares immediately following the completion of the issue of the ECA Shares	2.2 cents
(c)	after adjusting for the estimated net proceeds of the issue of the New Shares and based on the share capital of 400,000,000 Shares immediately following the completion of the Placement	4.0 cents

Premium / (Discount) of Placement Price over the NAV per Share as at 31 March 2024:

(a)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the share capital of 356,750,000 Shares immediately prior to the Placement and the issue of the ECA Shares	809.1%
(b)	before adjusting for the estimated net proceeds from the issue of the New Shares and based on the share capital of 357,500,000 Shares immediately following the completion of the issue of the ECA Shares	809.1%
(c)	after adjusting for the estimated net proceeds of the issue of the New Shares and based on the share capital of 400,000,000 Shares immediately after the completion of the Placement	400.0%

EPS

EPS based on the audited consolidated statements of comprehensive income of our Company for FY2023 based on the share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares	0.8 cents
EPS based on the audited consolidated statements of comprehensive income of our Company for FY2023 based on the share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares, assuming the Service Agreement had been in place since the beginning of FY2023	0.6 cents

PER

PER based on the Placement Price and EPS of our Group for FY2023 based on the share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares	25.0 times
PER based on the Placement Price and EPS of our Group for FY2023 based on the share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares, assuming the Service Agreement had been in place since the beginning of FY2023	33.3 times

Net operating cash flow

Net operating cash flow per Share for FY2023 based on our Company's share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares	2.2 cents
Net operating cash flow per Share for FY2023 based on our Company's share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares, assuming the Service Agreement had been in place since the beginning of FY2023	2.0 cents

Price to net operating cash flow

Placement Price to net operating cash flow per Share of our Group for FY2023 based on our Company's share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares	9.1 times
Placement Price to net operating cash flow per Share of our Group for FY2023 based on our Company's share capital of 357,500,000 Shares immediately prior to the Placement but after the issue of the ECA Shares, assuming the Service Agreement had been in place since the beginning of FY2023	10.0 times

Market capitalisation

Market capitalisation based on the Placement Price and the share capital of 400,000,000 Shares immediately after the completion of the issue of the ECA Shares and the Placement at the Placement Price of S$0.20	S$80.0 million

An investment in our Shares involves risks. To the best of our Board's knowledge and belief, all risk factors which could directly and/or indirectly affect our Group and are material to prospective investors in making an informed judgement of our Group have been set out below. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic and political conditions.

The following describes some of the significant risks known to us now that could directly and/or indirectly affect our Group and the value or market price of our Shares. The risk factors stated below are not intended to be exhaustive and therefore do not state risks unknown to us now but which could occur in future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects. New risk factors may emerge from time to time and it is not possible for our Board to predict all risk factors, nor can our Company assess the impact of all factors or the extent to which any factor or combination of factors may affect us and the Listing.

If any of the following considerations, uncertainties or material risks develop into actual events, our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects could be materially and adversely affected. In such cases, the market price of our Shares could decline due to any of these risks and you may lose a part or all of your investment in our Shares.

This Offer Document also contains forward-looking statements that involve risks and uncertainties. The actual results of our Group's operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks our Group faces as described below and elsewhere in this Offer Document. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document for further details.

Before deciding to invest in our Shares, prospective investors should consider carefully the risks described below, together with all other information contained in this Offer Document and seek professional advice from their adviser(s) about their particular circumstances.

RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY IN WHICH WE OPERATE

We will be affected by any change in economic and social conditions, in particular, consumer spending and preferences and lifestyle trends

Our Group's business is sensitive to economic and social conditions which affect consumer demand for entertainment and leisure activities. Any change in economic conditions such as economic performances, unemployment rates, inflation, recession, stock market performance, interest rates, the availability of consumer credit, and any regulatory (including fiscal and other governmental policies) or social or political changes in Singapore and the countries in which our Group is planning to operate may have an adverse impact on our businesses. Declines in general economic conditions could reduce the level of discretionary income and significant shift in consumer spending and/or preference and/or lifestyle trends. The success of our business is dependent on social conditions, in particular consumer spending and preferences and lifestyle trends, in Singapore and the countries in which we are planning to operate, and any decline in consumer spending or changes to preferences and lifestyle trends may adversely affect our financial performance.

Any change or amendment to the laws, policies, regulations, and government control may have an adverse effect on our business, financial condition and/or results of operations

We are or will be subject to various laws, policies, rules and regulations. Each of our outlets is subject to compliance of rules and regulations by various authorities that regulate matters such as the operation of entertainment business (such as karaoke and live show performances), F&B (including the sale of alcoholic beverages), and fire and safety of our outlets and each of our outlets are required to obtain, directly or indirectly, the relevant approvals, permits or licences from the relevant government authority to operate. Please refer to the section entitled "General Information on our Group – Government Regulations" of this Offer Document for more information on these regulations.

These government regulations governing our business are subject to changes, and any adverse change in any of these regulations, such as shortening of operating hours, may negatively impact the businesses and financial performance of our Group. Certain of our approvals, permits and licences such as our Public Entertainment Licences, Liquor Licences (Class 1A), Food Shop Licences, Copyright Music Licences are typically renewed on an annual basis, whereas our Licences for the Reproduction of Karaoke and Licences for the Public Performance of Karaoke may only be renewed for six-month terms. There had been delay in the past in relation to the applications for the licences for public performance of karaoke and the reproduction of karaoke issued by MRSS and the copyright music licences from COMPASS for our outlets. Notwithstanding the delays, the licences were issued by MRSS and COMPASS upon payment of the requisite fees.

The approvals, permits and licences held by the relevant Group Company may be revoked or suspended for cause (including any breach of licence conditions) at any time by the relevant issuing authority. If our Group and/or our employees (whom we depend on to ensure compliance with applicable laws, rules and regulations, including those relating to maintaining hygiene standards) are found to be in breach of any applicable laws, rules or regulations or the conditions of any permits or licences, the relevant authority may take action against our Group, and such action may include warnings, penalties, suspension of permits or licences, imposition of additional conditions, and revocation of the permits or licences. Any failure to receive, retain or renew, or suspension of any of the relevant approvals, permits and licences for any of our outlets will lead to an adverse effect on their financial performance and position. Notwithstanding the foregoing, we have not had any approvals, permits and licences granted for the Group's operations revoked or suspended nor do we face issue with the renewal of the Group's approvals, permits and licences.

Our efforts to comply with new and changing laws, policies, and regulations may likely result in increased of general and administrative expenses and a diversion of management time and attention from revenue-generating activities, to compliance activities. The new laws, policies, and regulations may require additional approvals or licenses, impose additional restrictions on our operations, or tighten enforcement of existing or new laws, policies, and regulations.

The industry in which our Group operates is highly competitive

There are many other karaoke, entertainment, and F&B businesses that compete directly and indirectly with our Group. Our Directors note that there are low barriers to entry for new karaoke operators due to the business-friendly environment in Singapore. New business owners face minimal bureaucracy when applying for operating licences, and capital investment for their respective ventures may not require a substantial amount, depending on the services offered and the size of the outlets. Some of the competitors of our Group are well-established and may have significantly greater reputation, financial, marketing or other resources than our Group and we may not be able to compete effectively against these competitors. We may also encounter increased competition as a result of lowering prices or other marketing strategies employed by our existing competitors or new entrants. Any inability to compete effectively may lead to adverse effects on the financial performance and position of our Group.

Our success and growth are closely tied to the latest entertainment trends

A change in trend of preferred entertainment concept could result in our business becoming less popular. As the entertainment industry evolve, we must proactively monitor and adapt swiftly to the changing trends to stay relevant, maintaining a competitive edge in the market. Failure to innovate or provide fresh offerings may render our existing offerings obsolete. We must continually innovate our offerings to adapt to the emerging entertainment trends in order to capture market share swiftly. Any failure to anticipate and pivot our offerings in response to these shifts can result in significant losses and diminished relevance which may lead to adverse effects on the financial performance and position of our Group.

New concepts introduced by our Group have no operating track record

Our Group introduced two (2) new entertainment concepts, namely our dance club concept "FATEbyhavefun" at our flagship outlet Cineleisure Orchard in November 2023 and our live show concept "HaveFun Live Show" at our Bugis+ Joint Venture Outlet in February 2024. As such new concepts have no operating track record, there is no assurance that they will achieve revenues that commensurate with their investment costs within the projected timeline or that they will be successful in attracting such number of customers as anticipated at all. If these new concepts fail to achieve a sufficient level of revenue or if we are unable to manage their costs efficiently, our Group may not be able to recover its investment cost in relation to these outlets and the future financial performance and position of our Group would be adversely affected.

Our business will be adversely affected by negative publicity

The reputation of our business is subject to reviews from our customers concerning various issues, including (but not limited to) the quality of our services, the quality of F&B (including alcoholic beverages) served at our outlets, the hygiene standards and operational efficiency at our outlets, any complaints of illnesses from consumption of F&B at our outlets and any injuries sustained at our outlets as a result of the nature of entertainment events, leading to negative publicity to our Group. Negative publicity may also arise from various other reasons beyond our control, such as malicious or groundless rumours about our Group, our Directors, our key management officers, our employees or our offerings. Such negative publicity may be easily spread and may adversely impact our Group's business operations, financial performance and position. Save for some minor customer complaints such as food taste, we are not aware of any negative publicity which have any material adverse impact on our Group's business operations, financial performance and position.

We are exposed to risks of attacks, threats, violence, or other disturbances as a result of the nature of entertainment events

Entertainment and F&B businesses, while often associated with joy, excitement and community gathering, may also expose attendees and participants to various risks such as physical attacks, threats, acts of violence or other disturbances. The heightened emotions of attendees, amplified by the energy of the crowd, the intensity of performances and engagement with fans, may lead to instances of unruly behaviour, conflicts between attendees or even crowd-related emergencies. Any of these events could result in personal injuries and/or other disruptions to the operations at our outlets, especially at our "FATEbyhavefun" and "HaveFun Live Show" outlets. As these outlets generally attracts large crowd co-mingling freely with one another, it presents logistical challenges for our safety and security personnel to monitor every attendee attentively. While we have implemented various risk mitigation measures to the best of our abilities such as positioning safety and security personnel at the entrance of the said two (2) outlets to screen attendees and conduct bag checks prior to entry and implementing constant patrol by our safety and security personnel of the floor during operations, such risks that are beyond our control are difficult to be managed and as such, impossible to eliminate all risks entirely. Negative publicity from such risks may lead to decline in our business and consequently have adverse effects on the financial performance and position of our Group. Save for the occasional minor unruly behaviour and/or conflicts between attendees which our safety and security personnel are trained and adept at responding to, we have not encountered any material physical attacks, threats or acts of violence nor any negative publicity which have any material adverse impact on our Group's business operations, financial performance and position.

We are exposed to business disruptions as a result of the nature of operating in the entertainment industry

Routine inspections conducted by law enforcement authorities such as the Ministry of Manpower and the Singapore Police Force may pose a risk of business disruptions, particularly for our outlets which are located in area where law enforcement authorities conduct frequent or unexpected inspections. While these inspections are intended to ensure compliance with laws and regulations and maintain public safety, they may cause inconvenience and disruption to our business operations, leading to lost sales opportunities by our Group. Such inspections also may adversely affect future revenue streams as the frequent presence of law enforcement authorities at our outlets may deter our customers from returning to or potential customers from patronising our outlets as some of our customers may feel uncomfortable and/or intimidated by the presence of law enforcement authorities, leading them to avoid visiting our outlets altogether.

Frequent routine inspections may also inadvertently develop a negative reputation of our Group for being associated with non-compliance, which in turn may result in diminished trust amongst our customers and stakeholders and have an adverse impact on our Group's business operations, financial performance and position.

Our Cineleisure Orchard outlet and Bugis+ Joint Venture Outlet had a minor non-compliance with one of the public entertainment licence conditions, respectively in January 2024 and February 2024 (in relation to Cineleisure Orchard outlet) and March 2024 (in relation to Bugis+ Joint Venture Outlet) following inspections undertaken by Singapore Police Force. As consequence, each of the Cineleisure Orchard outlet and Bugis+ Joint Venture Outlet received a notice of composition from the Singapore Police Force and a fine of S$750 and issued three (3) demerit points for its public entertainment licence. Please refer to the section entitled "General Information on our Group – Government Regulations – Past Non-Compliance" of this Offer Document for further details of the non-compliance. There were no further material findings by the authorities and we have paid the necessary penalty imposed for the non-compliance. Please refer to the section entitled "Risk Factors – Risks Relating to Our Business or the Industry in Which We Operate - We may be subject to fines and/or other penalties for past non-compliance with laws and regulations" of this Offer Document for more information on the past non-compliance for each account of the non-compliance.

Our outlets are subject to lease renewal and relocation risks

All of our outlets operate on properties leased from third parties. Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for more information on our Group's existing lease agreements.

We have to engage in renewal negotiations with the landlords prior to the expiry of the relevant leases and during the renewal negotiation process, the landlords may revise the terms and conditions of the lease and we may face the possibility of an increase in rent, or not being able to renew the lease on terms and conditions acceptable to us or at all. Under certain circumstances, the landlords also have the right to unilaterally terminate the lease by giving a written notice of termination without any breach by our Group of our obligations therein. There is no assurance that we would be able to renew the relevant leases on terms acceptable to us or that the landlords will not terminate these leases. In the event of the non-renewal or termination of these leases, we would have to discontinue or relocate our business operations and assets to other suitable replacement facilities, which may cause disruptions to our normal business operations. We will also have to incur additional costs and expenses to reinstate the relevant premises prior to handing over and other relocation costs, including the costs for obtaining the relevant regulatory approvals in respect of the new premises. This is because the licences are tied to the premises and re-certification would be required if there is a shift in premises. If we are unable to find suitable alternative locations at rental rates which are favourable to us, we may be subject to increased rentals which would result in higher operating costs and may adversely affect our business operations, financial performance and position.

We may not be able to secure new strategic locations to expand our business

Our growth is dependent on its outlets being situated at locations with proximity to locations that experience high traffic (such as shopping malls, hotels and offices). Our management team constantly seeks new strategic locations for the purposes of our business expansion. The locations of our outlets will directly affect the level of patronage. It poses a challenge to obtain good locations for our Group's outlets at cost-effective rental rates in Singapore. Hence, there can be no assurance that we will be able to continue to secure strategic locations for our new outlets, and any failure to do so may affect our Group's business operations, financial performance and position.

In respect to new locations for karaoke and multi-entertainment venues secured by our Group, there is no assurance that we can generate the expected levels of revenue for such new outlets. Notwithstanding so, we would have to incur the fixed cost and expenses for the setting up and operation of such outlets, which will include rentals for the entire duration of the lease term for such premises and staff costs, regardless of the expected levels of revenue of each new outlet. This will, in turn, adversely affect our business operations, financial performance and position.

We may be affected by the change of environment in which the outlets are located

Currently, all of our Group's outlets are situated in commercial complexes or commercial malls or recreational clubs at strategic locations with proximity to public transportation and high-traffic buildings. A change in the environment in which our outlets are located at, such as worsening maintenance or a change in neighbouring tenant mix and image, may result in reduced footfall and patronage of our target market customers. There is no assurance that the commercial complexes or commercial malls or recreational clubs in which our outlets are located will not be closed or demolished. The closure or demolition of a commercial complex or commercial mall or recreational club in which one (1) of our outlets is located may result in us having to write off certain fixed assets in that outlet. Furthermore, we may not be able to source for and obtain other suitable alternative locations in a timely manner or at all, which may result in a loss and disruption to our business operations. In the event of any temporary closure of a commercial complex or commercial mall or recreational club in which one (1) of our outlets is located, whether due to renovation works or otherwise, we may be required to temporarily cease operations of such outlet or be required to relocate to a less strategic location, resulting in a reduction in footfall and a consequent decline in patronage of such outlet. All the above events may have a material and adverse effect on our business, financial condition and results of operations.

Our expansion and future growth are dependent on various factors

Our continued success and sustainability of growth will depend on our ability to expand and manage our chain of karaoke and multi-entertainment venues. As part of our growth strategy, we intend to establish more outlets in Singapore and overseas. Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document for more details.

Our expansion plans will also require us to, *inter alia*, secure additional suitable premises and will require substantial working capital and capital expenditure. A good location possesses characteristics such as high traffic flow, reasonable rental costs, a safe and conducive environment for dining and close proximity to customers. Premises in good locations suitable for our outlets are scarce and frequently in high demand, with higher rental expenses. There is no assurance that we will be able to continue to secure good locations to expand our chain of karaoke and multi-entertainment venues, and this may affect our business, financial condition and results of operations. Further, our new outlets may not achieve their expected profitability for a prolonged period of time or at all, due to various factors, such as the effectiveness of our business and marketing strategies or other factors beyond our control, such as global and local economic conditions, market sentiment and market competition.

We may also need additional capital to fund our expansion plans and working capital in the future. The actual amount and timing of future financing may depend on several factors, among others, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments. Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Raising additional equity may also lead to dilution in the interest of Shareholders. Raising additional equity or debt financing may restrict our ability to pay dividends and lower our flexibility in utilising working capital to react to changes in the business and industry environment. In the event there is insufficient cash flow to meet our working capital requirements, our business, financial condition, and results of operations may be materially and adversely affected. These factors may result in us having to raise funds through short-term borrowings. If there is any increase in the interest rates for such borrowings, our business, financial condition, and results of operations may be materially and adversely affected. A disproportionate increase in our working capital requirements may result in us incurring borrowing costs, which may have a material and adverse effect on our business, financial condition, and results of operations.

In addition, there is no guarantee that we will be able to obtain additional financing on terms acceptable to it, or at all. Our ability to obtain additional financing on acceptable terms is subject to a variety of uncertainties, including future results of operations, financial condition and cash flow, economic and political conditions and market demand for our services, costs of financing, liquidity and overall condition of financial and capital markets in Singapore and internationally, receipt of applicable business licences, approvals and other risks associated with our businesses, and limitations on our ability to raise capital in capital markets. Any such inability could have a material and adverse effect on our business, financial condition, and results of operations.

We may engage in merger and acquisition exercises in Singapore and overseas market depending on available opportunities, feasibility and market conditions. Participation in merger and acquisition exercises or other investment opportunities involves numerous risks, including possible diversion of our management's attention from existing business operations and loss of capital or other investments deployed in such mergers and acquisitions or opportunities. In such events, our financial condition may be adversely affected. We cannot assure that we will be able to address all the risks involved in expanding our business or that we will be successful in expanding our business beyond our current services or geographic network. Furthermore, our expansion may not achieve the anticipated financial results or be profitable at all. Failure to adequately address expansion risks could materially and adversely affect our business, financial condition and/or results of operations.

We may be unable to pursue strategic partnership or joint venture abroad to further complement our service offerings

We may pursue strategic partnerships or joint ventures abroad that complement or enhance our existing operations as well as those that are strategically beneficial to our long-term goals, including opportunities to expand our service offerings. While we seek to further expand our business, our efforts to continue and effectively manage our expansion may not be successful as we may face difficulties in (a) identifying suitable partners; (b) negotiating terms with the partners which are more favourable to us; and (c) exposure to unanticipated contingent liabilities from the risks of such partnerships or joint ventures. Finding and consummating partnerships requires management time and effort, and finding and consummating such opportunities in new markets can pose greater risk as we have limited or no prior experience. Failure to pursue strategic partnerships or joint ventures to expand our service offerings could have a material adverse effect on our business, results of operations, financial condition, or prospects.

We may face uncertainties associated with our overseas expansion plans

Our overseas expansion initiatives, as described in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, involve numerous risks, including but not limited to our ability to secure good locations to operate our karaoke and multi-entertainment venues, obtain the relevant licences and/or permits required to operate in overseas locations, the financial cost of setting up these new outlets and working capital requirements. We will also be subject to laws and regulations regarding overseas locations, affecting the repatriation of capital and remittance of profits. As we have limited experience or no prior experience in setting up and operating karaoke and multi-entertainment venues overseas, there is no assurance that we will be able to manage our overseas business expansion plans effectively and successfully. There is also no assurance that our expansion plans will achieve sales commensurate with our investment costs or that we will successfully secure more customers for our new outlets. If we fail to achieve a sufficient level of revenue or fail to manage our costs efficiently, we will not be able to recover our investment, and our future financial performance and position will be adversely affected.

These expansion plans will require substantial capital expenditure and financial resources. There is no assurance that our Group will have sufficient funds for its expansion plans or that we will be able to secure adequate financing. Failure to do so may materially affect our business operations, financial performance, position, and future growth and prospects.

We may be exposed to certain risk associated with our debt financing

We may be subject to risks normally associated with debt financing, including exposure to fluctuations in interest rates and the inability to meet payments of the principal amount and interest. This is because a significant increase in interest rates would increase our Group's borrowing and financing costs, which would in turn weaken our Group's financial standing when seeking future financing. This may adversely affect the business, financial position, results of operations and prospects of our Group.

The Company's current term loan facility with UOB includes an interest rate swap transactions entered into by the Company with UOB, as required by UOB. This risk arises from fluctuations between the underlying interest rate exposure and the hedging, whereby such fluctuations can lead to unintended financial outcomes, which in turn affect our business, financial condition and/or results of operations.

We will also be subject to the risk that our existing borrowings may be terminated by the lenders upon the occurrence of certain events (such as a breach of covenants, or the failure to make interest payments, or rectify any breach in the agreements). Particularly, it should be noted that our existing facility with DBS and UOB is subject to covenants that require us to seek consent for any direct or indirect change in control in the shareholding or management of a Group Company or the declaration, payment or making of any dividend or other distribution. As at the date of lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority, we have informed DBS and UOB of the (a) change in shareholding or management (since the commencement of the respective facilities, including the Restructuring Exercise) or the declaration, payment or making of any dividend or other distribution undertaken by our Group Company (since the commencement of the respective facilities, including the Restructuring Exercise) and (b) changes in shareholding of our Company and additional appointments of directors to our Board undertaken by our Company as result of the Listing and no objections were raised by DBS and UOB.

Please refer to the section entitled "Capitalisation and Indebtedness - Banking and Credit Facilities of our Group" for more information.

Our operational software may be subject to disruptions or failure, which could result in delays to our operations

We rely on external providers for our internal operating software to enable efficient operational management and to better serve our customers' entertainment needs. Our management team assessed that it is more cost efficient for the Group's IT functions to be outsourced to external providers, as opposed to hiring an in-house IT team given that there are various IT services required by our Group (such as maintenance of karaoke equipment and database, office hardware and software, servers and websites) which necessitates specialised expertise that can be fulfilled by external providers having such expertise. Therefore, our ability to maintain an effective entertainment venue depends, in part, upon our ability to make timely and cost-effective enhancements and additions to the technology underpinning our operational software and to introduce new technological products and services that meet customer demands. We cannot assure that we will be able to successfully keep up with technological improvements or that the technology developed by others will not render our services less competitive or attractive.

We are gradually phasing out the usage of physical servers (located at respective outlets) to cloud-based technology for all outlets. The use of cloud-based technology will rely on the performance, security, updates and maintenance of the servers of the external providers. Further, a stable connection to the internet is necessary to ensure smooth running of cloud-based technology. In addition, hardware or software failure relating to our IT systems or that of the external providers could significantly disrupt workflows and cause delays in our operations, resulting in economic losses and damaging our reputation. We may be subject to hacking or other attacks on our IT systems. Although we have anti-virus and anti-hacking measures in place, we cannot assure you that we can successfully block and prevent all hacking or other attacks. The CFO and COO oversee and liaise closely with the external providers to ensure that the internal controls objectives are met. Evaluation of external providers will be performed periodically to ensure that the services are in line with the terms agreed and to ensure the Group will be indemnified against any breach of the terms by the external providers to protect the interest of the Group.

Failure to protect against technological disruptions in our operations may materially and adversely affect our business, financial condition and/or results of operations, however, we have not encountered any material technological disruptions in our operations.

We may be affected by outbreaks of any contagious or virulent diseases or acts of terrorism

Since late December 2019, there has been an outbreak of COVID-19 worldwide. The outbreak of COVID-19 resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments around the world, including Singapore, where we operate.

We have plans to expand our market presence to new overseas markets in regional cities. Any outbreak of any contagious or virulent diseases, in Singapore and/or the countries in which we are planning to operate, may negatively affect consumer confidence and sentiments, leading to a reduced willingness by the public to patronise our Group's outlets. Consequently, our financial performance and position may be adversely affected. If any of our employees, in particular our senior management staff and personnel, contracted any contagious or virulent diseases, our operations may be adversely affected or disrupted. We may be required to temporarily close down our offices to prevent the spread of the disease and/or to quarantine the facilities of our customers which our employees have visited. Our cost of sales was increased pursuant to the outbreak of COVID-19, and we may not be able to fully transfer the extra cost to our customer, therefore any significant increases in the cost of sales could therefore reduce our profit margin and materially and adversely affect our business, financial condition and/or results of operations. There is no assurance that there will not be any such outbreak of any contagious or virulent disease which could have such an impact in the future.

In addition, our business and operations may be materially and adversely affected by unforeseeable circumstances and other factors such as terrorist attacks or social and political unrest or other acts of violence and may materially and adversely affect the global financial markets and business and consumer confidence. Our business may be affected by such market sentiment and consumer confidence which could materially and adversely affect our business, financial condition and/or results of operations.

We may not be able to maintain the quality of our F&B offerings or services

Inconsistency in the quality of our F&B offerings and/or services may result in customer dissatisfaction and a reduction in patronage by our customers. Poor or inconsistent quality of F&B offerings and/or services may be a result of a high staff turnover, shortage of staff, lack of proper supervision or a fall in the quality of ingredients received from our suppliers.

Moreover, if we fail to maintain the quality of our F&B offerings and/or services, we may be subject to complaints or allegations from our customers, including negative reports published in the media and on the internet regarding our food or services, and we may incur expenses to mitigate the effects of such negative reports. Such bad publicity, whether merited or otherwise, may materially and adversely affect our business, financial condition and results of operations.

Further, if customer complaints give rise to legal claims, our Group would have to divert management resources and expend costs to address such claims, thereby further affecting our business, financial condition and results of operations. Although there has been no occurrence of customer complaints leading to legal claims during the Period Under Review, there is no assurance that such instances will not occur, and that material litigation will not be brought against us in future. Any loss, liability or expense incurred pursuant to such claims may materially and adversely affect our business, financial condition and results of operations. While we have implemented quality control measures across our outlets, there is no assurance that the quality of our food and services will not fluctuate due to, *inter alia*, high staff turnover, shortage of staff, lack of proper supervision or a fall in the quality of ingredients received from our suppliers. Failure to maintain or update the premises of our outlets to the satisfaction and preferences of our customers may result in declined patronage at such outlets, which may consequently result in a material and adverse effect on our business, financial condition and results of operations.

Our business is largely service-oriented, and we are dependent on good employees for our continued success and growth

Our outlets are highly service-oriented as our Group strives to provide and maintain positive experiences for our customers. Accordingly, in addition to our Group's management team, our continued success depends in part upon its ability to attract, motivate and retain a sufficient number of experienced, skilled and like-minded employees, including outlet managers and district manager. The failure of our Group to recruit experienced or skilled personnel and retain our key employees may adversely impact our operations and expansion plans. In addition, we may have to pay higher wages to attract and retain sufficient, capable, experienced employees. This could result in higher employee benefits expenses, adversely affecting our business operations and our financial performance and position.

Our business and growth prospects depend on our ability to continue to attract and retain qualified personnel, including our senior management

Members of our management team have formidable leadership and deep expertise in their respective roles. Mr. Flint Lu has over nine (9) years of entrepreneurial experience in the public entertainment industry, specialising in strategic planning, business development, marketing strategy and business strategy, while Ms. Victoria Sun has over eight (8) years of experience in operations and business development and Mr. Tan Kian has over 27 years of experience in financial management and audit. Please refer to the section entitled "Directors, Executive Officers and Employees" of this Offer Document for more details of their profile.

We believe the experience and stability of our management team have been critical to our success and business growth, and our continuing success depends on our ability to attract, train, motivate and retain a group of highly skilled personnel. As a result, if we lose any of the employment of any members of our management team and fail to retain or recruit suitably experienced personnel in a timely manner, our ability to implement and realise our strategic objectives could be impaired. The loss of services of some of our senior management team could materially and adversely affect our business, financial condition and/or results of operations.

We are subject to government regulations relating to foreign workers

Due to the nature of our business, substantial manpower is required, and our operations will require the employment of foreign workers. Government authorities regulate the employment of foreign workers, which may limit the number of foreign workers hired, conditions for such hiring, and levies imposed on each foreign worker hired by our Group. Hence, any change in government policies to reduce the number of foreign workers permissible to be employed by our Group or any increase in levy may materially and adversely affect our business operations, financial performance and position. Additionally, any change in the policies of foreign workers' countries of origin may affect the supply of foreign workers and cause disruptions to our Group's operations. Any increase in competition for foreign workers may also increase staff costs. In the event that the number of foreign workers that we can employ is reduced and/or the cost of foreign manpower increases, our business operations, financial performance and position will materially and adversely be affected.

We do not have long-term contracts with our suppliers

We purchase karaoke equipment and F&B raw materials along with alcoholic beverages from our suppliers, who are selected based on, amongst others, their market reputation, the quality of and demand for their products, past working experience with them, pricing and their ability to meet our Group's delivery requirements. As we do not enter into long-term contracts with our suppliers, there is no assurance that our suppliers will continue to supply products to our Group on terms and prices acceptable to us and at current levels or that they will continue to supply products to our Group instead of our competitors. If there are any adverse changes in our suppliers' conditions (financial or otherwise) and our Group's suppliers are unable to meet our inventory needs or if the suppliers make a commercial decision to discontinue their supply of products to us for whatever reason, and we are unable to obtain alternative supplies to meet our needs, or if there are any unfavourable variations of terms in the arrangements with suppliers, our business operations, financial performance and position may be adversely affected.

Our insurance policies do not cover consequential loss of business

We maintain insurance coverage that is necessary for the purposes of our business operations, including public and general liability insurance. Please refer to the section entitled "General Information on our Group – Insurance" of this Offer Document for further details of our existing insurance coverage.

We do not maintain an expansive insurance policy which covers all losses. The high costs of obtaining and maintaining insurance coverage for all circumstances and all types of losses may not be practical for our operations, which generally is not high risk unlike industries involving heavy machinery, hazardous materials, or complex logistics. Our business carries lower physical risks for both employees and customers.

There can be no assurance that our Group's insurance policies would be adequate to cover all consequential loss of business. As far as the Company is aware, it is aligned with market practice. We will procure the necessary additional insurance coverage for our business operations, properties and assets as and when the need arises. In the event that the insurance coverage is not extensive enough to cover all such losses, claims and/or liabilities, our business operations, financial performance and position will be adversely affected.

We may be subject to claims for infringement of third parties' intellectual property rights

Third parties may initiate claims against our Group alleging infringement of their intellectual property. In particular with respect to our Group's karaoke operations, our Group holds valid copyright licences for the public performance of karaoke and the reproduction of karaoke issued by MRSS and copyright music licence issued COMPASS for its business operations. Please refer to the section entitled "General Information on Our Group – Material Licences, Permits and Approvals" for further information of our Group's music copyright licences.

During the Periods Under Review and up to the Latest Practicable Date, our Group had not faced any claims for infringement of third parties' intellectual property rights, which had a material adverse impact on our business operations, financial performance and position. Nevertheless, we cannot assure you that we have identified all relevant third party applications or that the products and services offered solutions by us (including those which are provided in accordance with our customers' requirements and specifications) would not inadvertently infringe the intellectual property rights of others, or that others would not assert infringement claims against us or claim that we have infringed their intellectual property rights. Such claims against us, even if untrue or baseless, may result in additional costs, legal or otherwise, cause product shipment delays, require us to provide non-infringing products, modify our business processes, enter into licensing agreements or negatively affect our reputation and brand image. Licensing agreements, if required, may not be available on terms acceptable to us or at all. If we decide to develop alternative technologies, we may not be able to do so in a timely or cost-effective manner, or at all. In the event of a successful claim of infringement of intellectual property rights against us and our failure or inability to provide non-infringing products or to license the infringed intellectual property rights or to develop alternative technologies in a timely or cost-effective manner, our business, financial condition, results of operations and/or prospects may be negatively affected.

Moreover, we do not insure against the risk of our, or our counterparties', infringement of a third party's intellectual property rights or of a third party infringing on our intellectual property rights. Consequently, we may suffer losses, claims or damages from such infringement (either by us or our customer) and in the case of a third party's infringement of our intellectual property rights, we may be unable to seek full indemnification or compensation from the infringing party if at all. Such losses, claims or damages, if substantial, could have a negative effect on our business, financial condition, results of operations and/or prospects.

We depend on the strength of our reputation, brands and intellectual property

We believe that we have established a reputation as one of the main players in the entertainment industry in Singapore, with our brand name "Have Fun" recognisable by the general public. Consumer perception of our brands depends on various factors, such as the quality of our food and service, the physical condition, ambience and cleanliness of our outlets, and word-of-mouth references, as well as our advertising, public relations and marketing activities. If our brand image deteriorates or our marketing and other activities are less effective than expected, our business, financial condition and results of operations may be materially and adversely affected.

We believe that our "Have Fun" trademarks have considerable value and are important to our brand-building efforts and the marketing of our dining concepts. Please refer to the section entitled "General Information on our Group – Intellectual Property Rights" of this Offer Document for further details of our trademarks. There is no assurance that our application for registration of our trademark "Goodwill Entertainment" which remain pending will be approved. In the event that any third party alleges proprietary rights over such trademarks, we may be exposed to legal proceedings brought against us by such third parties in respect of our use of the trademark.

It is possible that third parties may adopt trade service names similar to our trademarks which are registered or pending registration. It is also possible that third parties may register trademarks identical or similar to ours overseas which may create barriers to entry in such markets for our Group in the future. If any of our trademarks is infringed or if our trademark applications are challenged or revoked or if we are unsuccessful in enforcing our intellectual property rights in legal proceedings at a reasonable cost, or at all, or if such legal proceedings result in monetary liability in the form of damages and/or prevent us from further using our trademarks, our business, financial condition and results of operations may be materially and adversely affected. Unauthorised or incorrect use of our brands, trademarks or variants by our partners or other third parties, may harm our reputation, and if any of our trademarks is infringed, or if our trademark applications are challenged or revoked, we may not be able to succeed in legal proceedings to enforce our intellectual property rights at a reasonable cost or at all. As a result, the goodwill generated by our brands may be eroded and our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to fines and/or other penalties for past non-compliance with laws and regulations

As our Group and its operations are based in Singapore, it is subject to the relevant laws and regulations in Singapore, such as the Companies Act. In the past, there have been certain non-compliances by our Group with the Companies Act, such as delay in the appointment of auditors for the Group or delay in necessary filing requirements under the Companies Act. Late lodgement fees have been imposed by ACRA in connection to the delay in necessary filing made by the Company. As for the delay in the appointment of auditors, as of the Latest Practicable Date, no penalties or any regulatory actions were taken by ACRA against the Group. There has also been delay in the applications for the licences for public performance of karaoke and the reproduction of karaoke issued by MRSS and the copyright music licences from COMPASS for our outlets, of which our Group has paid the necessary licence fees, and there were no penalties imposed by MRSS and COMPASS, nor any regulatory actions taken against any of our Group Company as of the Latest Practicable Date. Please refer to the section entitled "General Information on our Group – Government Regulations – Past Non-Compliance" of this Offer Document for further details of the non-compliance. Further, our outlet located in Cineleisure Orchard and the Bugis+ Joint Venture Outlet had a minor non-compliance to the condition of the respective public entertainment licence issued to them which resulted in the demerit points on the respective public entertainment licence. Please refer to the section entitled "General Information on our Group – Government Regulations – Past Non-Compliance" of this Offer Document for further details of the non-compliance. For such civil contraventions, the administrative fines or penalty depends on the subject matter of the non-compliance.

We have since addressed and rectified such non-compliances, including making the necessary lodgement, paying the necessary licence fees or fine imposed. The penalties imposed and the demerit points on our public entertainment licence do not have a material adverse impact on the Group's operations and/or financials during the Period Under Review and up to the Latest Practicable Date.

Notwithstanding that rectification measures have been taken, there is no assurance that no action will be taken against our Group or its directors, managers or officers for past breaches, which will result in reputational damage and adversely affect our Group's business but is not expected to have a material adverse impact on our financial performance or position. Our Group has since implemented a standard operating procedure to ensure improvement on the administration of our business and outlets and have been actively monitoring the compliance to the standard operating procedure by engaging our outlet supervisors on site to conduct weekly checks. Our outlet supervisors play a crucial role in assisting the outlet manager in managing the day-to-day operations ensuring the smooth running of the outlet. In relation to any issues arising from operations, our supervisor will report to the outlet manager who in turn reports to the district manager. Where the attention of management is required, the district manager will report the same to our COO, Ms. Victoria Sun. Please refer to the section entitled "General Information on our Group – Our Operation Management Structure – Operations of our Outlets" of this Offer Document for further details of the operations of our outlets. Our Board notes that the internal auditors have reviewed the adequacy and effectiveness of the standard operating procedure and in respect of the administration of our business and outlets confirmed that they are satisfied that the standard operating procedure is adequate and effective.

Although we have implemented the standard operating procedures to avoid further incidents of non-compliances, including setting reminders for licences renewals, trainings on updating administration records, and escalating issues for management review and implementing preventive or corrective measures, these procedures may not be fully effective and non-compliances may still occur.

We may be involved in legal and other proceedings arising from our operations from time to time

We may be exposed to the possibility of being involved in other major legal proceedings pursuant to any dispute with parties such as network partners, suppliers, customers, or any authorities or regulatory bodies. If we are unsuccessful in defending or settling any legal proceedings, and the damages for which we may be liable in respect of such legal proceedings are not covered by our insurance policies, our business, financial condition and/or results of operations could be materially and adversely affected. In addition, our management's attention could be diverted from the operation of our business in order to defend the legal proceedings in which we are involved, which could materially and adversely affect our business, financial condition and/or results of operations.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST, and the future success and liquidity in the market of our Shares cannot be guaranteed.

Pursuant to the Catalist Rules, we are required to, amongst others, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three-year period, the Sponsor will continue to act as our sponsor or that we will be able to find a replacement sponsor within the three-month period. Should such risks materialise, we may be delisted.

Issuance of new Shares for future growth and other corporate actions may dilute Shareholders' equity interests

We may expand our capabilities and business through acquisitions, joint ventures, strategic partnerships and alliances with parties who can add value to our business. We may require additional equity funding after the Placement by way of a placement of new Shares, or we may issue new Shares as consideration to finance future acquisitions, joint ventures and strategic partnerships and alliances. We may also undertake certain corporate actions to modify our capital structure. All these may result in a dilution of the equity interests of our Shareholders. Further, in the event that our Company issues new Shares to meet its financing needs and existing Shareholders do not participate in the *pro-rata* fundraising activities such as rights issues, such Shareholders may experience a dilution in their shareholdings.

Future sale or issuance of our Shares could materially and adversely affect our Share price

Any future sale, issuance, or availability of a large number of our Shares in the public market or perception thereof may have a downward pressure on our Share price. These factors also affect our ability to sell additional equity securities in the future at a time and price we deem appropriate. Save as disclosed under the section entitled "Shareholders – Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

There has been no prior market for our Shares, and the Placement may not result in an active or liquid market, and there is a possibility that our Share price may be volatile

Prior to the Placement, there had been no public market for our Shares. Although we have made an application to the SGX-ST for our Shares to be listed for quotation on Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained. Active or liquid markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. Liquidity in the market for a particular security is often a function of the volume of the underlying shares that are publicly held by unrelated parties.

There is also no assurance that the market price for our Shares will not decline below the Placement Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, general market conditions and broad market fluctuations.

Our Share price may fluctuate following the Placement

The Placement Price was determined through a book-building exercise and arrived at by us and the Vendor after consultation with the Sponsor and Issue Manager and the Joint Placement Agents, and after taking into consideration, amongst others, the prevailing market conditions and estimated market demand for the Placement Shares. The Placement Price may not be indicative of prices that will prevail in the trading market after the Placement, and investors may not be able to resell their Shares at or above the Placement Price. Factors beyond our control may cause volatility in the trading price of our Shares and may not correlate with or be proportionate to our trading results.

The market price of our Shares may fluctuate significantly and rapidly after the Placement in response to, amongst others, the following factors, some of which are beyond our control:

(a) variations of our operating results;

(b) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(c) changes in market valuations and share prices of companies with business similar to that of our Company that may be listed in Singapore;

(d) additions or departures of our key management personnel;

(e) material changes or uncertainties in the political, economic and regulatory environment in the markets that we operate;

(f) fluctuations of stock markets' prices and volume;

(g) announcements by us of significant acquisitions, strategic alliances or joint ventures;

(h) successes or failures of our efforts in implementing business and growth strategies;

(i) our involvement in material litigation; and

(j) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

Investors may not be able to participate in future issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders. We may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may thus experience dilution in their shareholdings.

Negative publicity including those relating to any of our Directors, Executive Officers or Substantial Shareholders may materially and adversely affect our Share price

Negative publicity or announcements, including those relating to any of our Directors, Executive Officers or Substantial Shareholders, may materially and adversely affect the market perception of our Group, our Directors, Executive Officers and Substantial Shareholders and the performance of the price of our Shares, whether or not they are justified. Negative publicity includes our unsuccessful attempts in joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

The actual performance of our Company may differ materially from the forward-looking statements in this Offer Document

This Offer Document contains forward-looking statements, which are based on several assumptions subject to significant uncertainties and contingencies, many of which are outside our control. Furthermore, our revenue and financial performance depend on several external factors, such as demand for our services, which may decrease for various reasons, including increased competition within the industry or changes in applicable laws and regulations. We cannot assure you that these assumptions will be realised and our actual performance will be as projected.

We may not be able to pay dividends

As at the Latest Practicable Date, our Company does not have a formal dividend policy. Our ability to declare dividends in relation to our Shares will depend on our future financial performance, which, in turn, depends on successfully implementing our future plans and strategies and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand for and selling prices of our products and services, our capital expenditure and other factors specific to our industry, many of which are beyond our control.

Further, our ability to declare dividends will also be dependent on dividend distributions from our principal operating subsidiaries and associated companies (if any). Certain of our subsidiaries and associated companies (if any) may, from time to time, enter into loan facilities with various banks and financial institutions pursuant to which the relevant subsidiary or associated company may be prohibited from making any distribution (including dividends) unless the relevant bank or financial institution has determined that such distribution will not affect the ability of that subsidiary or associated company, as the case may be, from repaying that particular loan.

In addition, the receipt of dividends from our Subsidiaries and associated company may be adversely affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations and other events beyond our control.

Please refer to the section entitled "Dividend Policy" of this Offer Document for further details.

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by us

If we offer, or cause to be offered, to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making these rights available to holders of our Shares or in disposing of these rights for the benefit of such holders and making the net proceeds available to such holders. We may not be able to offer these rights to the holders of our Shares having an address in a jurisdiction outside Singapore. Accordingly, Shareholders who are outside or have a registered address outside Singapore may be unable to participate in rights offerings and may experience a dilution in their shareholdings as a result.

Control by our Controlling Shareholder of our share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon the completion of the Placement, we anticipate that our Controlling Shareholder, Mr. Flint Lu and GIH2023, will hold approximately 28.38% and 35.67% respectively, of our issued share capital. As a result, they will be able to significantly influence our corporate actions, such as mergers or takeover attempts, in a manner that may not align with our public Shareholders' interests. They will also have veto power in relation to any shareholder action or approval requiring a majority vote except in situations where they are required by the Catalist Rules, the SGX-ST or undertakings given by them to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group, which may not benefit our Shareholders. We cannot assure you that our Controlling Shareholders will act solely in our or your interest or that any difference in interests will be resolved in our or your favour.

Singapore take-over laws contain provisions, which may vary from those in other jurisdictions, which could adversely affect the market price of the Shares

The Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control. Under the Take-Over Code, except with the consent of the SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-Over Code. Except with the consent of the SIC, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period. While the Take-Over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefits from a potential change of control.

USE OF PROCEEDS

Based on the Placement Price of S$0.20, the gross proceeds from the Placement (comprising the New Shares and the Vendor Shares) will be approximately S$12.00 million. The net proceeds to be raised from the Placement, will be approximately S$9.81 million after deducting the aggregated estimated expenses incurred in connection with the Placement (which will be borne by our Company and the Vendor).

The net proceeds to be raised by our Company from the issuance of the New Shares is estimated to be approximately S$6.45 million, after deducting our share of the estimated expenses in relation to the Placement of approximately S$2.05 million.

We will not receive any proceeds from the sale of the Vendor Shares by the Vendor.

For each Singapore dollar of the gross proceeds from the issuance of New Shares, we intend to use the following amounts primarily for the purposes set out below:

Use of proceeds	Estimated amount (S$'000)	Estimated amount allocated for each Singapore dollar of gross proceeds from the issuance of the New Shares (cents)
Expansion of our business regionally and globally	1,612.94	18.98
Broadening our existing business verticals	1,612.94	18.98
Acquisitions, joint ventures and/or strategic partnerships	1,290.35	15.18
Investment into entertainment technologies	645.17	7.59
General working capital requirements	1,290.35	15.18
Net proceeds from the Placement	6,451.75	75.90
Listing expenses to be borne by our Company	2,048.25	24.10
Gross proceeds from the Placement	8,500.00	100.00

Further details of our use of proceeds may be found in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document. In particular, our future plans may also be funded, apart from the net proceeds from the Placement, through internally generated funds and/or external borrowings. Save as disclosed in this section and in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, we do not intend to use the net proceeds from the Placement to acquire or refinance the acquisition of any asset other than in the ordinary course of business or to finance or refinance the acquisition of another business or entity. As at the Latest Practicable Date, we have not identified any asset, business or entity to acquire or refinance.

The foregoing discussion represents our best estimate of our allocation of the proceeds of the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to reallocate the net proceeds of the Placement for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com. In addition, our Company will make periodic announcements on the use of the proceeds from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds attributable to our Company from the Placement in our annual reports.

Pending the deployment of the net proceeds to be raised from the Placement as aforesaid, we may use the funds as working capital or invest in short-term money market instruments as our Directors may, in their absolute discretion, deem fit.

In the event that any part of our proposed use of net proceeds due to us from the Placement does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds for short-term deposits for so long as our Directors deem it to be in the interests of our Company. Any change in the use of the net proceeds will be subject to the Catalist Rules, and our Company will make appropriate announcements on SGXNET.

None of the net proceeds due to us from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

In the opinion of our Directors, no minimum amount must be raised from the Placement by our Company.

LISTING EXPENSES

We estimate that the costs and expenses payable by us in connection with the Placement and the application for the Listing, including the management fee, and placement commissions and all other incidental expenses (but excluding any discretionary fee) which we may pay to the Sponsor and Issue Manager and the Joint Placement Agents relating to the Placement will be approximately S$2.05 million.

A breakdown of these estimated expenses to be borne by our Company in relation to the Placement is as follows:

Expenses	Estimated amount (S$'000)[1]	Estimated amount allocated for each Singapore dollar of gross proceeds from the issuance of the New Shares (cents)
Listing and application fees	48.00	0.56
Professional fees and expenses[2]	1,580.25	18.59
Placement commission[3]	340.00	4.00
Miscellaneous expenses[4]	80.00	0.94
Total estimated listing expenses	2,048.25	24.10

Notes:

(1) Amounts exclude GST, where applicable.

(2) This includes, amongst others, the estimated audit and legal fees and the fees for the Sponsor and Issue Manager and the Joint Placement Agents, and other professionals.

(3) The aggregate amount of placement commission per New Share, agreed upon between the Joint Placement Agents and our Company is 4.0% of the Placement Price payable for each New Share successfully subscribed and/or purchased. In addition, our Company will pay ECA an additional S$150,000 as part of its commission as a Joint Placement Agent, which shall be payable by the allotment and issuance of 750,000 ECA Shares to ECA For more information, please refer to the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document.

(4) This includes the estimated cost of production of this Offer Document, other marketing expenses and certain other expenses incurred or to be incurred in connection with the Placement. These are estimated expenses and the actual amounts may differ.

In the event that the amount set aside to meet the estimated expenses listed above is in excess of the actual expenses incurred, such excess amount will be made available for our general working capital purposes. Where the proceeds have been used for working capital purposes, our Company will disclose a breakdown with specific details on how the proceeds have been applied in the announcements and status reports to be made by our Company on SGXNET.

Pursuant to the terms and conditions contained in the Placement Agreement, the Joint Placement Agents agreed to use its best efforts to procure subscribers and/or purchasers for the Placement Shares at the Placement Price. We will pay the Joint Placement Agents, as compensation for its services rendered in connection with the Placement, placement commission of 4.0% of the Placement Price for the total number of New Shares successfully subscribed. In addition, our Company will pay ECA an additional S$150,000 as part of its commission as a Joint Placement Agent, which shall be payable by the allotment and issuance of 750,000 ECA Shares to ECA.

Please refer to the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document for a description of the commissions payable in connection with the Placement.

Subscribers and/or purchasers of the Placement Shares may be required to pay to the Joint Placement Agents or any sub-placement agent that may be appointed by the Placement Agents a brokerage fee of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable), as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription, at the time of settlement.

Please see the section entitled "Plan of Distribution" of this Offer Document for details of the fees payable in connection with the Placement.

MANAGEMENT AND SPONSORSHIP AGREEMENT

Pursuant to the Management and Sponsorship Agreement, our Company and the Vendor have appointed ECA to sponsor and manage the Listing. ECA will receive a sponsorship and management fee from our Company for its services rendered in connection with the Listing.

The Management and Sponsorship Agreement may be terminated by ECA at any time prior to the commencement of trading of our Shares on the Catalist on the occurrence of certain events including the following:

(a) a Stop Order shall have been issued by the Authority or other competent authority pursuant to the SFA;

(b) any warranties, representations, undertakings or covenants in the Management and Sponsorship Agreement is untrue, incorrect or misleading, or any breach of such warranties, representations, undertakings or covenants;

(c) any occurrence of a specified event (as described in the Management and Sponsorship Agreement) which comes to the knowledge of ECA;

(d) there shall have been or come into effect:

  (i) in the opinion of ECA, any material adverse change, or any development or event involving a prospective adverse change that is material, in the condition (financial or otherwise), business, trading position, operations, management, assets, prospects, performance or general affairs of our Group;

  (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the SIC, the SGX-ST or any other relevant authorities) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;

  (iii) any change, or any development involving a prospective change or any crisis in local, national, regional or international monetary, financial and capital markets (including stock market, foreign exchange market, interbank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist));

  (iv) any event or series of events in the nature of force majeure;

  (v) any proceedings, formal investigations or enquiries are commenced against our Group, the Vendor or any director of a Group Company or the Vendor; or

  (vi) any other occurrence of any nature whatsoever,

  which in the opinion of ECA, (1) results or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere, or (2) be likely to materially prejudice the success of the Placement or issuance of the New Shares (whether in the primary market or in respect of dealings in the secondary market) or be likely to have a Material Adverse Effect (as described in the Management and Sponsorship Agreement) on the Placement, or (3) be likely to have a Material Adverse Effect on the business, trading position, operations or prospects of the Company or of the Group as a whole, or (4) make it impracticable, inadvisable, inexpedient or not commercially viable to proceed with the subscription, sale, placement or issuance of the New Shares or any of the transactions contemplated in the Management and Sponsorship Agreement, or (5) be such that no reasonable issue manager or full sponsor would have entered into the

Management and Sponsorship Agreement, or (6) result or be likely to result in the issue of a Stop Order, or (7) make it contrary to or outside the usual commercial practices of issue managers and sponsors in Singapore for ECA to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement.

Notwithstanding the aforesaid, ECA may terminate the Management and Sponsorship Agreement if:

(a) any time after registration of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority, but before the closing of Application List:

(i) any statement contained in this Offer Document or Application Forms which has become untrue, incorrect or misleading in any material respect;

(ii) circumstances or matters have arisen or have been discovered, which would have been required by Section 243 of the SFA, the SFR and the Catalist Rules to be included in this Offer Document if it had arisen before this Offer Document was lodged and our Company and the Vendor fails to lodge a supplementary or replacement offer document (as the case may be) within a reasonable time after being notified of such a material misrepresentation or omission;

(b) our Company has not been admitted to Catalist or there is no listing or quotation for trading of our existing Shares and Placement Shares on Catalist on or before 15 November 2024; or

(c) there is a conflict of interest for ECA which cannot be reasonably resolved, or any dispute, conflict or disagreement with our Company and/or the Vendor or our Company and/or the Vendor wilfully fails to comply with any advice from or recommendation of ECA.

Pursuant to the Placement Agreement and as part of ECA's commissions as Joint Placement Agent, our Company will be allotting and issuing 750,000 ECA Shares at the Placement Price, to ECA, representing approximately 0.19% of our Company's issued and paid-up share capital immediately after the completion of the Placement. The ECA Shares are not subject to any moratorium restriction and ECA may dispose its shareholdings in our Company at any time at its sole discretion.

PLACEMENT AGREEMENT

Pursuant to the Placement Agreement, our Company and the Vendor have appointed ECA and HTI as Joint Placement Agents to procure subscribers and/or purchasers for the Placement Shares for a placement commission of 4.0% of the Placement Price for the total number of Placement Shares successfully subscribed and/or purchased. In addition, our Company will pay ECA an additional S$150,000 as part of its commission as a Joint Placement Agent, which shall be payable by the allotment and issuance of 750,000 ECA Shares to ECA. Subject to any applicable laws and regulations, the Joint Placement Agents may, at their absolute discretion, appoint one (1) or more sub-placement agents for the Placement. The Placement is not underwritten.

The Placement Agreement and the obligations of Joint Placement Agents under the Placement Agreement are conditional upon, *inter alia*:

(a) such approvals as may be required for the transactions described in the Placement Agreement and in this Offer Document being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, the Vendor and Joint Placement Agents may agree in writing), and the compliance in full to the satisfaction of all the relevant authorities granting such approvals of all conditions (if any) attaching or in relation thereto;

(b) the compliance by our Company with all applicable laws and regulations concerning the Placement, the admission of our Company to Catalist and the listing and quotation of all the Shares (including the Placement Shares) on Catalist and the transactions contemplated in the Placement Agreement and this Offer Document;

(c) there having been, no introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the SIC, the SGX-ST or any other relevant authorities) in Singapore or elsewhere having occurred which, in the reasonable opinion of the Joint Placement Agents, have or may have a material adverse effect on the Placement and the Listing;

(d) there having been, in the opinion of the Joint Placement Agents, no material adverse change, or development or event involving a prospective adverse change that is material, in the condition (financial or otherwise), business, trading position, operations, management, assets, prospects, performance or general affairs of the Group; and

(e) there having been, no occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any material respect, as at the date of Listing, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement.

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed in the section entitled "Management, Sponsorship and Placement Arrangements – Placement Agreement" of this Offer Document, each of the Joint Placement Agents have agreed to use its best efforts to procure subscribers for the Placement Shares at the Placement Price, for a placement commission of 4.0% of the Placement Price for the total number of Placement Shares successfully subscribed. In addition, our Company will pay ECA an additional S$150,000 as part of its commission as a Joint Placement Agent, which shall be payable by the allotment and issuance of 750,000 ECA Shares to ECA. Subject to any applicable laws and regulations, the Joint Placement Agents may, at their absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Other than pursuant to the Placement Agreement and any agreements entered into with a sub-placement agent, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Placement Shares.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in our Company.

CONTINUING SPONSORSHIP AGREEMENT

Pursuant to the Continuing Sponsorship Agreement entered into between our Company and ECA, our Company has appointed ECA, and ECA has agreed, subject to the terms and conditions set forth in that agreement, to act as continuing Sponsor of the Company for at least three (3) years after the admission of our Company to the Catalist.

INTERESTS OF ECA

In the reasonable opinion of our Directors, ECA does not have a material relationship with our Company save as disclosed below:

(a) ECA is the Sponsor and Issue Manager and a Joint Placement Agent in relation to the Listing;

(b) ECA will be the continuing Sponsor of our Company for a period of at least three (3) years from the date our Company is admitted and listed on Catalist; and

(c) pursuant to the Placement Agreement and as part of ECA's commissions as Joint Placement Agent, our Company will be allotting and issuing 750,000 ECA Shares at the Placement Price, to ECA, representing approximately 0.19% of our Company's issued and paid-up share capital immediately after the completion of the Placement. After the expiry of the moratorium period, ECA may dispose the ECA Shares at any time at its sole discretion.

INTERESTS OF THE JOINT PLACEMENT AGENT

In the reasonable opinion of our Directors, HTI does not have a material relationship with our Company, save that HTI is a Joint Placement Agent in relation to the Listing and as disclosed in this section and in the section entitled "General and Statutory Information – Management and Placement Arrangements" of this Offer Document.

PAST DIVIDENDS

Our Company was incorporated on 12 December 2016 and has not declared or paid any dividends on our Shares in respect of FY2021, FY2022, FY2023 and 3M2024.

Our Subsidiaries and associated company have declared and paid dividends of an aggregate of S$840,000, S$1,500,000 and S$800,000 in respect of FY2022, FY2023 and the period from 1 April 2024 to the Latest Practicable Date, respectively. Our Subsidiaries and associated company did not pay any dividends in FY2021.

(a) Dividends declared by HF Bugis

On 22 December 2023, HF Bugis declared and paid out a one-tier tax exempt interim dividend of S$500,000 out of its retained profits to our Company in respect of FY2023.

On 30 June 2024, HF Bugis declared a one-tier tax exempt interim dividend of S$800,000 out of the retained profits of the Bugis+ Joint Venture Outlet to be paid to the holders of the HF Bugis Class B Ordinary Shares, being, our Company and Hezong in respect of FY2024. The interim dividend was paid out on 17 July 2024.

(b) Dividends declared by HF Orchard

On 1 December 2022, HF Orchard declared and paid out a one-tier tax exempt interim dividend of S$840,000 out of its retained profits of HF Orchard to our Company in respect of FY2022.

(c) Dividends declared by 7-24 Entertainment

On 30 November 2023, 7-24 Entertainment declared a one-tier tax exempt interim dividend of S$1,000,000 out of the retained profits of 7-24 Entertainment to its shareholders, being, our Company, Ms. Zhang Xiaoling and Ms. Gu Deyu, in respect of FY2023. This dividend was paid out on 24 February 2024.

The declaration of dividend is reflected as an appropriation of retained earnings of our Group under the capital and reserves attributable to equity holders of the Company, of which S$2,670,000 out of the S$3,140,000 dividends in respect of FY2022, FY2023 and 3M2024 was paid out by our Subsidiaries to our Company.

Save as disclosed above, none of our Subsidiaries and associated company have declared or paid dividends in respect of each of the financial years during the Period Under Review and the period from 1 April 2024 to the Latest Practicable Date.

Under the terms and conditions of our banking facilities with CIMB and DBS, our Group Companies may not declare, pay or make any dividend or other distribution without prior written consent from the respective lender. Pursuant to this, we have notified CIMB and DBS of the declaration of dividends disclosed above in writing. DBS confirmed that it has no objections thereto, while CIMB has not provided its written confirmation. Following thereto, our Group has proceeded to redeem this banking facilities and settle the entire outstanding amount. Following the redemption and settlement, we will no longer be bound by the terms of the banking facilities provided by CIMB. Please see the section entitled "Capitalisation and Indebtedness – Banking and Credit Facilities of our Group" of this Offer Document for further details.

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties and should under no circumstances be regarded as a representation, warranty or prediction by us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please see the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document for further details.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

(a) the level of our cash and retained earnings;

(b) our actual and projected financial performance;

(c) our projected levels of capital expenditure and other expansion plans;

(d) our working capital requirements and general business and financing conditions;

(e) the ability of our Subsidiaries to declare and pay any dividends to our Company;

(f) restrictions on payment of dividends imposed on us by our financing arrangements (if any) and other contractual restrictions binding on us; and

(g) the financial, regulatory or general economic conditions and any other risk factors that may be applicable to us and/or our industry.

In addition, our Company is a holding company and depends on the receipt of dividends and other distributions from our Subsidiaries to pay dividends on our Shares.

Following the completion of the Placement, and subject to the aforementioned factors, we are committed to delivering dividends that increase over time with growth in the underlying earnings. Subject to the above factors, our Directors intend to recommend and distribute dividends of up to 30.0% of our Group's net profit after tax attributable to equity holders of our Company for each of the next two (2) financial years comprising FY2024 and FY2025, whether as an annual dividend or an interim dividend (the "**Proposed Dividends**") as we wish to reward our Shareholders for participating in our Group's growth. The Proposed Dividends had been considered by our Directors after their due and careful assessment of the sufficiency of the working capital available to our Group as at the date of lodgement and for at least 12 months after the Listing of our Group on Catalist. The Sponsor and Issue Manager and the Joint Placement Agent, having considered the Proposed Dividends by the Directors, had assessed that the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient to meet our present requirements and for at least 12 months after the Listing of the Company on Catalist.

Investors should note that the foregoing statement, including the statements on the Proposed Dividends is merely a statement of our present intention and shall not constitute a legally binding obligation on us or a legally binding statement in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy. Any dividends declared will be disclosed in our Company's financial results announcement as required by Appendix 7C of the Catalist Rules.

We are unable to assure you that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future. Any final dividend we declare must be approved by an ordinary resolution of our Shareholders at a general meeting. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. All dividends must be paid out of our profits available for distribution and must not exceed the amount recommended by our Directors. Please refer to the section entitled "Risk Factors – Risks Relating to an Investment in our Shares – We may not be able to pay dividends" of this Offer Document for further details.

DIVIDEND POLICY

Payment of cash dividends and distributions, if any, will be declared and paid in SGD to CDP on behalf of our Shareholders who maintain, either directly or through depository agents, securities accounts with CDP. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends that may be declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

For information relating to taxes payable on dividends, please refer to Appendix E to this Offer Document entitled "Appendix E – Description of Laws Relating to Taxation".

SHARE CAPITAL

Our Company was incorporated in Singapore on 12 December 2016 under the Companies Act as a private company limited by shares under the name "Goodwill Entertainment Holding Pte. Ltd.".

As at the date of incorporation, our Company had an issued and paid-up share capital of S$10,000 comprising 10,000 Shares. The changes in our issued and paid-up share capital since incorporation are described below and in the section entitled "Our Restructuring Exercise and Further Developments" of this Offer Document.

Our Company was converted into a public company limited by shares on 25 October 2024, and our Company's name was changed to "Goodwill Entertainment Holding Limited" on 25 October 2024.

On 25 October 2024, our Shareholders passed written resolutions to approve, among others, the following:

(a) the conversion of our Company into a public company limited by shares and the consequential change of name to "Goodwill Entertainment Holding Limited";

(b) the adoption of our new Constitution to be effective upon Listing;

(c) the Share Split, pursuant to which 942,628 Shares in the issued and paid-up capital of our Company were subdivided into 356,750,000 Shares on 25 October 2024;

(d) the allotment and issuance of the ECA Shares to ECA pursuant to the Placement Agreement on the basis that the ECA Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;

(e) the allotment and issuance of the New Shares pursuant to the Placement on the basis that the New Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares and the ECA Shares to be issued to ECA around the same time as the New Shares;

(f) the listing and quotation of all of our Shares that are already issued (including the Vendor Shares), the ECA Shares and the New Shares to be issued pursuant to Resolution (d) above on the Catalist;

(g) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to:

    (i) allot and issue Shares whether by way of rights, bonus or otherwise;

    (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

    (iii) (notwithstanding such authority may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by our Directors while such authority was in force, provided that:

        (1) the aggregate number of Shares issued pursuant to such authority (including Shares issued in pursuance to any Instruments made or granted pursuant to this mandate), shall not exceed 100% of the issued Shares of our Company excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares which may be issued other than on a *pro-rata* basis to the existing Shareholders of our Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares of our Company excluding treasury shares and subsidiary holdings;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares post-Placement following the completion of the Listing (excluding treasury Shares and subsidiary holdings of our Company), after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities;

(bb) new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares,

provided further that adjustments in accordance with sub-paragraphs (2)(aa) and (bb) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate,

provided that in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company, and (unless revoked or varied by our Company in a general meeting) such the authority conferred by this mandate shall continue in force until (i) the conclusion of the next annual general meeting of our Company; or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S$8,895,953 comprising 356,750,000 Shares. Upon the allotment and issue of the New Shares (including the ECA Shares), the resultant issued and paid-up share capital of our Company will be increased to S$17,079,859 comprising 400,000,000 Shares.

As at the date of this Offer Document, we have only one (1) class of shares in the capital of our Company. A summary of our Constitution relating to, among others, the voting rights of our Shareholders is set out in Appendix D to this Offer Document entitled "Appendix D – Summary of Our Constitution".

There are no founder, management or deferred shares reserved for issue for any purpose. The Placement Shares will have the same interest and voting rights as our existing Shares that were issued prior to the Placement and there are no restrictions on the free transferability of our Shares, save as described in the section entitled "Shareholders – Moratorium" of this Offer Document or except where required by law or the Catalist Rules.

There are no Shares that are held by or on behalf of our Company or by our Subsidiaries and associated company. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company. As at the Latest Practicable Date, to the best of the knowledge of our Directors, no person has been, or is entitled to be, given an option to subscribe for any Shares, securities, securities-based derivatives contracts or debentures of our Company and/or our Subsidiaries and associated company.

CHANGES IN ISSUED SHARE CAPITAL

Details of the changes in the issued and paid-up capital of our Company since incorporation to the Latest Practicable Date are set out below:

Issuance	Number of Shares issued	Issue price per Share	Resultant number of Shares	Resultant issued share capital
Issue of Shares upon incorporation	10,000	S$1.00	10,000	S$10,000
Issue of Shares pursuant to the investment by Mr. Flint Lu in 2017(1)	290,000	S$1.00	300,000	S$300,000
Issue of Shares pursuant to the investment by Clearedge Productions Pte. Ltd. in 2017(2)	75,000	S$13.33	375,000	S$1,300,000
Issue of Shares pursuant to the settlement of amount owing to Silver Sky Resources Pte. Ltd.(3)	20,904	S$99.98	395,904	S$3,390,000
Issue of Shares pursuant to the MK Repayment Deed (4)	169,673	S$14.32	565,577	S$5,820,000
Issue of Shares pursuant to the Share Swap (5)	177,051	S$6.08	742,628	S$6,895,953
Issue of Shares pursuant to the Capitalisation of the GIH2023 Loan(6)	200,000	S$10.00	942,628	S$8,895,953
Total issued Shares before the Share Split	–	–	**942,628**	**S$8,895,953**
Total issued Shares after the Share Split	–	–	**356,750,000**	**S$8,895,953**
After the Share Split	–	–	356,750,000	S$8,895,953
Issuance of ECA Shares to ECA pursuant to the Placement Agreement	750,000	S$0.20	357,500,000	S$9,045,953
Issuance of New Shares pursuant to the Placement	42,500,000	S$0.20	400,000,000	S$17,079,859(7)
Issued and paid-up capital after the Placement	–	–	**400,000,000**	**S$17,079,859**

Notes:

(1) Pursuant to the investment by Mr. Flint Lu, our Company allotted and issued 290,000 Shares to Mr. Flint Lu as consideration for his investment into the Company on 18 December 2017.

(2) Pursuant to the investment by Clearedge Productions Pte. Ltd., our Company allotted and issued 75,000 Shares to Clearedge Productions Pte. Ltd. as consideration for its investment into the Company on 18 December 2017. The 75,000 Shares held by Clearedge Productions Pte. Ltd. were transferred to MA Holdings Management Company Ltd on 23 May 2019. MA Holdings Management Company Ltd has since divested its shares to Mengkim Holdings Pte. Ltd. on 23 May 2023.

(3) Pursuant to the loan granted by Silver Sky Resources Pte. Ltd., our Company allotted and issued 20,904 Shares to Silver Sky Resources Pte. Ltd. on 23 February 2021 for the settlement of the amount owing thereto. The loan owing to Silver Sky Resources Pte. Ltd. has been fully settled by the allotment and issuance of the 20,904 shares in the capital of the Company on 23 February 2021. The 20,904 Shares held by Silver Sky Resources Pte. Ltd. were transferred to Ms. Victoria Sun on 25 November 2022. Ms. Victoria Sun, due to personal economic reasons, has since transferred her shares to Liu Baofeng and Wang Guangwu on 18 April 2023 and 24 January 2024, who each hold 11,289 shares and 9,615 shares respectively. Liu Baofeng and Wang Guangwu are unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

(4) Pursuant to the MK Repayment Deed, our Company allotted and issued 169,673 Shares to Mengkim on 25 November 2022 for the full settlement loans amounting to S$2,430,000 owing by the Company to Mengkim.

(5) Pursuant to the Share Swap, our Company allotted and issued 177,051 Shares to GIH2023 on 15 December 2023 for a total consideration of S$1,075,953. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise - Share Swap" of this Offer Document for more details.

(6) Pursuant to the Capitalisation of the GIH2023 Loan, our Company allotted and issued 200,000 Shares to GIH2023 on 15 December 2023 pursuant to the capitalisation of an outstanding loan in the amount of S$2,000,000 provided by GIH2023 to the Company. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise - Capitalisation of the GIH2023 Loan" of this Offer Document for more details.

(7) This includes a set-off of our Group's estimated listing expenses of approximately S$466,000 against our Group's share capital, and excludes the remaining listing expenses of approximately S$1,582,000, which will be accounted for in our Group's consolidated statement of profit or loss and other comprehensive income.

Save as disclosed above, there have been no other changes in the issued and paid-up share capital of our Company since incorporation and no Shares were issued or agreed to be issued by our Company for a consideration other than cash within the period of three (3) years preceding the Latest Practicable Date. As COVID-19 pandemic occurred during the period within the three (3) years preceding the Latest Practicable Date, the Group faced severe financial challenges due to the impact of COVID-19 restrictions. The Group actively sought funding support to sustain operations and manage financial losses. Ultimately, the Group accepted a lower valuation of its Shares during such period.

Details of the changes in the issued and paid-up share capital of our Subsidiaries and associated company within the three (3) years preceding the Latest Practicable Date are as follows:

Date of issuance	Number of shares issued	Issue price per share	Purpose of issuance	Resultant issued and paid-up share capital
Cookease				
5 April 2024	50,000	S$1.00	Incorporation	S$50,000
HF Bugis				
20 December 2021	1,000	S$1.00	Incorporation	S$1,000
31 March 2022	1,500	S$266.67	Increase in share capital pursuant to injection of capital by Victoria Sun[1]	S$401,000
31 March 2022	1	S$99,000	Increase in share capital pursuant to the capitalisation of Loan by our Company[2]	S$500,000
24 January 2024	3,000 HF Bugis Class B Ordinary Shares	S$1,000	Issuance of the first tranche of HF Bugis Class B Ordinary Shares pursuant to the HF Bugis JVA[3]	S$3,500,000
12 March 2024	3,000 HF Bugis Class B Ordinary Shares	S$1,000	Issuance of the second tranche of HF Bugis Class B Ordinary Shares pursuant to the HF Bugis JVA[4]	S$6,500,000
HF Bugis Plus				
31 January 2024	10,000	S$1.00	Incorporation	S$10,000
5 April 2024	40,000	S$1.00	Increase in share capital	S$50,000
HF Cineleisure				
10 February 2023	300,000	S$1.00	Incorporation	S$300,000
HF Chinatown				
28 February 2022	163,636	S$1.83	Increase in share capital pursuant to injection of capital by Liu Cheng	S$500,000
14 April 2022	136,364	S$1.83	Increase in share capital pursuant to injection of capital by Tian Yongbin and Ji Fang	S$750,000
Yakitori One (formerly, HF Liveshow)				
31 January 2023	300,000	S$1.00	Incorporation	S$300,000[5]
HF Lite				
13 February 2023	200,000	S$1.00	Incorporation	S$200,000[6]
HF Pasir Ris				
6 July 2023	150,000	S$1.00	Incorporation	S$150,000[7]
HF Suntec				
31 January 2023	100,000	S$1.00	Incorporation	S$100,000
HF Thomson				
1 August 2022	821,429	S$0.12[8]	Increase in share capital	S$850,000
Goodwill Entertainment Malaysia				
28 November 2023	10,000	RM1.00	Incorporation	RM10,000
Open Menu Marketing				
2 April 2024	10,000	S$1.00	Incorporation	S$10,000

Notes:

(1) Ms. Victoria Sun has since transferred her shares to the Company and GIH2023 on 18 January 2023 and 23 May 2023, in lots of 750 shares respectively. GIH2023 has since transferred the 750 shares to the Company on 15 December 2023, pursuant to the Restructuring Exercise.

(2) The monies owing to the Company by HF Bugis is related to costs incurred from renovation works, purchasing fixtures and equipment and payment of salaries.

(3) On 24 January 2024, pursuant to the HF Bugis JVA, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Further Developments" for further details.

(4) On 12 March 2024, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Further Developments" for further details.

(5) The paid-up share capital of Yakitori One at incorporation on 31 January 2023 was S$1.00 and has been fully paid-up as at 25 April 2024.

(6) The paid-up share capital of HF Lite at incorporation on 13 February 2023 was S$1.00 and has been fully paid-up as at 25 April 2024.

(7) The paid-up share capital of HF Pasir Ris at incorporation on 6 July 2023 was S$1.00 and has been fully paid-up as at 25 April 2024.

(8) During the financial year ended 31 December 2021, HF Thomson issued additional 250,000 for a total cash consideration of S$250,000. The difference in the value per ordinary share from S$1 to S$0.12 was due to the injection of capital by the other shareholders of HF Thomson (at that time) in order for the continuation of operations of the outlet due to the impact of the COVID-19 pandemic which adversely affected HF Thomson's business operation in FY2021.

Save as disclosed above, there have been no other changes in the issued and paid-up share capital of our Subsidiaries and associated company within three (3) years preceding the Latest Practicable Date.

OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings as at the Latest Practicable Date, immediately before the Placement (as at the date of this Offer Document) and immediately after the Placement are set out as follows:

	As at the Latest Practicable Date (prior to the Share Split)				Immediately before the Placement (after the Share Split)				Immediately after the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Mr. Flint Lu[(1)]	300,000	31.82	377,051	40.00	113,538,957	31.82	142,699,924	40.00	113,538,957	28.38	142,699,924	35.67
Mr. Thang Teck Jong[(2)]	–	–	244,673	25.96	–	–	92,599,724	25.96	–	–	75,099,724	18.77
Mr. Christopher Huang	–	–	–	–	–	–	–	–	–	–	–	–
Mr. Ng Tse Meng	–	–	–	–	–	–	–	–	–	–	–	–
Mr. Foong Daw Ching	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders (other than our Directors)												
GIH2023	377,051	40.00	–	–	142,699,924	40.00	–	–	142,699,924	35.67	–	–
Mengkim	244,673	25.96	–	–	92,599,724	25.96	–	–	75,099,724	18.77	–	–
Ms. Kong Ling Ting[(3)]	–	–	244,673	25.96	–	–	92,599,724	25.96	–	–	75,099,724	18.77
Other Shareholders												
Mr. Liu Baofeng	11,289	1.20	–	–	4,272,471	1.20	–	–	4,272,471	1.07	–	–
Mr. Wang Guangwu	9,615	1.02	–	–	3,638,924	1.02	–	–	3,638,924	0.92	–	–
ECA[(4)]	–	–	–	–	–	–	–	–	750,000	0.19	–	–
Public												
Public shareholders[(5)]	–	–	–	–	–	–	–	–	60,000,000	15.00	–	–
Total	**942,628**	**100.00**	–	–	**356,750,000**	**100.00**	–	–	**400,000,000**	**100.00**	–	–

Notes:

(1) As at the Latest Practicable Date, Mr. Flint Lu is the sole shareholder of GIH2023, and pursuant to Section 4 of the SFA, he deemed to be interested in the Shares held by GIH2023.

(2) As at the Latest Practicable Date, Mr. Thang Teck Jong has an interest in 90.0% of the shares in Mengkim, and pursuant to Section 4 of the SFA, he is deemed to be interested in the Shares held by Mengkim. Mr. Thang Teck Jong is the spouse of Ms. Kong Ling Ting.

(3) As at the Latest Practicable Date, Ms. Kong Ling Ting has an interest in 10.0% of the shares in Mengkim, and pursuant to Section 4 of the SFA, she is deemed to be interested in the Shares held by Mengkim. Ms. Kong Ling Ting is the spouse of Mr. Thang Teck Jong.

(4) Pursuant to the Placement Agreement and as part of ECA's commissions as Joint Placement Agent, our Company will be allotting and issuing 750,000 ECA Shares at the Placement Price, to ECA, representing approximately 0.19% of our Company's issued and paid-up share capital immediately after the completion of the Placement. After the expiry of the moratorium period, ECA may dispose the ECA Shares at any time at its sole discretion.

(5) None of the public Shareholders has an aggregate interest, direct or indirect, in 5.0% or more of the total number of issued Shares in our Company post-Placement. Save as disclosed, none of the abovementioned Shareholders is related to any of our Directors or Substantial Shareholders.

Save as disclosed above, there are no family relationships amongst our Directors, Substantial Shareholders and Executive Officers.

As at the date of this Offer Document, all the Shares (including the Vendor Shares) have been issued and fully paid. Our Company has only one (1) class of shares, being our Shares, which are in registered form.

There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules. The Shares held by our Directors, Controlling Shareholders, Substantial Shareholders do not carry voting rights that are different from the Placement Shares. The Shares held by our Directors, Controlling Shareholders, Substantial Shareholders do not have different voting rights from the other Shareholders of our Company.

As at the Latest Practicable Date, to the best of our Directors' knowledge, there is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the beginning of the date of the incorporation of our Company and the Latest Practicable Date.

Saved as disclosed and to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

There are no Shares that are held by or on behalf of our Company or by our Subsidiaries.

SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed in the sections entitled "Share Capital" and "Our Restructuring Exercise and Further Developments" of this Offer Document, there were no significant changes in the percentage of ownership of our Company in the last three (3) years prior to the Latest Practicable Date.

THE VENDOR

The Vendor, Mengkim, will be selling 17,500,000 Shares as part of the Placement. The Vendor Shares represent 4.91% of our share capital immediately prior to the Placement and the issue of the ECA Shares and 4.38% of our share capital after the Placement and the issue of the ECA Shares. The Vendor Shares comprise 29.17% of the total Placement Shares.

Mengkim is a controlling shareholder of our Company. It was incorporated on 29 December 2005. The shareholders of Mengkim are Mr. Thang Teck Jong, our Vice Chairman and Non-Executive Director and Ms. Kong Ling Ting.

Save as disclosed in this Offer Document, none of our Directors or Substantial Shareholders has any direct or indirect interest in the Vendor Shares.

MORATORIUM

Promoters

Under the Catalist Rules, (a) our Controlling Shareholders and their Associates and (b) Executive Directors with interest of 5.0% or more of our issued Share capital (excluding subsidiary holdings) as at our Company's date of admission to Catalist, will be deemed promoters of our Company.

Accordingly, GIH2023, Mengkim, Mr. Flint Lu, Mr. Thang Teck Jong and his spouse, Ms. Kong Ling Ting are deemed as promoters of our Company and in accordance with Rule 420 of the Catalist Rules, they have agreed to provide the following moratoriums undertakings to the Sponsor and Issue Manager and the Joint Placement Agents.

GIH2023 and Mengkim

Each of GIH2023 and Mengkim, which holds 142,699,924 Shares and 75,099,724 Shares representing 35.67% and 18.77% of our Company's share capital immediately after the Placement (adjusted for the Share Split undertaken in connection with the Listing), respectively, has given an irrevocable and unconditional undertaking in relation to all the Shares held by each of them immediately after the Listing (the "**Lock-Up Shares**") to the Sponsor and Issue Manager and the Joint Placement Agents that, among other things, they will not, without prior consent of the Sponsor and Issue Manager and the Joint Placement Agents, directly or indirectly:

(a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, pledge, grant any security over, encumber or otherwise dispose of, any part of its Lock-Up Shares;

(b) enter into any agreement, transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of its Lock-Up Shares or such securities, in cash or otherwise;

(c) deposit all of their effective interest, in any part of its Lock-Up Shares in any depository receipt facility (other than in a CDP designated moratorium account for the purposes of complying with its obligations under the deed of undertaking);

(d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; and

(e) publicly announce any intention to do any of the above,

(collectively, the "**Restrictions**" and each, a "**Restricted Transaction**").

The Restrictions shall apply to (a) all or any part of the Lock-Up Shares held by each of GIH2023 (the "**GIH2023 Lock-Up Shares**") and Mengkim (the "**Mengkim Lock-Up Shares**") from the Listing Date until the date falling six (6) months from the Listing Date (both dates inclusive) (the "**First Lock-Up Period**"); and (b) 50.0% of the GIH2023 Lock-Up Shares and the Mengkim Lock-Up Shares for the period commencing on the day immediately following the expiry of the First Lock-Up Period until the date falling 12 months from the Listing Date (both dates inclusive) (the "**Second Lock-Up Period**").

Mr. Flint Lu

Mr. Flint Lu, our Executive Chairman and Controlling Shareholder, (a) holds 113,583,957 Shares, representing approximately 28.38% of the issued share capital of our Company immediately after the Placement (adjusted for the Share Split and Share Consolidation undertaken in connection with the Listing) (the "**Flint Lock-Up Shares**"), and (b) being the sole shareholder of the entire share capital of GIH2023, is deemed interested in the GIH2023 Lock-Up Shares (the "**Flint Indirect Lock-Up Shares**").

Mr. Flint Lu has given an irrevocable and unconditional undertaking to the Sponsor and Issue Manager and the Joint Placement Agents that he will, among other things:

(a) pursuant to Rule 420 of the Catalist Rules, comply with the Restrictions in respect of (i) all or any part of the Flint Lock-Up Shares held by him for the First Lock-Up Period and (ii) 50.0% of the Flint Lock-Up Shares for the Second Lock-Up Period;

(b) pursuant to Rule 420 of the Catalist Rules, comply with the Restrictions in respect of (i) all or any part of the Flint Indirect Lock-Up Shares held by him for the First Lock-Up Period and (ii) 50.0% of the Flint Indirect Lock-Up Shares for the Second Lock-Up Period;

(c) pursuant to Rule 421 of the Catalist Rules, as the indirect controlling shareholder of our Company by virtue of his shareholding in GIH2023, not, amongst others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of his shareholdings in GIH2023, such that his effective interest in the GIH2023 as at the Listing Date is maintained for a period of 12 months commencing from our Listing Date (both dates inclusive); and

(d) procure that GIH2023 shall comply with the Restrictions set out in its undertakings given to the Sponsor and Issue Manager and the Joint Placement Agents.

Mr. Thang Teck Jong and Ms. Kong Ling Ting

Our Vice Chairman and Non-Executive Director, Mr. Thang Teck Jong and his spouse, Ms. Kong Ling Ting, each respectively holds 90.0% and 10.0% of the share capital of our Controlling Shareholder, Mengkim, and accordingly, are deemed interested in the Mengkim Lock-Up Shares (the "**Thangs Indirect Lock-Up Shares**").

Each of Mr. Thang Teck Jong and Ms. Kong Ling Ting has given an irrevocable and unconditional undertaking to the Sponsor and Issue Manager and the Joint Placement Agents, that each of them will, among other things:

(a) pursuant to Rule 420 of the Catalist Rules, comply with the Restrictions in respect of (i) all or any part of the Thangs Indirect Lock-Up Shares held by each of them for the First Lock-Up Period and (ii) 50.0% of the Thangs Indirect Lock-Up Shares for the Second Lock-Up Period;

(b) pursuant to Rule 421 of the Catalist Rules, as the indirect controlling shareholders of our Company by virtue of each of their shareholdings in Mengkim, not, amongst others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their shareholdings in Mengkim, such that each of their effective interest in the Mengkim Lock-Up Shares as at the Listing Date is maintained for a period of 12 months commencing from our Listing Date (both dates inclusive); and

(c) procure that Mengkim shall comply with the Restrictions set out in its undertakings given to the Sponsor and Issue Manager and the Joint Placement Agents.

Other Lock-Up Investors

Mr. Wang Guangwu

Mr. Wang Guangwu had acquired 9,615 Shares (adjusted for the Share Split) for S$66,666.66 on 24 January 2024, less than 12 months prior to the Listing. Pursuant to Rule 422(2) of the Catalist Rules, he is required to comply with the Restrictions in respect of the Profit Portion of his Shares held by him immediately after the Listing (the "**Wang Lock-Up Shares**"). The number of Wang Lock-Up Shares is calculated based on the formula set out below:

$$M = \frac{V_{IPO} - V_{CP}}{V_{IPO}} x\ P$$

M	=	the number of Shares subject to moratorium, rounded up to the nearest whole number (the "**Profit Portion**");
VIPO	=	the value of Mr. Wang's Shares acquired within 12 months preceding the date of the listing based on the Placement Price; and
VCP	=	the total cash paid by the Mr. Wang as consideration for the Shares acquired within the 12 months preceding the date of the Listing;
P	=	the total number of Shares acquired by Mr. Wang in the 12 months preceding the date of the Listing.

The number of Wang Lock-Up Shares is 3,305,590 Shares (adjusted for the Share Split) and will be subject to moratorium for the period of 12 months from the Listing Date (both dates inclusive). Nevertheless, to demonstrate his commitment to the Group, Mr. Wang has voluntarily undertaken to the Company and the Sponsor and Issue Manager and the Joint Placement Agents to comply with the Restrictions in respect of his entire shareholding in the share capital of the Company for the period of 12 months from the Listing Date (both dates inclusive).

For the avoidance of doubt, any Shares acquired and/or subscribed by Mr. Wang on or after the Listing shall not be subject to the foregoing Restrictions.

ECA

Pursuant to the Placement Agreement and as part of ECA's commissions as Joint Placement Agent the Sponsor and Issue Manager, our Company will be allotting and issuing 750,000 ECA Shares at the Placement Price to ECA, representing approximately 0.19% of our Company's issued and paid-up share capital immediately after completion of the Placement. ECA has voluntarily given an undertaking to our Company that, subject to our Company issuing the ECA Shares to ECA on or before the Listing Date, ECA shall not, in respect of all the ECA Shares which it will hold as at the Listing Date, directly or indirectly, without the prior written consent of our Company:

(a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, pledge, grant any security over, encumber or otherwise dispose of, any part of its ECA Shares;

(b) enter into any agreement, transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of its ECA Shares or such securities, in cash or otherwise;

(c) deposit all of their effective interest, in any part of its ECA Shares in any depository receipt facility (other than in a CDP designated moratorium account for the purposes of complying with its obligations under the deed of undertaking);

(d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; and

(e) publicly announce any intention to do any of the above.

The foregoing restrictions shall apply to all the ECA Shares for the period commencing from the Listing Date until the date falling three (3) months from the Listing Date (both dates inclusive). After the expiry of the moratorium period, ECA may dispose the ECA Shares at any time at its sole discretion.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively, as well as the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document.

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group which is prepared based on:

(a) as at 31 March 2024, based on our unaudited interim condensed consolidated financial statements for our Group as at 31 March 2024;

(b) based on our unaudited consolidated management accounts of our Group as at 31 August 2024, being a date no earlier than 60 days before the date of lodgement of this Offer Document; and

(c) as adjusted to reflect the issue of the Placement Shares, the ECA Shares and the application of the net proceeds from the Placement due to us in the manner described in the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document.

(S$'000)	**As at 31 March 2024**	**As at the 31 August 2024, the date no earlier than 60 days before lodgement**	**Adjusted for the issue and allotment of the ECA Shares net proceeds from the issue of the Placement Shares**
Cash and bank deposits	**9,082**	**8,386**	**14,838**
Current indebtedness			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	1,478	2,457	2,457
Unsecured and non-guaranteed	1,480	–	–
Non-current indebtedness			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	8,703	6,877	6,877
Unsecured and non-guaranteed	–	–	–
Total indebtedness	**11,661**	**9,334**	**9,334**
Total shareholders' equity	**10,253**	**13,312**	**19,764**
Total capitalisation and indebtedness	**21,914**	**22,646**	**29,098**

As at the Latest Practicable Date, there were no material changes to our capitalisation and indebtedness as disclosed above, save for (a) changes in working capital; (b) changes in our Company's retained earnings arising from our day-to-day operations in the ordinary course of business.

BANKING AND CREDIT FACILITIES OF OUR GROUP

As at the Latest Practicable Date, our Group had an aggregate banking and credit facilities of approximately S$10.98 million, of which S$9.28 million was outstanding.

Details of our Group's banking and credit facilities as at the Latest Practicable Date are as follows:

Lender	Borrower	Nature and use of facility	Facility amount (S$'000)	Utilised amount (S$'000)	Unutilised amount (S$'000)	Amount outstanding as of LPD (S$'000)	Interest Rate	Date of Commencement and / Maturity Profile	Security
DBS[(1)]	Our Company	EFS SME Working Capital Loan I for working capital purposes	500	500	–	393	8.0% per annum on monthly rests	19 May 2023 / 5 years from the date of disbursement	Guarantee[(5)]
DBS[(1)]	Our Company	Term Loan for part-payment for renovation costs	1,340	1,340	–	1,226	7.0% per annum (fixed)	5 February 2024 / 5 years from the date of disbursement	Guarantee[(5)]
UOB[(2)]	Our Company	Term Loan for part-payment for renovation costs[(3)]	5,000	5,000	–	5,000	SORA + 1.75% per annum (principal amount which is hedged) and SORA + 2.5% per annum (principal amount other than the hedged amount)	20 March 2024 / 3 years from the date of disbursement	Guarantee[(6)]
DBS[(1)]	7-24 Entertainment	EFS and Temporary Bridging Loan II to repay EFS SME Working Capital Loan I and working capital purposes[(4)]	800	800	–	175	3.0% per annum on monthly rests	6 March 2020 / 5 years from the date of disbursement	Guarantee[(7)]

Lender	Borrower	Nature and use of facility	Facility amount (S$'000)	Utilised amount (S$'000)	Unutilised amount (S$'000)	Amount outstanding as of LPD (S$'000)	Interest Rate	Date of Commencement and / Maturity Profile	Security
DBS[(1)]	7-24 Entertainment	EFS SME Working Capital Loan I for working capital purposes	500	500	–	458	8.0% per annum on monthly rests	5 February 2024 / 5 years from the date of disbursement	Guarantee[(8)]
DBS[(1)]	HF Bugis	Enterprise Financing Scheme SME Working Capital Loan I	490	490	–	392	8.0% per annum on monthly rests	19 May 2023 / 5 years from the date of disbursement	Guarantee[(9)]
DBS[(1)]	HF Cineleisure	EFS SME Working Capital Loan I for working capital purposes	500	500	–	458	8.25% per annum on monthly rests	5 February 2024 / 5 years from the date of disbursement	Guarantee[(10)]
DBS[(1)]	HF Orchard	EFS Temporary Bridging Loan I to repay Enterprise Financing Scheme SME Working Capital Loan I[(4)]	300	300	–	62	3.0% per annum on monthly rests	6 March 2020 / 5 years from the date of disbursement	Guarantee[(11)]
UOB[(2)]	HF Orchard	EFS SME Working Capital Loan for working capital requirements	500	500	–	385	7.5% per annum	23 May 2023 / 60 months from the date of disbursement	Guarantee[(12)]
UOB[(2)]	HF Orchard	Term Loan for working capital requirements	250	250	–	193	0% over the business board rate	23 May 2023 / 60 months from the date of disbursement	Guarantee[(12)]

Lender	Borrower	Nature and use of facility	Facility amount (S$'000)	Utilised amount (S$'000)	Unutilised amount (S$'000)	Amount outstanding as of LPD (S$'000)	Interest Rate	Date of Commencement and / Maturity Profile	Security
DBS[1]	HF TPY	EFS SME Working Capital Loan I for working capital purposes	300	300	–	236	8.0% per annum on monthly rests	19 May 2023 / 5 years from the date of disbursement	Guarantee[13]
UOB[2]	HF TPY	EFS SME Working Capital Loan for working capital requirements[11]	200	200	–	122	8.0% per annum fixed	13 June 2023 / 36 months from the date of disbursement	Guarantee[14]
UOB[2]	HF TPY	Term Loan for working capital requirements[11]	300	300	–	184	0.12% over the business board rate	13 June 2023 / 36 months from the date of disbursement	Guarantee[14]
Total			**10,980**	**10,980**	–	**9,284**			

Notes:

(1) These loan facilities provided by DBS contain covenants to be complied by the Group and/or the relevant Group Company, amongst others:

(a) not to undertake any direct or indirect change in the shareholding or management of the relevant Group Company without the prior written consent of DBS;

(b) to maintain a minimum debt service coverage ratio of 1.10 times all at all times.

(c) to maintain a debt/EBITDA ratio of not more than 3.00 times

(d) not to have any application or petition presented and no order has been made or meeting convened for the passing of any resolution (if applicable) or step is being taken for winding up, insolvency or dissolution or for the appointment of a liquidator, receiver and/or manager, judicial manager, trustee, agent or similar officer of any Group Company or any part of its assets;

(e) not to declare, pay or make any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie, in respect of any accounting period without the prior written consent of DBS.

For clarification, (b) to (c) above does not apply to the Enterprise Financing Scheme SME Working Capital Loan I taken up by HF Bugis and EFS SME Working Capital Loan I taken up by HF TPY.

The facilities also stipulates cross-default provision where any other indebtedness of the relevant Group Company or any other indebtedness of any other companies in the Group or the security provider (to whomsoever owing) is not paid when due, or is declared to be or is capable of being declared due and payable before its specified maturity or any commitment for any other indebtedness of the relevant Group Company or any other indebtedness of any other companies in the Group or the security provider is cancelled or suspended by any creditor as a result of an event of default (however described) or if you or any other companies in the Group or the security provider defaults under any foreign exchange or foreign exchange options transactions (or other similar transactions), or any derivative transactions with any other parties – it will constitute an event of default whereby DBS may by notice in writing to the relevant Group Company declare the total indebtedness to be immediately due and payable to DBS, whereupon it shall become so due and payable and any facility which has not been drawn-down, utilised or cancelled shall automatically be cancelled and forthwith cease.

DBS had on 5 August 2024 (via email) and 28 August 2024 (via formal letters) confirmed that it has no objection to, amongst others, (i) the changes in the shareholding or management of the relevant Group Company (including the steps set out in the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise" of this Offer Document), (ii) the winding-up of HF Serangoon, and (iii) the declaration and payment of dividends in HF Bugis, HF Orchard and 7-24 Entertainment (as described in the section entitled "Dividend Policy – Past Dividends" in this Offer Document).

DBS also confirmed that it has no objection to the changes in shareholding of our Company and additional appointments of directors to our Board as result of the Listing. In conjunction with the proposed Listing, we had also requested the personal guarantees provided by our Directors, Mr. Flint Lu and Mr. Thang Teck Jong to be released and replaced by a corporate guarantee from our Company. As at the date of this Offer Document, our Company is currently liaising with DBS on the replacement of guarantees and will endeavour to complete this as soon as possible.

Pursuant to the covenant that the relevant Group Company shall not (a) undertake any direct or indirect change in the shareholding or management of the relevant Group Company, and (b) declare, pay or make any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie, without DBS's prior written consent, such actions taken by the relevant Group Company (being the borrower, including 7-24 Entertainment and HF Bugis) post-Listing will require prior consent from DBS.

(2) These loan facilities provided by UOB contain covenants to be complied by the relevant Group Company, amongst others, there shall be no direct or indirect change in control in the shareholding or management of the relevant Group Company without the prior written consent of UOB (and UOB shall be entitled to impose such terms and conditions as it deems fit, including the levying of a charge equivalent to the prepayment fee or such other amount as may be advised by UOB).

The facilities also stipulates cross-default provision where the Group Company defaults under any other agreement involving the borrowing of money or the granting of advances or credit which gives the holder of the obligation concerned the right to accelerate repayment or withdraw the advance or credit – it will constitute an event of default whereby UOB may on and at any time after the occurrence of such event of default, cease to be under any further commitment to the relevant Group Company and all outstandings under the facilities shall become due and payable immediately.

UOB had on 6 August 2024 acknowledged (a) the changes in the shareholding of the relevant Group Company (including the steps set out in the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise" of this Offer Document) and (b) the changes in shareholding of our Company post-Listing and additional appointments of directors to our Board as a result of the Listing. In conjunction with the proposed Listing, we had also requested the personal guarantees provided by our Directors, Mr. Flint Lu and Mr. Thang Teck Jong to be released and replaced by a corporate guarantee from our Company and UOB indicated that our Company should submit a formal written request post-Listing for the personal guarantees to be released and replaced by a corporate guarantee from our Company. We will endeavour to complete the replacement of guarantees as soon as possible after the Listing.

(3) The facilities extended by UOB to our Company includes the entry into an interest rate swap transactions to hedge interest rate under the term loan. Such hedging facility was entered into as a result of a requirement imposed by UOB.Our Group's exposure to interest rate risk arises from this UOB term loan of S$5,000,000 whereby it pays a fixed interest margin over the variable SORA and receives a fixed SORA via the interest rate swap (i.e. changing the floating interest rate to a fixed interest rate). Please refer to the section entitled "Appendix B – Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-month Period ended 31 March 2024 – Notes to the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024 – Material accounting policy information – Derivative financial instrument and hedge accounting – Cash Flow Hedge" in Appendix B to the Offer Document for further details on the nature of exposure.

(4) During the COVID-19 pandemic period, particularly in FY2021, 7-24 Entertainment and HF Orchard could not maintain the financial covenants under the facilities provided by DBS to 7-24 Entertainment and HF Orchard, respectively, due to the difficulties in business operations brought about by the Circuit Breaker Measures. The financial covenants include the requirement that the debt service coverage ratio to not fall below 1.1 times and to maintain debt/EBITDA ratio of 3.0 times. As both subsidiaries were in loss-making position during the COVID-19 pandemic period, the ratios were not met. For breach of any terms of the facilities, DBS may demand for immediate repayment of the entire loan amount and/or the right to enforce the security. Further, DBS may call a default on the loan facilities, which may in turn trigger cross-default provision in other facilities of our Group that would result resulting in the immediate repayment of other facilities taken by our Group. Please refer to (1) above for the said cross-default provision. We had on 16 September 2024 submitted our formal request for waiver of the said breaches and DBS had on 17 September 2024 provided an email confirmation it is agreeable to waive such breaches and subsequently provided its confirmation by way of a formal consent letter dated 26 September 2024. Save as disclosed, as at the date of this Offer Document, the Group is in compliance with the financial covenants under the facilities provided by DBS to the Group.

(5) The facilities extended by DBS to our Company are secured by personal guarantees provided by the Mr. Flint Lu and/or Mr. Thang Teck Jong. For further information on these personal guarantees, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(6) The facility extended by UOB to our Company are secured by (a) a joint and several personal guarantee provided by Mr. Flint Lu and Mr. Thang Teck Jong, and (b) a joint and several corporate guarantee provided by 7-24 Entertainment, HF TPY, HF Suntec, HF DTE, HF Orchard, HF Cineleisure and HF Yishun. For further information on this joint and several personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

In addition to the personal and corporate guarantees above, the loan facility extended by UOB to our Company shall also be secured by a legal assignment of term life policy to be executed by the Company in respect of Mr. Flint Lu assured for a sum of at least S$5,000,000. Under the letter of offer for the facility, the facility is available for drawdown upon the fulfilment of the conditions precedent of the letter of offer, including (i) the term life policy and the insurer must be acceptable to UOB; and (ii) security documents have been signed and completed in the form and substance satisfactory to UOB and registered with appropriate authority. However, our Company has not provided such security as we did not receive further instructions from UOB on it following multiple discussions with UOB up until the drawdown of the loan facility. Our Board has taken into consideration that UOB may call a default on loan facility, which may in turn trigger cross-default provisions in other facilities of our Group that would result in the immediate repayment of other facilities taken by our Group, and our management has therefore sought clarification and confirmation from UOB on this issue. Please refer to (2) above for the said cross-default provision. UOB has, on 12 September 2024, provided an email confirmation that the (i) drawdown of the facility was made against all conditions, as required by UOB, i.e., being met notwithstanding the lack of the legal assignment of term life policy; and (ii) no-breach by the Company in the terms and conditions of the facilities. As of the date of this Offer Document, UOB has not requested the legal assignment of term life policy nor taken any action against the Company. Our Board is of the view that, in consideration of the confirmation of no-breach by UOB, the risk of any action taken by UOB against our Company is immaterial, and in the event where UOB requests for the provision of the term life policy as security, our Company will provide such security and the process shall be monitored by the finance and accounting team. In the remote event that UOB demands for immediate repayment of the entire loan amount, our Board is of the view that our Group is able to meet such repayment.

(7) The facilities extended by DBS to 7-24 Entertainment are secured by (a) a corporate guarantee provided by our Company, and (b) a personal guarantee provided by Mr. Flint Lu. For further information on this corporate guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(8) The facilities extended by DBS to 7-24 Entertainment are secured by (a) a corporate guarantee provided by our Company, (b) a personal guarantee provided by Mr. Flint Lu, and (c) a personal guarantee provided by Mr. Thang Teck Jong for the sum of S$128,000. For further information on this corporate guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(9) The facilities extended by DBS to HF Bugis are secured by (a) a corporate guarantee provided by our Company, and (b) a personal guarantee provided by Mr. Flint Lu. For further information on the personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(10) The facilities extended by DBS to HF Cineleisure are secured by (a) a personal guarantee provided by Mr. Flint Lu, (b) a personal guarantee provided by Mr. Thang Teck Jong for the sum of S$128,000, and (c) a corporate guarantee provided by our Company. For further information on these personal guarantees, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(11) The facilities extended by DBS to HF Orchard are secured by (a) a corporate guarantee provided by our Company, and (b) a personal guarantee provided by Mr. Flint Lu. For further information on this personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(12) The facilities extended by UOB to HF Orchard are secured by a personal guarantee provided by Mr. Flint Lu. For further information on this personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(13) The facilities extended by DBS to HF TPY are secured by (a) a corporate guarantee provided by our Company, and (b) a personal guarantee provided by Mr. Flint Lu. For further information on this corporate and personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

(14) The facilities extended by UOB to HF TPY are secured by a personal guarantee provided by Mr. Flint Lu. For further information on this personal guarantee, please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – Personal guarantees given by Interested Persons to our Group" of this Offer Document.

To the best of our Directors' knowledge, as at the date of the Offer Document, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangements or our financial arrangements which could materially affect our financial position and results or business operations, or the investments of our Shareholders. Our Group has implemented measures to prevent any breach of any of the terms and conditions or covenants. Specifically, our CFO and our Group's finance and accounting team will review and monitor the terms and conditions or covenants in the facilities agreements on a quarterly basis to ensure all of them are closely observed and complied with. Our CFO will also provide quarterly updates to the Audit and Risk Committee on the results of such quarterly reviews. Our Board is of the view that these measures are adequate and effective in preventing any occurrence of breach of loan covenants.

None of our borrowings would be adversely affected by the sale of the Vendor Shares by the Vendor in the Placement (the "**Vendor's Sale**") and accordingly, the Vendor's Sale will not have a material impact on the financial conditions of our Company.

Save as disclosed in this section entitled "Capitalisation and Indebtedness" and "Management's Discussion and Analysis of Financial Position and Results of Operations – Liquidity and Capital Resources" of this Offer Document, our Group has no other borrowings or indebtedness (direct or indirect) or liabilities (including contingent liabilities) as at the Latest Practicable Date.

We may enter into new banking facility agreements, where necessary, to meet the operational requirements of our businesses. Accordingly, we may incur additional indebtedness as and when we draw down upon or utilise any of these banking facilities.

DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers and/or purchasers of our Shares in this Placement (the "**New Investors**") exceeds our NAV per Share immediately after completion of the Placement.

Our NAV per Share as at 31 March 2024 before adjusting for the estimated net proceeds from the Placement, the issue of the ECA Shares to ECA and based on the Company's share capital immediately before the Placement of 357,500,000 Shares was 2.2 cents per Share.

Pursuant to the Placement in respect of 60,000,000 Placement Shares (comprising 42,500,000 New Shares and 17,500,000 Vendor Shares) at the Placement Price, our NAV per Share as at 31 March 2024 after adjusting for the estimated net proceeds due to us from the issue of the New Shares the issue of the ECA Shares and based on the post-Placement issued and paid up share capital of 400,000,000 Shares, would have been 4.0 cents. This represents an immediate increase in NAV per Share of 1.8 cents to our existing Shareholders and an immediate dilution in NAV per Share of 16.0 cents (or approximately 79.8%) to our New Investors subscribing for and/or purchasing the Placement Shares at the Placement Price.

The following table illustrates such dilution in NAV per Share as at 31 March 2024:

Placement Price	S$0.20
NAV per Share as at 31 March 2024, based on the pre-Placement Share Capital of 357,500,000 Shares assuming the ECA Shares are issued immediately prior to the completion of the Placement	2.2 cents
Increase in NAV per Share attributable to existing Shareholders, based on the post-Placement share capital of 400,000,000 Shares and after adjusting for the estimated net proceeds from the Placement	1.8 cents
NAV per Share after the Placement	4.0 cents
Dilution in NAV per Share to our New Investors	16.0 cents
Dilution in NAV per Share to New Investors as a percentage of the Placement Price	79.8%

The following table summarises the total number of Shares (after adjusting for the Share Split) acquired by our Directors and/or Substantial Shareholders and their respective associates (as the case may be), or which they have the right to acquire, during the period of three (3) years prior to the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, the total consideration paid by them and the average effective cost per Share to them and to our New Investors pursuant to the Placement and to ECA pursuant to the Placement Agreement:

	Number of Shares acquired[1]	**Total consideration**	**Average effective cash cost per Share (cents)**
Directors and/or Substantial Shareholders and their respective associates			
Mr. Flint Lu	–	–[2]	–
Mr. Thang Teck Jong	–	–[3]	–
Mr. Christopher Huang	–	–	–
Mr. Ng Tse Meng	–	–	–
Mr. Foong Daw Ching	–	–	–
GIH2023	142,699,924	3,075,953[2]	2.2
Mengkim[4]	92,599,724	2,930,000[3]	3.2
Ms. Kong Ling Ting	–	–[3]	–
Other Shareholders			
Liu Baofeng	4,272,471	1,060,000	24.8
Wang Guangwu	3,638,924	66,666.66	1.8
ECA	750,000	150,000	20.0
New Investors pursuant to the issuance of Placement Shares	42,500,000	8,500,000	20.0

Notes:

(1) Adjusted to reflect the Share Split and includes the Vendor Shares to be sold by the Vendor in connection with the Placement.

(2) Pursuant to (a) the Share Swap, our Company allotted and issued 177,051 Shares to GIH2023 on 15 December 2023 for a total consideration of S$1,075,953, and (b) the Capitalisation of the GIH2023 Loan, 200,000 Shares were allotted and issued to GIH2023 on 15 December 2023 pursuant to the capitalisation of an outstanding loan in the amount of S$2,000,000 provided by GIH2023 to the Company Pursuant to Section 4 of the SFA, Mr. Flint Lu is deemed to be interested in the Shares held by GIH2023.

(3) Pursuant to the MK Repayment Deed, 169,673 Shares were allotted to Mengkim on 25 November 2022 for the full settlement loans amounting to S$2,430,000 owing by the Company to Mengkim. On 23 May 2023, Mengkim acquired 75,000 Shares from MA Holdings Management Company Ltd for the consideration of S$500,000. Mr. Thang Teck Jong has an interest in 90.0% of the shares in Mengkim, while Ms. Kong Ling Ting has an interest in 10.0% of the shares in Mengkim. Pursuant to Section 4 of the SFA, they are deemed to be interested in the Shares held by Mengkim. Mr. Thang Teck Jong is the spouse of Ms. Kong Ling Ting.

(4) Includes the Vendor Shares to be sold by the Vendor in connection with the Placement.

Save as disclosed above and in the sections entitled "Our Restructuring Exercise and Further Developments" and "Share Capital" of this Offer Document, none of our Directors, Substantial Shareholders or their respective associates has acquired any Shares during the period of three (3) years prior to the date of this Offer Document.

RESTRUCTURING EXERCISE

In connection with the Placement, our Group undertook the following steps.

(a) Restructuring Exercise

To rationalise and streamline our Group's corporate structure, pursuant to which our Company became the holding company of our Group, the following steps were taken in the Restructuring Exercise:

(i) Share Swap

Prior to the Restructuring Exercise, our Executive Chairman and CEO, Mr. Flint Lu and his investment holding company, GIH2023, had held shareholding interests in some of our Group's subsidiaries together with our Company.

On 15 December 2023, our Company entered into a sale and purchase agreement with GIH2023, pursuant to which our Company acquired the shares of the following entities for a total consideration of S$1,075,953, which was satisfied in full by way of an allotment and issuance of 177,051 new Shares to GIH2023:

(i) the remaining 30% share capital of HF Bugis(1);

(ii) the remaining 49% share capital of HF Cineleisure;

(iii) the remaining 49% share capital of HF Lite;

(iv) the remaining 49% share capital of Yakitori One (formerly, HF Liveshow);

(v) the remaining 60% share capital of HF Pasir Ris;

(vi) the remaining 49% share capital of HF Suntec;

(vii) the remaining 60% share capital of HF TPY (which was transferred to GIH2023 by Mr. Flint Lu on 15 December 2023, and then transferred from GIH2023 to our Company); and

(viii) the remaining 60% share capital of HF Yishun,

(collectively, the "**GIH2023 Share Swap Target Companies**").

Note:

(1) As of 15 December 2023, our Company holds 1,751 ordinary shares while GIH2023 holds 750 shares in HF Bugis. Pursuant to sale and purchase agreement with GIH2023, our Company acquired the 750 shares in HF Bugis (i.e., the remaining 30% share capital of HF Bugis). Following the Share Swap, HF Bugis has allotted further shares to the Company and Hezong, pursuant to the joint venture for the purpose of investing in and operating "HaveFun Live Show", resulting in the current shareholding of 78.83% in HF Bugis held by our Company. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Further Developments – HF Bugis Joint Venture with Hezong" for more information.

Following the completion of the Share Swap, the GIH2023 Share Swap Target Companies became wholly-owned subsidiaries of our Company.

The consideration of S$1,075,953 was determined based on the net book value of the respective GIH2023 Share Swap Target Companies as at 30 September 2023, the detailed breakdown of which is set out in below:

Subsidiary	No. of issued shares in share capital (as at 15 December 2023)	No. of shares transferred to GIH2023	NBV as at 30 September 2023 (S$)	Sales Consideration (S$)	Price per share (S$)
HF Bugis	2,501	750	351,323	351,300	468.40
HF Cineleisure	300,000	147,000	N.A[(1)]	147,000	1.00
Yakitori One (formerly, HF Liveshow)	300,000	147,000	N.A.	1	0.00000680
HF Lite	200,000	98,000	N.A.	1	0.0000102
HF Pasir Ris	150,000	90,000	N.A.	1	0.00000111
HF Suntec	100,000	49,000	149,185	151,300	3.088
HF TPY	983,700	590,220	366,341	366,350	0.62
HF Yishun	950,000	570,000	59,923	60,000	0.11
Total				**1,075,953**	

Note:

(1) The sales consideration of HF Cineleisure was determined based on the nominal value of the shares held by GIH2023. As at 30 September 2023, the outlet at Cineleisure Orchard was undergoing renovations and its operations had not commenced. The balance sheet as at 30 September 2023 only comprised the capital injected by our Company and GIH2023 against any cost and outstanding payments for the said outlet; thus, the net book value was equivalent to zero (i.e., N.A.).

(ii) Capitalisation of the GIH2023 Loan

On 15 December 2023, our Company also allotted and issued 200,000 new Shares to GIH2023 pursuant to the capitalisation of an outstanding loan in the amount of S$2,000,000 owing to GIH2023 by our Company pursuant to the GIH2023 Loan, on the basis of issue price of S$10 per Share. The issue price per Share was determined based on the number of Shares that would have to be allotted and issued in order to satisfy the S$2,000,000 loan capitalisation amount, such that GIH2023's resultant share capital in our Company following the allotment and issuance of such Shares represent no more than 40% of the enlarged share capital of our Company.

These transactions were carried out on an arm's length basis as the Shares that were allotted and issued to GIH2023 were determined based on the net assets of the GIH2023 Share Swap Target Companies as at 30 September 2023.

Following the completion of the Restructuring Exercise on 15 December 2023, all our Subsidiaries are wholly-owned by our Company, save for 7-24 Entertainment, HF Chinatown and HF Thomson which are partially held by third parties unrelated to our Directors, Executive Officers or Substantial Shareholders.

(b) Conversion of our Company into a public company

On 25 October 2024, our Company changed its name to "Goodwill Entertainment Holding Limited" in connection with its conversion to a public company limited by shares.

(c) Share Split

On 25 October 2024, pursuant to which 942,628 Shares in the issued and paid-up capital of our Company were subdivided into 356,750,000 Shares.

FURTHER DEVELOPMENTS

In light of our Group's expansion plans, we have explored, and will continue to explore, viable business opportunities.

(a) HF Bugis Joint Venture with Hezong

On 18 December 2023, the Company entered into a joint venture with Hezong for the purpose of investing in and operating "HaveFun Live Show" under our Company's subsidiary, HF Bugis. Hezong is a Singapore-incorporated private limited company whose principal activity as a holding company. Hezong's directors are Tong Jie (董洁) and Jiang Zhi (蒋智) and the shares of Hezong are held by L&J (SG) Holding Pte. Ltd. and Tong Jie. The shares of L&J (SG) Holding Pte. Ltd. are, in turn, held by Li Huabin (李华宾) and Jiang Zhi. Hezong and its directors and shareholders are unrelated to the Group, our Directors, Executive Officers, Substantial Shareholders and/or their respective associates*.*

On 18 December 2023 our Company, Hezong and HF Bugis entered into the HF Bugis JVA to govern, *inter alia*, the relationship among the parties with respect to, and the conduct of the business of, HF Bugis and the Bugis+ Joint Venture Outlet. Pursuant to the HF Bugis JVA, 6,000 HF Bugis Class B Ordinary Shares shall be allotted and issued to our Company and Hezong in accordance to the HF Bugis JV Shareholding Proportion in exchange for their respective investments into HF Bugis. On 24 January 2024, pursuant to the HF Bugis JVA, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively. Subsequently, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively, on 12 March 2024. As of the date Latest Practicable Date, the total issued share capital of HF Bugis comprises 8,501 shares, consisting of 2,501 ordinary shares and 6,000 HF Bugis Class B Ordinary Shares. The issued share capital of HF Bugis consists of contribution by the Company and Hezong, respectively, in accordance with the HF Bugis JVA. Please refer to the section entitled "Our Group Structure – Our Group Structure" of this Offer Document in relation to the shareholding percentage held by the Company in HF Bugis.

The HF Bugis Class B Ordinary Shares shall not carry any voting rights, and holders of such HF Bugis Class B Ordinary Shares shall not have any rights to appoint a director and shall only be entitled to, among other things, receive dividends declared in relation to the profits accrued by the Bugis+ Joint Venture Outlet. Any holder of the HF Bugis Class B Ordinary Shares who desires to transfer any HF Bugis Class B Ordinary Shares shall give to the Company and the other shareholders the pre-emptive right to purchase all of the HF Bugis Class B Ordinary Shares before being offered to a third party purchaser. Where there is sale to a third party purchaser, the majority holder of the HF Bugis Class B Ordinary Shares ("**Majority Holder**") shall have the right to drag along the minority holder of the HF Bugis Class B Ordinary Shares ("**Minority Holder**") to sell all the HF Bugis Class B Ordinary Shares held by the Minority Holder; and if no drag along rights exercised, then the Minority Holder may exercise its tag along rights to require the Majority Holder to procure the third party purchaser to offer to purchase all the HF Bugis Class B Ordinary Shares held by the Minority Holder.

Under the HF Bugis JVA, our Company and Hezong is entitled to elect one member each to the two-member executive committee ("**Bugis+ Joint Venture Exco**"), which will form the management for the Bugis+ Joint Venture Outlet, and will only be entitled to the rights to determine matters in relation to the Bugis+ Joint Venture Outlet. The terms of reference of the Bugis+ Joint Venture Exco are provided in the HF Bugis JVA, including the reserved matters in relation to the Bugis+ Joint Venture Outlet which requires the unanimous decision of the Bugis+ Joint Venture Exco.

Any deadlock in the matter relating to the Bugis+ Joint Venture Exco shall be resolved by the holders of HF Bugis Class B Ordinary Shares (i.e., our Company and Hezong). The deadlock shall first be resolved in good faith within 30 business days from the notice of deadlock served by either party to the other. If the deadlock remains unresolved after the said 30 business days, either party may offer to sell their HF Bugis Class B Ordinary Shares to, or buy the HF Bugis Class B Ordinary Shares of, the other party. In the event neither party makes such an offer, either party may serve a notice to the other party for HF Bugis to be wound up.

Each of our Company and Hezong had entered into a management consultancy agreement with HF Bugis on 15 July 2024 in relation to the consultancy and management services to be provided to HF Bugis relating to Bugis+ Joint Venture Outlet. For more information, please refer to the section entitled "General Information on our Group – Our Operation Management Structure – Provision of management services by our Company and Hezong to the Bugis+ Joint Venture Outlet" of this Offer Document. Under the management consultancy agreement between Hezong and HF Bugis, Hezong's role is in relation to the consultancy and management services to stage performance, music, visual and effect, performance training of the artists, crew and dancers whereas our Group manages the ordinary day to day operations of the Bugis+ Joint Venture Outlet, including the application of relevant approvals and licences, F&B operations, the employment matters, maintenance works, etc..

Our Directors view that in the event that Hezong ceases its involvement in Bugis+ Joint Venture Outlet, it is not expected to have a material adverse impact on our business operations and financial performance. Our Group retains the capability to operate the Bugis+ Joint Venture Outlet, as we have been managing its day-to-day operations independently, including the application for relevant approvals and licenses, overseeing F&B operations, managing employment matters, and handling maintenance tasks. Accordingly, revenue generation from the outlet is expected to continue uninterrupted, without necessitating its closure. Further, the HF Bugis JVA does not have exclusivity provisions, therefore our Group is free to actively pursue new joint ventures or strategic alliances that may create synergistic opportunities with our existing businesses. Such joint ventures or strategic alliances may be in relation with strong players in the market operating similar business as Bugis+ Joint Venture Outlet or varied ventures and business which fill any gaps left by the Bugis+ Joint Venture Outlet, if any. Our Directors have also considered where our Group ceases its operation of the Bugis+ Joint Venture Outlet due to the winding up of HF Bugis, it is not expected to have a material adverse impact on our business operations and financial performance as we are not bound by any non-compete provisions in the HF Bugis JVA and would be able to launch an outlet similar to Bugis+ Joint Venture Outlet given that our Group has been managing the ordinary day to day operations of the Bugis+ Joint Venture Outlet as discussed above. Our Group, with the experience and expertise gained from managing the Bugis+ Joint Venture Outlet, would likely be able to operate such similar outlet seamlessly.

Hezong also has the right to appoint a cashier for the Bugis+ Joint Venture Outlet and to review all bank accounts related to the Bugis+ Joint Venture Outlet (of which the Company shall provide Hezong with complete daily records and vouchers of all bank receipts and payments upon its request). The Company shall also provide Hezong with its monthly financial reports and invite Hezong to its monthly management meetings. As of the date of this Offer Document, Hezong has not exercised its right in appointing a cashier for the Bugis+ Joint Venture Outlet, and the cashier of the Bugis+ Joint Venture Outlet is employed by HF Bugis.

As at the date of the HF Bugis JVA, HF Bugis operated Bugis+ Karaoke Outlet, and it is contemplated under the HF Bugis JVA that the Bugis+ Karaoke Outlet will be divested within 18 months from the date of the HF Bugis JVA (being 18 December 2023). The HF Bugis JVA provides termination rights to Hezong if the divestment of Bugis+ Karaoke Outlet does not occur within 18 months from the date of the HF Bugis JVA. Further, the HF Bugis JVA may also be terminated by mutual agreement or pursuant to winding up of HF Bugis or under the deadlock described above. The quantum payable in the event of termination shall depend on the event of termination, being the failure to divest Bugis+ Karaoke Outlet (which require the refund of the capital invested by Hezong with interest (computed based on an annual rate of 10%)) or winding up or reach of terms of the HF Bugis JVA (and any claims of losses and damages).

It is envisaged that the shareholding structure of HF Bugis. will revert to one (1) class of shares held by our Company and Hezong in their respective HF Bugis JV Shareholding Proportion following the divestment. For the avoidance of doubt, our Group will continue to operate the Bugis+ Karaoke Outlet following the divestment and Hezong will not have any involvement in the operation or management of the Bugis+ Karaoke Outlet.

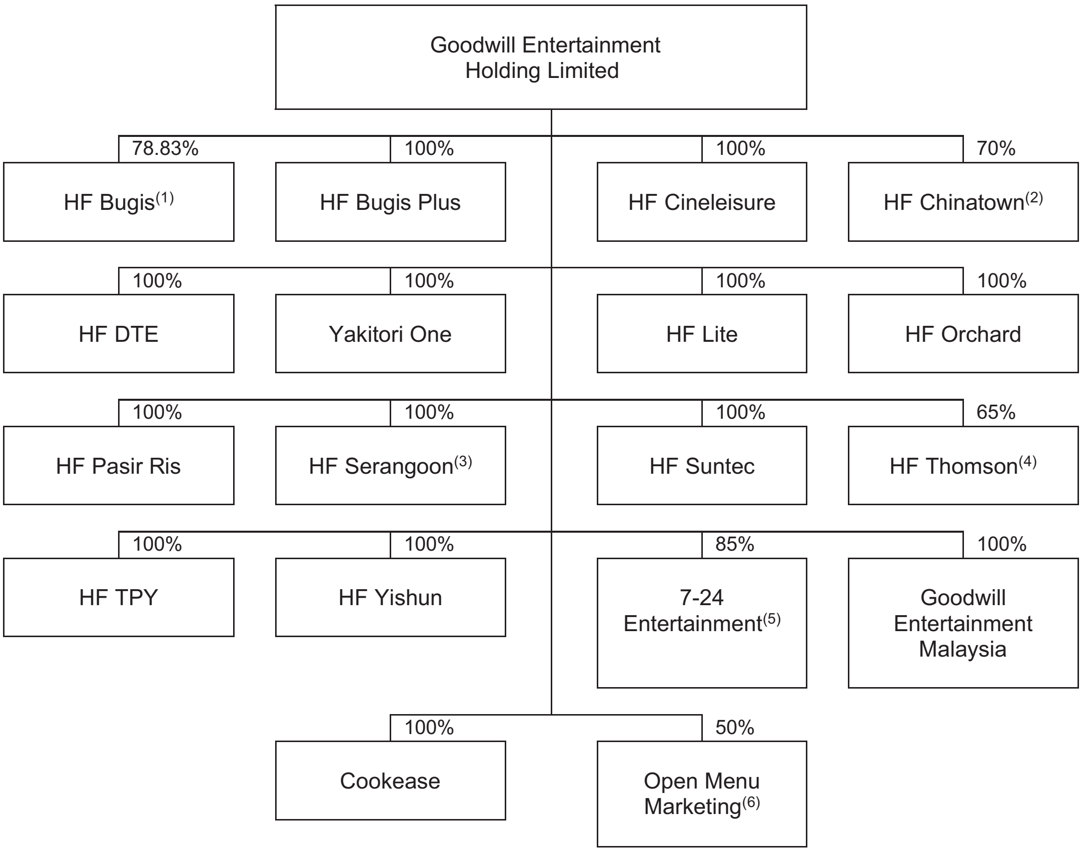
(b) Business Transfer from HF Bugis to HF Bugis Plus

In connection with the obligation to divest the Bugis+ Karaoke Outlet under the HF Bugis JVA, our subsidiaries, HF Bugis and HF Bugis Plus, had on 15 July 2024 entered into HF Bugis APA pursuant to which HF Bugis agreed to sell, and HF Bugis Plus agreed to purchase, the assets of the Bugis+ Karaoke Outlet, comprising its equipment, furniture and fixtures for a consideration of S$553,563 payable by HF Bugis Plus was determined based on the NAV of the list of fixed assets and all inventory of HF Bugis (relating to Bugis+ Karaoke Outlet) as at 31 May 2024, which is not audited. The HF Bugis APA became effective from 1 June 2024.

As part of the business reorganisation under the HF Bugis APA, the lease of the Bugis+ Karaoke Outlet entered into by HF Bugis was novated to HF Bugis Plus and the transactions involving Bugis+ Karaoke Outlet with the major suppliers of our Group were shifted to HF Bugis Plus.

OUR GROUP STRUCTURE

Our Group structure immediately after the Restructuring Exercise and as at the date of this Offer Document is as follows:



Notes:

(1) Computed based on our Company's shareholding of 2,501 ordinary shares and 4,200 HF Bugis Class B Ordinary Shares, out of the total of 8,501 shares in issue as at the date of this Offer Document, comprising 2,501 ordinary shares and 6,000 HF Bugis Class B Ordinary Shares. The remaining 21.17% of HF Bugis is held by Hezong, pursuant to the issuance of 900 HF Bugis Class B Ordinary Shares on 24 January 2024 and 900 HF Bugis Class B Ordinary Shares on 12 March 2024. The HF Bugis JVA provides that the HF Bugis Class B Ordinary Shares do not carry any voting rights and holders of such HF Bugis Class B Ordinary Shares shall not have any rights to appoint a director and shall only be entitled to rights in relation to the Bugis+ Joint Venture Outlet, such as the right to receive dividends declared in relation to the profits accrued by the Bugis+ Joint Venture Outlet. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Further Developments" for details of Hezong.

(2) The remaining 30.0% of HF Chinatown is held by Piggy Technology Pte. Ltd., Ji Fang, Tian Yongbin and Liu Cheng (holding 10.91%, 8.18%, 5.45% and 5.46%, respectively). The sole shareholder of Piggy Technology Pte. Ltd. is Liu Jing. The shareholders of the remaining 30.0% of HF Chinatown are unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

(3) HF Serangoon (in liquidation - creditors' voluntary winding up) has in January 2022 ceased operations of its business located in NEX. The Company was placed under provisional liquidation on 7 May 2024, in accordance with Section 161 of the Insolvency, Restructuring, and Dissolution Act 2018. Subsequently, the provisional liquidation transitioned to a voluntary liquidation on 21 May 2024, following resolutions passed at the extraordinary general meeting and the creditors' meeting held on the same date. Ellyn Tan Huixian has been appointed as the sole Liquidator.

(4) The remaining approximately 35.0% of HF Thomson is held by Kwok Tjin Yu, Ardiles and Waynard Lee Wei Kiat (holding 28.6% and 6.4% respectively). The 28.6% shareholding was transferred on 2 September 2024 from Elite Gastronomy Pte. Ltd. (in which Kwok Tjin Yu, Ardiles is a shareholder of Elite Gastronomy Pte. Ltd.) to Kwok Tjin Yu, Ardiles. . The transfer was made pursuant to commercial reasons of Elite Gastronomy Pte. Ltd.. The shareholders of the remaining 35.0% of HF Thomson are unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

(5) The remaining 15.0% of 7-24 Entertainment is held by Ms. Zhang Xiaoling, who is unrelated our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

(6) The remaining 50.0% of Open Menu Marketing is held by DeliveryChinaTown Pte. Ltd.. The shareholders of the remaining 50.0% of Open Menu Marketing are unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

SUBSIDIARIES AND ASSOCIATED COMPANY

The details of our Subsidiaries and associated company as at the date of this Offer Document are as follows:

Name of subsidiary and associated company	Date and place of incorporation	Principal place of business	Principal activities	Issued / registered capital	Equity interest held by our Company	Directors	Auditors[1]
Cookease	5 April 2024, Singapore	–[2]	Manufacture of cooked-food preparations (e.g. frozen dinners)	S$50,000	100%	Mr. Flint Lu	FKT
HF Bugis	20 December 2021, Singapore	Unit #03-18 of Bugis+	(1) Night clubs, discotheques, dance clubs and karaoke lounges; and (2) Restaurants	S$6,500,000	78.83%	Mr. Flint Lu	FKT
HF Bugis Plus	31 January 2024, Singapore	Unit #07-01 of Bugis+	Same as above	S$10,000	100%	Mr. Flint Lu	FKT
HF Cineleisure	10 February 2023, Singapore	Unit #08-01/01A of Cineleisure Orchard	Same as above	S$300,000	100%	Mr. Flint Lu	FKT
HF Chinatown	5 July 2019, Singapore	Units #04-01 to #04-22 of Lucky Chinatown	Same as above	S$750,000	70%	Mr. Flint Lu	FKT
HF DTE	30 January 2019, Singapore	Unit #01-311 and #01-312 of Downtown East	Same as above	S$1,075,485	100%	Mr. Flint Lu	FKT
Yakitori One (formerly, HF Liveshow)	31 January 2023, Singapore	–	Same as above	S$300,000	100%	Mr. Flint Lu	FKT
HF Lite	13 February 2023, Singapore	–	Same as above	S$200,000	100%	Mr. Flint Lu	FKT
HF Orchard	22 June 2017, Singapore	Units #04-25 to #04-28 of 313@Somerset	Same as above	S$300,000	100%	Mr. Flint Lu	FKT
HF Pasir Ris	6 July 2023, Singapore	Unit #02-54 of Pasir Ris Mall	Same as above	S$150,000	100%	Mr. Flint Lu	FKT
HF Serangoon	11 July 2018, Singapore	–[3]	Same as above	S$1,000,000	100%	Mr. Flint Lu	FKT

Name of subsidiary and associated company	Date and place of incorporation	Principal place of business	Principal activities	Issued / registered capital	Equity interest held by our Company	Directors	Auditors[1]
HF Suntec	31 January 2023, Singapore	Units #03-344 and #03-345 of Suntec City	Same as above	S$100,000	100%	Mr. Flint Lu	FKT
HF Thomson	5 July 2019, Singapore	Unit #01-116 of Thomson Plaza	Same as above	S$850,000	65%	Mr. Flint Lu	FKT
HF TPY	30 April 2019, Singapore	Unit #02-06 of SAFRA Toa Payoh	Same as above	S$983,700	100%	Mr. Flint Lu	FKT
HF Yishun	12 April 2019, Singapore	Units 01-04 to #01-06 of SAFRA Yishun	Same as above	S$950,000	100%	Mr. Flint Lu	FKT
7-24 Entertainment	10 June 2015, Singapore	Units #06-01 to #06-23 of Bugis Cube	Same as above	S$1,400,000	85%	Mr. Flint Lu	FKT
Goodwill Entertainment Malaysia	28 November 2023, Malaysia	2-01, Jalan Setia Tropika 1/14, Setia Tropika, 81200 Johor Bahru, Johor, Malaysia	Investment holding	RM10,000	100%	Mr. Flint Lu, Ms. Kong Ling Ting	Ecovis KF&C PLT
Open Menu Marketing	2 April 2024, Singapore	–[4]	Public relations, marketing, and brand consultancy services	S$10,000	50%	Mr. Flint Lu Mr. Tian Ye(5)	FKT

Notes:

(1) Foo Kon Tan LLP will be appointed as an external auditor of the Group (in relation to the entities in Singapore) prior to the Placement.

(2) Cookease was incorporated for the purposes of our Group's vertical expansion plans of commencing the food manufacturing plant. Cookease had on 7 August 2024 entered into two (2) sale and purchase agreements for the acquisition of 15 Woodland Loop, #02-09 and #02-10 Singapore 738322, and the acquisition was completed on 30 August.

(3) HF Serangoon (in liquidation - creditors' voluntary winding up) has in January 2022 ceased operations of its business located in NEX.

(4) There is no principal place of business as Open Menu Marketing has not commenced any operations. Open Menu Marketing was incorporated in contemplation of our Group's plans to tap into digital marketing.

(5) Mr. Tian Ye is unrelated to our Directors, Executive Officers and/or Substantial Shareholders.

Save as disclosed above, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of our Group.

None of our Subsidiaries or associated company are listed on any stock exchange.

None of our Independent Directors sits on the board of any of our Subsidiaries or associated company.

Singapore

As at the Latest Practicable Date, there were no foreign exchange control restrictions in effect in Singapore.

The following selected consolidated financial information should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively, as well as the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	←	Audited	→	← Unaudited	→
S$'000	**FY2021**	**FY2022**	**FY2023**	**3M2023**	**3M2024**
Revenue	930	16,487	23,930	5,070	8,926
Other income	1,419	1,012	561	201	187
Purchases and related costs	(434)	(3,294)	(3,764)	(740)	(1,669)
Depreciation of plant and equipment	(1,283)	(1,185)	(1,714)	(336)	(843)
Depreciation of right-of-use assets	(1,341)	(1,505)	(3,742)	(485)	(1,636)
Staff costs	(1,898)	(4,549)	(6,340)	(1,246)	(2,350)
Operating lease expenses	(41)	(227)	(804)	(221)	(234)
Other operating expenses	(448)	(3,498)	(3,617)	(694)	(1,557)
Share of results of associate, net of tax	(191)	(24)	–	–	–
Finance costs	(506)	(441)	(825)	(131)	(314)
(Loss)/Profit before taxation	**(3,793)**	**2,776**	**3,685**	**1,418**	**510**
Taxation	402	(724)	(446)	(195)	(102)
(Loss)/Profit for the year/period	**(3,391)**	**2,052**	**3,239**	**1,223**	**408**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Fair value loss on derivative financial instrument	–	–	–	–	(110)
Foreign currency translation differences on consolidation	–	–	–*	–	–*
Other comprehensive loss for the year/period, net of tax of nil	**–**	**–**	**–**	**–**	**(110)**
Total comprehensive (loss)/ income for the year/period	**(3,391)**	**2,052**	**3,239**	**1,223**	**298**
(Loss)/Profit attributable to:					
Owners of the Company	(3,307)	1,145	2,904	1,013	386
Non-controlling interests	(84)	907	335	210	22
	(3,391)	**2,052**	**3,239**	**1,223**	**408**
Total comprehensive (loss)/ income attributable to:					
Owners of the Company	(3,307)	1,145	2,904	1,013	276
Non-controlling interests	(84)	907	335	210	22
	(3,391)	**2,052**	**3,239**	**1,223**	**298**
Adjusted EBITDA[(1)]	(2,004)	4,402	6,224	1,885	1,667
(Loss)/Earnings per Share					
Basic and diluted [(2)] (cent) (Pre-Placement)	(0.95)	0.58	0.91	0.34	0.11
Basic and diluted [(3)] (cent) (Post-Placement)	(0.85)	0.51	0.81	0.31	0.10

** Denotes less than 1,000*

Notes:

(1) The adjusted EBITDA computation has been derived from taking the (loss)/profit before taxation and excluding the borrowings finance costs and depreciation of plant and equipment

(2) For illustrative purposes, the EPS for the Period Under Review has been calculated based on our net profit and the pre-Placement issued share capital of 356,750,000 Shares.

(3) For illustrative purposes, the EPS for the Period Under Review (as adjusted for the Placement) has been calculated based on our net profit and the post-Placement issued share capital of 400,000,000 Shares.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

S$'000	Audited as at 31 December 2021	2022	2023	Unaudited as at 31 March 2024
ASSETS				
Non-current assets				
Plant and equipment	4,055	4,050	13,516	15,594
Right-of-use assets	2,137	6,369	16,629	16,034
Intangible assets	8	6	5	4
Deferred tax assets	693	240	231	274
Associate	24	–	–	–
	6,917	**10,665**	**30,381**	**31,906**
Current assets				
Inventories	119	206	431	804
Trade and other receivables	972	1,381	4,877	4,918
Prepayments	54	61	461	150
Cash and bank deposits	708	2,510	2,843	9,082
	1,853	4,158	8,612	14,954
Total assets	**8,770**	**14,823**	**38,993**	**46,860**
EQUITY AND LIABILITIES				
Current liabilities				
Lease liabilities	3,023	1,738	5,521	6,089
Borrowings	4,486	1,459	3,387	2,958
Provision for restoration costs	91	123	–	–
Trade and other payables	1,573	2,608	6,196	5,732
Current tax payable	–	220	518	507
	9,173	**6,148**	**15,622**	**15,286**
Non-current liabilities				
Deferred tax liabilities	–	50	19	89
Lease liabilities	898	4,901	12,528	11,457
Borrowings	437	27	1,771	8,703
Provision for restoration costs	293	348	899	962
Derivative financial instrument	–	–	–	110
	1,628	**5,326**	**15,217**	**21,321**
Total liabilities	**10,801**	**11,474**	**30,839**	**36,607**
Equity				
Share capital	3,390	5,820	8,896	8,896
Other reserves	369	1,253	760	650
Accumulated losses	(5,994)	(4,849)	(1,944)	(1,558)
Equity attributable to owners of the Company	**(2,235)**	**2,224**	**7,712**	**7,988**
Non-controlling interests	204	1,125	442	2,265
Total equity	**(2,031)**	3,349	**8,154**	**10,253**
Total equity and liabilities	**8,770**	**14,823**	**38,993**	**46,860**
NAV per Share(1) (cents)	(0.63)	0.62	2.16	2.24
Adjusted NAV per Share(2) (cents)	1.49	2.60	3.97	4.04

Notes:

(1) For illustrative purposes, NAV per Share is computed based on the equity attributable to the owners of our Company and our pre-Placement of 356,750,000 Shares.

(2) For illustrative purposes, the adjusted NAV per Share is computed based on the equity attributable to the owners of our Company and our post-Placement share capital of 400,000,000 Shares, after adjusting for the estimated net proceeds from the issue of the Placement Shares.

CONSOLIDATED STATEMENTS OF CASH FLOWS

S$'000	FY2021	Audited FY2022	FY2023	Unaudited 3M2024
Cash Flows from Operating Activities				
(Loss)/Profit before taxation	(3,793)	2,776	3,685	510
Adjustments for:				
Amortisation of intangible assets	2	2	2	–
Depreciation of plant and equipment	1,283	1,185	1,714	843
Depreciation of right-of-use assets	1,341	1,505	3,742	1,636
Fair value gain on associate	–	(70)	–	–
Gain on change in interest in associate	(15)	–	–	–
Gain on lease termination	–	(264)	–	–
Impairment loss on goodwill	–	358	–	–
Interest expense	506	441	825	314
Interest income	–	(6)	–*	–
Loss on disposal of plant and equipment	–	85	–	–
Plant and equipment written off	–	779	33	–
Reversal of provision for restoration costs	–	(65)	–	–
Share of results of associate	190	24	–	–
Waiver of interest	–	(108)	–	–
Operating (loss)/profit before working capital changes	**(486)**	**6,642**	**10,001**	**3,303**
Changes in inventories	16	(66)	(224)	(373)
Changes in trade and other receivables	281	(528)	(3,338)	(41)
Changes in prepayments	(14)	(7)	(401)	312
Changes in trade and other payables	128	149	1,550	1,022
Changes in provision	(9)	137	410	51
Cash (used in)/generated from operations	**(84)**	**6,327**	**7,998**	**4,274**
Income taxes paid	–	–	(170)	(85)
Interest received	–	6	–*	–
Net cash (used in)/ generated from operating activities	**(84)**	**6,333**	**7,828**	**4,189**
Cash Flows from Investing Activities				
Advances repaid from/(made to) related parties	65	250	(157)	–
Acquisition of a subsidiary	–	73	–	–
Acquisition of non-controlling interests in subsidiaries without change in control	–	(550)	(400)	–
Capital contributions by non-controlling interests in subsidiaries	–	950	–	900
Disposal of interests in subsidiaries without loss of control	–	600	–	–
Investment deposit received	–	–	900	–
Incorporation of subsidiaries with non-controlling interests	–	–	196	–
Proceeds from disposal of plant and equipment	–	117	–	–
Purchase of plant and equipment	(346)	(1,804)	(11,213)	(2,920)
Net cash used in investing activities	**(281)**	**(364)**	**(10,674)**	**(2,020)**

S$'000	FY2021	Audited FY2022	FY2023	Unaudited 3M2024
Cash Flows from Financing Activities				
Advances from/(repaid to) related parties	194	73	908	(356)
Bank deposit pledged	–	–	–	(450)
Dividend paid to a non-controlling interest	–	–	–	(230)
Fixed deposits with maturity of more than three (3) months or pledged	–	(169)	369	–
Interest paid	(420)	(342)	(807)	(302)
Payment of lease liabilities	(1,073)	(2,756)	(2,593)	(1,545)
Proceed from borrowings	2,040	–	6,520	7,340
Repayment of borrowings	(304)	(1,143)	(848)	(837)
Net cash generated from/(used in) financing activities	**437**	**(4,337)**	**3,549**	**3,620**
Net increase in cash and cash equivalents	72	1,632	703	5,789
Cash and cash equivalents at the beginning of year/period	436	508	2,140	2,843
Cash and cash equivalents at the end of year/period	**508**	**2,140**	**2,843**	**8,632**

** Denotes less than 1,000*

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR FY2021, FY2022 AND FY2023

The consolidated financial statements comprise the financial statements of our Company and the Subsidiaries at the end of the reporting period. The financial statements of the Subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as our Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses and other comprehensive losses are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries are consolidated from the date of acquisition, being the date on which our Group obtains control and continue to be consolidated until the date that such control ceases. Our Group determines whether it has control over an entity or business based on whether our Group has the practical ability to direct such entity or business unilaterally in a significant way to affect its returns.

During the Period Under Review, our Group owned less than half of the equity interests and voting rights in HF TPY, HF Yishun and HF Bugis during FY2022 and as at 31 December 2022, and HF Chinatown in FY2022 ("**Investee Companies**"). Notwithstanding this, our management determined that our Group had control over the Investee Companies for the following reasons:

(a) In respect of HF TPY, HF Yishun and HF Bugis, the majority shareholder of these entities during that time period, Ms. Victoria Sun, our current COO and a then-shareholder of our Company, had assigned control to direct the relevant activities of the Investee Companies to our Company. In addition, the sole director of the Investee Companies during FY2022 was Mr. Flint Lu, who is our CEO and Executive Chairman.

(b) In respect of HF Chinatown, our Company was the then-largest single shareholder holding approximately 40% of the enlarged share capital of HF Chinatown after the allotments made in February and April 2022 (and subsequently increased to 70% shareholding on 12 October 2022), relative to the size and dispersion of shareholding held by other unrelated shareholders of HF Chinatown during that period.

The following discussion of our Group's results of operations and financial position for the Period Under Review has been prepared by our management and should be read in conjunction with full text of this Offer Document, including the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively.

This discussion and analysis contains forward-looking statements which involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements. Factors that might cause our actual future results to differ from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager and the Joint Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of the Offer Document.

OVERVIEW

Our Group is in the business of operating multi-entertainment concepts, comprising of a network of family-friendly karaoke facilities with F&B concepts, performance halls and dance clubs, operating under the brand name "HaveFun Family Karaoke", "FATEbyhavefun" and "HaveFun Live Show".

Details of our two (2) main business segments are as follows:

(a) Karaoke Lounges and Multi-Entertainment Venues

This segment comprises our Group's operations of 11 "HaveFun Family Karaoke" karaoke outlets across Singapore. Each outlet provides its customers with a variety of amenities, from private cinemas to pool tables, dart machines, as well as board and console games. As part of our multi-entertainment strategy, some of our outlets feature performance halls that serve as an event space for live band performances, meet-and-greet events, live comedy and other live acts.

In addition to karaoke lounges, our flagship outlet at Cineleisure Orchard features our first dance club of the Group, "FATEbyhavefun", which operates six (6) days a week. Our flagship outlet provides customers with a seamless transition karaoke to dance for a full "night-out" experience.

(b) Live show concept

This segment comprises our Group's latest instalment "HaveFun Live Show", which is multi-entertainment concept in collaboration with Hezong. It is the first-of-its-kind mega live entertainment house in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience.

For more information, please refer to the sections entitled "General Information on our Group – Business Overview".

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services and the amounts receivable for goods supplied in the ordinary course of the Group's activities and is presented net of goods and services tax, rebates, and discounts.

Our Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to our Group, and when specific criteria have been met for each of our Group's activities, as described under the "Material Accounting Policy Information" section of the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years ended 31 December 2021, 2022 and 2023" as set out in Appendix A to the Offer Document, where our Group's accounting policies with respect to revenue recognition have been disclosed.

During the Period Under Review, our revenue was mainly as follows:

(a) customers who pay to use the karaoke facilities;

(b) food and drinks offers with the karaoke facilities; and

(c) private events or parties held at the karaoke venue.

The breakdown of our revenue by business segments for FY2021, FY2022, FY2023, 3M2023 and 3M2024 are set out below:

S$'000	FY2021	%	FY2022	%	FY2023	%	3M2023	%	3M2024	%
HaveFun Family Karaoke	930	100.0	16,487	100.0	23,930	100.0	5,070	100.0	6,605	74.0
HaveFun Live Show	–	–	–	–	–	–	–	–	2,321	26.0
Total	**930**	**100.0**	**16,487**	**100.0**	**23,930**	**100.0**	**5,070**	**100.0**	**8,926**	**100.0**

The increase in revenue for FY2022 and FY2023 compared to FY2021 was mainly due to the relaxation of Circuit Breaker Measures and various other restrictions on the public entertainment industry where most outlets or facilities were allowed to resume operation in April 2022, resulting in an increased demand for local entertainment venues compared to in FY2021.

Factors affecting our Group's revenue

In general, our revenue may be affected by, among others, the following factors which affect consumer's patronage, spending and demand for alcoholic beverages:

(c) our ability to maintain the relevant licences, registrations, permits, approvals or exemptions necessary for our business;

(d) changes in government regulations affecting, among others, our Group's licences and operation hours, and any suspension or revocation of its licences and approvals;

(e) the number of outlets in operation and our ability to identify and secure strategic locations to increase the number of outlets in operation and implement suitable concepts for each location;

(f) our ability to promote and attract consumers to our outlets and retain our customers through our marketing efforts including launching promotion, marketing events, and the provision of good services and environment;

(g) our ability to create brand awareness and promote the portfolio of entertainment offerings, which may result in better brand recognition and increased demand from consumers;

(h) our ability to compete effectively with our competitors;

(i) our ability to attract and retain skilled and qualified staffs and other management personnel to support and/or grow our Group's business;

(j) our ability to develop exclusive deals to help attract a broader audience and increase profit;

(k) our ability to overcome challenges in sourcing alcohol, equipment or other supplies which may have an impact on our revenue;

(l) our ability to stay attuned to evolving trends and adapt our offerings to match customer preferences;

(m) changes in consumer tastes and preferences, which may result in a switch in consumers' patronage of our outlets to other competitors' venues or a decrease in market demand for our entertainment offerings;

(n) negative publicity (whether genuine or otherwise) concerning quality and hygiene of the F&B served at our outlets or other operational issues relating to our outlets;

(o) our ability to adapt to technological advancements and new innovations in the entertainment industry;

(p) changes in economic conditions and inflation in Singapore, which may affect the sentiments of consumers and their discretionary spending at our outlets such as changes in consumers' level of disposable income, economic performance and prospects in Singapore or the countries in which we are planning to operate in; and

(q) acts of terrorism and outbreak of contagious or virulent diseases in Singapore or the countries in which we are planning to operate in, which may affect consumer confidence or sentiments.

During the Period Under Review, our Group opened three (3) new outlets. In 2022, the Bugis+ Karaoke Outlet commenced its business while our outlets in Suntec City and Cineleisure Orchard commenced business in 2023. The outlet in Bugis+ Karaoke Outlet generated approximately S$1,920,000 revenue for FY2022, contributing 11.6% of the Group's total revenue for the said financial year. The said three (3) outlets further generated approximately S$5,452,000 revenue in FY2023, contributing 22.8% of the Group's total revenue for FY2023.

After the Period Under Review and up to the Latest Practicable Date, two (2) new outlets, namely the Bugis+ Joint Venture Outlet and the outlet in Pasir Ris Mall were opened and commenced business in February 2024 and July 2024 respectively.

Although a new establishment generally generates lower profit margin due to lower sales and start-up operating costs in the initial stage, it is expected that expanding the number of outlets will increase our Group's market share and contribute positively to the revenue. Please refer to the section entitled "General Information on our Group   Business Strategies and Future Plans" of this Offer Document for our expansion plans and the sections entitled "General Information on our Group – Competition", "General Information on our Group – Competitive Strengths" and "Risk Factors" of this Offer Document for more details as to the factors and risks which have or may have an impact on our business operations and financial performance.

Other income

Other income amounted to S$1,419,000, S$1,012,000, and S$561,000 for FY2021, FY2022 and FY2023 respectively, and S$201,000 and S$187,000 for 3M2023 and 3M2024, respectively, representing 152.6%, 6.1% and 2.3% of our total revenue for FY2021, FY2022 and FY2023 respectively and 4.0% and 2.1% of our revenue for 3M2023 and 3M2024, respectively.

Other income comprises mainly non-mainstream income as follows:

S$'000	FY2021	%	FY2022	%	FY2023	%	3M2023	%	3M2024	%
Bad debts recovered	85	6.0	–	–	–	–	–	–	–	–
Fair value gain on associate	–	–	70	6.9	–	–	–	–	–	–
Gain on change in interest in associate	15	1.1	–	–	–	–	–	–	–	–
Gain on lease termination	–	–	264	26.1	–	–	–	–	–	–
Government grants	781	55.0	269	26.6	230	41.0	201	100.0	180	96.3
Insurance claims received	1	0.1	–	–	144[(1)]	25.7	–	–	–	–
Interest income on fixed deposits	–	–	6	0.6	–	–	–	–	–	–
Liquidated damages claimed	–	–	–	–	169[(2)]	30.1	–	–	–	–
Management fee income	90	6.3	9	0.9	–	–	–	–	–	–
Miscellaneous income	32	2.3	32	3.1	18	3.2	–	–	7	3.7
Rental rebates	415	29.2	189	18.7	–	–	–	–	–	–
Reversal of provision for restoration costs	–	–	65	6.4	–	–	–	–	–	–
Waiver of interest on loan from a third party	–	–	108[(3)]	10.7	–	–	–	–	–	–
Total	**1,419**	**100.0**	**1,012**	**100.0**	**561**	**100.0**	**201**	**100.0**	**187**	**100.0**

Note:

(1) The insurance claims relate to fire damages to the HF Yishun outlet which had occurred on or about 12 July 2022. The insurance claims were filed and were fully received during FY2023.

(2) The liquidated damages relate to a one-month rental claim from Funtech Solutions arising from delays in the handover of the renovation works for the new outlet in Cineleisure Orchard to HF Cineleisure. The claims for liquidated damages have been fully recovered from Funtech Solutions in February 2024 pursuant to a set-off arrangement entered into between HF Cineleisure and Funtech Solutions, whereby HF Cineleisure had issued a debit note to Funtech Solutions to offset against the outstanding amounts payable by HF Cineleisure for services provided by Funtech Solutions.

(3) The waiver of interest on loan relates to approximately five months of interest on the loan from Mengkim (which at that point was not considered a related party). It was agreed with Mengkim as part of the repayment terms in the MK Repayment Deed, pursuant to which the outstanding loan was fully repaid through the issuance of ordinary shares in the capital of the Company to Mengkim.

Expenses

Purchases and related costs

Purchases and related costs comprise mainly spirits, wines, liquors, other alcoholic beverages, food ingredients and kitchen stuffs. Purchases and related costs amounted to S$434,000, S$3,294,000 and S$3,764,000 for FY2021, FY2022 and FY2023 respectively, and S$740,000 and S$1,669,000 for 3M2023 and 3M2024, respectively, representing 46.7%, 20.0% and 15.7% of our revenue for FY2021, FY2022 and FY2023 respectively and 14.6% and 18.7% of our revenue for 3M2023 and 3M2024, respectively.

The purchases and related costs for FY2021 were low mainly due to the imposition of Circuit Breaker Measures in the first quarter of FY2021. The increase in the purchase and related costs for FY2022 and FY2023 were in line with the resumption of business that resulted increase in the revenue during the years under review and after the relaxation of public entertainment outing restriction.

Other than pursuant to fluctuations in revenue, our purchases and related costs may be affected by, among others, the following factors:

(a) fluctuations in the market prices of food and alcoholic beverages, which may be affected by prices of raw materials, market demand which varies with the season, holidays and special events, supply conditions and governmental regulations;

(b) our ability to estimate and determine the product mix and demand to offer for the respective product type required by the different karaoke outlets;

(c) our ability to estimate the optimal inventory levels to maintain at each outlet as any inadequate or erroneous estimations as well as unanticipated increases in the cost of production may result in overstocking;

(d) our ability to obtain favourable pricing from our suppliers and to achieve economies of scale enabling us to obtain volume discounts on food and alcoholic beverages;

(e) any changes to the excise taxes and import/export duties which impact the final price of alcoholic beverages;

(f) any changes in our suppliers' conditions, whether financial or otherwise, which affect their ability to fulfil their contractual obligations to us;

(g) staff costs and the costs of equipment supplied by third parties for the management of our outlets;

(h) goods and services from third party vendors such as lighting designers, media content service providers, studio equipment service providers and audiovisual suppliers, which we require for the operation of our outlets;

(i) costs of any licences and/or copyright costs which we require for the operation of our outlets; and

(j) any changes to any regulations related to alcohol content, health claims, or labelling requirements will affect our overall costs.

Depreciation of plant and equipment

Depreciation of plant and equipment pertains to depreciation of renovations, furniture and equipment and computers. Depreciation of plant and equipment amounted to S$1,283,000, S$1,185,000, and S$1,714,000 for FY2021, FY2022 and FY2023 respectively and S$336,000 and S$843,000 for 3M2023 and 3M2024, respectively, representing 138.0%, 7.2% and 7.2% of our revenue for FY2021, FY2022 and FY2023 respectively and 6.6% and 9.4% of our revenue for 3M2023 and 3M2024, respectively.

Depreciation of right-of-use assets

Depreciation of right-of-use assets amounted to S$1,341,000, S$1,505,000, and S$3,742,000 for FY2021, FY2022 and FY2023 respectively, and S$485,000 and S$1,636,000 for 3M2023 and 3M2024, respectively representing 144.2%, 9.1% and 15.6% of our revenue for FY2021, FY2022 and FY2023 respectively and 9.6% and 18.3% of our revenue for 3M2023 and 3M2024, respectively.

Staff costs

Staff salaries include fixed and variable components of salaries and wages, allowances, bonuses, other staff benefits and contributions to defined contribution plan, including remuneration of directors and administrative staffs as well as karaoke outlet managers, performing artistes and service staffs.

Staff costs amounted to S$1,898,000, S$4,549,000 and S$6,340,000 for FY2021, FY2022 and FY2023 respectively, and S$1,246,000 and S$2,350,000 for 3M2023 and 3M2024, respectively, representing 204.1%, 27.6% and 26.5% of our revenue for FY2021, FY2022 and FY2023 respectively and 24.6% and 26.3% of our revenue for 3M2023 and 3M2024, respectively.

S$'000	FY2021	%	FY2022	%	FY2023	%	3M2023	%	3M2024	%
Director's remuneration										
Salaries, bonuses and other staff benefits	175	9.2	429	9.4	508	8.0	83	6.6	83	3.5
Contribution to defined contribution plan	15	0.8	21	0.5	18	0.3	4	0.3	7	0.3
Key management personnel (other than directors)										
Salaries, bonuses and other staff benefits	–	–	–	–	116	1.8	–	–	86	3.7
Contribution to defined contribution plans	–	–	–	–	14	0.2	–	–	10	0.4
Other staff costs										
Salaries, bonuses and other staff benefits	1,563	82.4	3,742	82.3	5,185	81.8	1,055	84.7	2,017	85.8
Contribution to defined contribution plans	145	7.6	357	7.8	499	7.9	104	8.4	147	6.3
Total staff costs	**1,898**	**100**	**4,549**	**100**	**6,340**	**100**	**1,246**	**100**	**2,350**	**100**

Staff costs depend largely on the number of staff and employees. Our karaoke outlets are managed by a team comprising of outlet managers, kitchen crew and service staff. In addition, we also hire part-time employees on an ad-hoc basis to perform ancillary work if required. As our Group's business has grown and more outlets have been set up since FY2022, we have recruited more staff and have incurred higher salaries and wages to retain and attract talents. Our staff costs increased over the Period Under Review correspondingly to the expanded business operation and outlet set up.

Operating lease expenses

Operating lease expenses pertains to the additional rental expense paid based on a percentage of the gross sales turnover of the karaoke outlets under the lease arrangement. Operating lease expenses amounted to S$41,000, S$227,000 and S$804,000 for FY2021, FY2022 and FY2023 respectively, and S$221,000 and S$234,000 for 3M2023 and 3M2024, respectively, representing 4.4%, 1.4% and 3.4% of our revenue for FY2021, FY2022 and FY2023 respectively and 4.4% and 2.6% of our revenue for 3M2023 and 3M2024, respectively.

Increase in operating lease expense relates to the growth in revenue during the Period Under Review.

Other operating expenses

Other operating expenses amounted to S$448,000, S$3,498,000 and S$3,617,000 for FY2021, FY2022 and FY2023 respectively, and S$694,000 and S$1,557,000 for 3M2023 and 3M2024, respectively, representing 48.2%, 21.2% and 15.1% of our revenue for FY2021, FY2022 and FY2023 respectively and 13.7% and 17.4% of our revenue for 3M2023 and 3M2024, respectively.

Other operating expenses include the following items for the Period Under Review:

S$'000	FY2021	%	FY2022	%	FY2023	%	3M2023	%	3M2024	%
Credit card and payment service fees	8	1.8	353	10.1	478	13.2	116	16.7	187	12.0
Entertainment expenses	7	1.6	58	1.7	50	1.4	17	2.5	34	2.2
Impairment loss on goodwill	–	–	358	10.2	–	–	–	–	–	–
Legal and professional fees	29	6.5	63	1.8	444	12.3	11	1.6	216	13.9
Licensing fees	8	1.8	83	2.4	210	5.8	17	2.5	282	18.1
Marketing expenses	13	2.9	221	6.3	285	7.9	50	7.2	111	7.1
Plant and equipment written off	–	–	779	22.3	33	0.9	33	4.8	–	–
Repairs and maintenance expense	72	16.1	546	15.6	576	15.9	189	27.2	227	14.6
Travel expenses	8	1.8	120	3.4	263	7.3	28	4.0	81	5.2
Utilities	93	20.8	339	9.7	607	16.8	110	15.9	313	20.1

Credit card and payment service fees relate to credit cards processing fees, NETS and PayNow transaction charges that was charged by the card merchants, and bank charges and fees charged by the banks for the normal business daily operations

Impairment loss on goodwill was attributable to a subsidiary of the Group, HF Thomson, which has been incurring losses.

Legal and professional fees relate to payment made for legal matters and professional services and advices rendered to the company. Included in the legal and professional fees are initial expenses incurred in connection with the proposed listing of the Company on the Catalist which are not capitalised.

Licencing fees relate to the renewal and obtaining of necessary licenses and permits for music performance, alcohol service, public entertainment and food licenses.

Marketing expenses relates to expenses associated with promoting the karaoke outlets through social media, flyers and local advertisement, partnerships as well as expenses for organising special and local events or promotions to attract customers.

Repairs and maintenance expenses relates to expenses for repairs and fixing damaged equipment, regular and routine maintenance of our equipment, sound systems, and furnishing and regular cleaning and sanitisation expenses to the karaoke outlets to ensure a safe and hygienic environment for customers.

Utilities comprise expenses related to electricity, water, and air conditioning of the office and karaoke outlets.

Generally, other operating expenses increased over the Period Under Review due mainly to our expanded business activities and newly set up outlets.

Share of results of associate, net of tax

Share of results of associate represents our share of profits relating to our 27% shareholding interest in HF Thomson. The associate company had since been consolidated as a group subsidiary subsequently in August 2022 as a result to the subscription of new allotted share that make the Company a controlling shareholder.

Finance costs

Finance costs comprise mainly interest expense incurred on lease liabilities, bank loans, loan from a related company, loans from a third parties, loan from shareholders, and unwinding of discount on provision for reinstatement costs. Finance costs amounted to S$506,000, S$441,000, and S$825,000 for FY2021, FY2022 and FY2023 respectively, and S$131,000 and S$314,000 for 3M2023 and 3M2024, respectively representing 54.4%, 2.7% and 3.4% of our revenue for FY2021, FY2022 and FY2023 respectively and 2.6% and 3.5% of our revenue for 3M2023 and 3M2024, respectively.

(Loss)/Profit before taxation

The Group recorded a loss before taxation of S$3,793,000 for FY2021 and a profit before taxation of S$2,776,000, S$3,685,000, S$1,418,000 and S$510,000, for FY2022, FY2023, 3M2023 and 3M2024, respectively.

Taxation

The Group's tax credit for FY2021 amounted to S$402,000, and tax expense for FY2022, FY2023 3M2023 and 3M2024 amounted to $724,000, S$446,000, S$195,000 and S$102,000, respectively. The Group's effective tax rate for FY2021, FY2022, FY2023, 3M2023 and 3M2024 was 10.6%, 26.1%, 12.1%, 13.8% and 20.0%, respectively.

The Singapore statutory corporate tax rates from FY2021 to FY2023 was 17.0%. During the Period Under Review, our effective tax rates were lower than the 17.0% statutory corporate tax rate of Singapore due to our losses before taxation recorded in prior years as well as capital allowance utilisation resulted from the capital expenditure incurred on investment in new outlets.

Deferred income tax is provided on all temporary differences arising from the tax bases of assets and liabilities and their carrying amounts in the financial statements.

(Loss)/Profit for the year

The Group incurred a net loss of S$3,391,000 for FY2021 and generated a net profit of S$2,052,000, S$3,239,000, S$1,223,000 and S$408,000 for FY2022, FY2023, 3M2023 and 3M2024, respectively.

REVIEW OF RESULTS OF OPERATIONS – FY2021 VS FY2022

Revenue

Our revenue in FY2021 was comparatively low because of the outbreak of COVID-19 pandemic. When the pandemic hit, karaoke establishments were amongst the first to close their doors as the Singapore Government instated a number of restrictions on non-essential activities and entertainment venues. Our business was seriously affected by these measures and did not run its full operations for about two-year hiatus. Our Group pivoted its operations to F&B takeaway as dining-in was prohibited. When the Circuit Breaker Measures were imposed, our Group limited its operations to six (6) outlets (out of a total of seven (7) outlets) offering F&B takeaway services. Without a professional chef team, full kitchen and proper set-up of our premises and limited variety of food offered, our revenue in FY2021 was not substantial compared to preceding years.

The increase in our revenue by S$15,557,000 or 1,672.8% from S$930,000 in FY2021 to S$16,487,000 in FY2022 was attributed to the resumption of operations of our outlets after Circuit Breaker Measures were gradually lifted and the opening of two (2) new outlets in FY2022 which expanded our business operations from seven (7) outlets in FY2021 to nine (9) outlets in FY2022.

Other income

Other income decreased by S$407,000 or 28.7% from S$1,419,000 in FY2021 to S$1,012,000 in FY2022, mainly due to a decrease in government subsidies and grants received as well as rental rebates received in FY2022. The decrease in other income for FY2022 was partly offset by a recognition of fair value gain on associate arising from change in interest, a gain on lease termination, a waiver of interest on loan from a third party and the reversal of provision for restoration costs in FY2022.

Expenses

Purchases and related costs

Purchases and related costs increased by S$2,860,000 or 659.0% from S$434,000 in FY2021 to S$3,294,000 in FY2022. The increase in purchases and related costs was in line with the increase in business activities.

Depreciation of plant and equipment

Depreciation of plant and equipment decreased by S$98,000 or 7.6% from S$1,283,000 in FY2021 to S$1,185,000 in FY2022. In FY2022, depreciation expense decreased due mainly to a one-off disposal of karaoke equipment which became redundant due to closure of an outlet, partly offset by additional depreciation charge for the acquisition of new plant and equipment which relates to replacement and addition to get ready for the re-opening of the existing karaoke outlets when restrictions from COVID-19 were gradually lifted, add on with new plant and equipment for the two (2) new outlets establishment and became operational in FY2022.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by S$164,000 or 12.2% from S$1,341,000 in FY2021 to S$1,505,000 in FY2022, mainly due to new outlet leases took up for new outlets establishment, and renewal of existing outlet leases which expired in FY2022 at higher rental rates, partly offset with renegotiated and modified existing lease contract for some of the outlets at lower rental rates that resulted in a decrease in the depreciation of right-of-use assets.

Staff costs

Staff costs increased by S$2,651,000 or 139.7% from S$1,898,000 in FY2021 to S$4,549,000 in FY2022. The percentage of our staff costs to our total revenue was at 204.0% and 27.6% in FY2021 and FY2022 respectively.

The high percentage of staff costs to total revenue at 204.0% in FY2021 was mainly due to the COVID-19 pandemic where the Group continue to maintain a significant portion of our staff costs as we chose to retain all employees and keep all outlets operational.

The subsequent increase in staff costs in FY2022 was mainly due to increase in manpower for reopening the karaoke businesses for our existing outlets as well as additional new manpower required for new outlets establishment that became operational in FY2022. The increase in staff costs was in line with the increase in our revenue for FY2022.

Operating lease expenses

Operating lease expenses increased by S$186,000 or 453.7% from S$41,000 in FY2021 to S$227,000 in FY2022. The percentage of our operating lease expenses to our total revenue was at 4.4% and 1.4% in FY2021 and FY2022 respectively. The increase in operating lease expenses was in line with the increase in our revenue.

Other operating expenses

Other operating expenses increased by S$3,050,000 or 680.8% from S$448,000 in FY2021 to S$3,498,000 in FY2022. Other operating expenses accounted for 48.2% and 21.2% of our revenue for FY2021 and FY2022 respectively. The increase in other operating expenses was in line with the increase in our revenue.

In FY2022, there was (1) a one-off disposal of karaoke equipment which become redundant and resulted in plant and equipment written off amounted to S$779,000, representing approximately 22.3% of the other operating expenses, (2) a one-off impairment loss on goodwill of S$358,000 resulted from a business combination that accounted for 10.2% of the other operating expenses.

Share of results of associate, net of tax

Share of results of associate represents our share of profits relating to our 27.0% shareholding interest in HF Thomson. The associate company had since been consolidated as a group subsidiary subsequently in August 2022 as a result to the subscription of new allotted share that make the Company a controlling shareholder.

Share of results of associates was S$190,000 in FY2021 and S$24,000 in FY2022, arising from the contribution from our 27%-owned associated company, HF Thomson which is principally engaged in the cabarets, night clubs, discotheques and karaoke business.

Finance costs

Finance costs decreased by S$65,000 or 12.8% from S$506,000 in FY2021 to S$441,000 in FY2022 mainly due to the decrease in interest expense on bank loans and loans from third parties, partly offset by an increase in interest on lease liabilities and a loan from a related company. The percentage of our finance costs to our total revenue was at 54.4% and 2.7% in FY2021 and FY2022, respectively.

(Loss)/Profit before taxation

We recorded a loss before taxation of S$3,793,000 in FY2021 as compared to a profit before taxation of S$2,776,000 in FY2022. This was mainly due to the impact of the COVID-19 pandemic which adversely affected our Group's business operation badly in FY2021. The improvement in our profit before taxation in FY2022 was mainly attributable to the resumption of operations of our outlets after Circuit Breaker Measures were gradually lifted and the opening of two (2) new outlets establishment in FY2022.

Taxation

Taxation comprises current taxation and deferred taxation. Our taxation increased by S$1,126,000 or 280.1% from tax credit of S$402,000 in FY2021 to tax expense of S$724,000 in FY2022, which was in line with the increase in our profit before taxation, from a loss of S$3,793,000 in FY2021 to a profit of S$2,776,000 in FY2022.

(Loss)/Profit for the year

As a result of the above, with the increase in our overall revenue in FY2022, our net (loss)/profit increased by S$5,443,000 or 160.5% from a net loss of S$3,391,000 in FY2021 to a net profit of S$2,052,000 in FY2022.

REVIEW OF RESULTS OF OPERATIONS – FY2022 VS FY2023

Revenue

Revenue increased by S$7,443,000 or 45.1% from S$16,487,000 in FY2022 to S$23,930,000 in FY2023. The increase in revenue was primarily due to of continuing full-year operations of all existing karaoke outlets in FY2023 as compared to FY2022 where the existing outlets operated for less than 12 months arising from the Circuit Breaker Measures during the first quarter of FY2022 and the opening of two (2) new outlets in FY2023.

Other income

Other income decreased by S$451,000 or 44.6% from S$1,012,000 in FY2022 to S$561,000 in FY2023, mainly due to the absence of rental rebates received in FY2023 and a one-off recognition of fair value gain on associate, gain on lease termination, waiver of interest on loan from a third party and the reversal of provision for restoration costs in FY2022. The decrease in other income for FY2023 was partly offset by insurance claims received, and liquidated damages claimed.

Expenses

Purchases and related costs

Purchases and related costs increased by S$470,000 or 14.3% from S$3,294,000 in FY2022 to S$3,764,000 in FY2023. The increase was mainly due to the increase in the provision for inventories and the higher costs of operation. The increase in purchases and related costs was also in line with the increase in business activities.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S$529,000 or 44.6% from S$1,185,000 in FY2022 to S$1,714,000 in FY2023, mainly due to normal business replacement and additions of new plant and equipment for existing karaoke outlets and additions of new plant and equipment for the two (2) new outlets established in FY2023. The percentage of our depreciation of plant and equipment expense to our total revenue had remained relatively constant at 7.2% and 7.2% in FY2022 and FY2023 respectively.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by S$2,237,000 or 148.6% from S$1,505,000 in FY2022 to S$3,742,000 in FY2023 mainly due to new outlet leases took up for new outlets established by our Group in FY2023 as well as renewal of existing outlets leases which expired in FY2023.

Staff costs

Staff costs increased by S$1,791,000 or 39.4% from S$4,549,000 in FY2022 to S$6,340,000 in FY2023. The increase in our staff costs in FY2023 was mainly due to the expansion in our karaoke operations with new outlets establishment and became operational, to support the increase in our revenue in FY2023. The increase in staff costs was in line with the increase in our revenue for FY2023. The percentage of our staff costs to our total revenue had remained relatively constant at 27.6% and 26.5% in FY2022 and FY2023 respectively.

Operating lease expenses

Operating lease expenses increased by S$577,000 or 254.2% from S$227,000 in FY2022 to S$804,000 in FY2023. The percentage of our operating lease expenses to our total revenue was at 1.4% and 3.4% in FY2022 and FY2023, respectively. The increase in operating lease expenses was in line with the increase in our revenue.

Other operating expenses

Other operating expenses increased by S$119,000 or 3.4% from S$3,498,000 in FY2022 to S$3,617,000 in FY2023. The percentage of our other operating expenses to our total revenue was at 21.2% and 15.1% in FY2022 and FY2023 respectively. The increase in other operating expenses was in line with the increase in our revenue.

Share of results of associate, net of tax

Share of results of associates was S$24,000 in FY2022, contributed from our 27.0%-owned associate company, HF Thomson. On 1 August 2022, our Group acquired an additional 38.0% equity interest in HF Thomson. Following the acquisition, our Group held equity interest of 65.0% in HF Thomson, which was then reclassified as a subsidiary of our Group.

Finance costs

Finance costs increased by S$384,000 or 87.1% from S$441,000 in FY2022 to S$825,000 in FY2023 mainly due to the increase in interest expense on lease liabilities and bank loans. The percentage of our finance costs to our total revenue was at 2.7% and 3.4% in FY2022 and FY2023 respectively.

Profit before taxation

As a result of the above, our profit before taxation increased by S$909,000 or 32.7% from S$2,776,000 in FY2022 to S$3,685,000 profit in FY2023. Our profit before taxation as a percentage of revenue had remained relatively consistent at 16.8% and 15.4% in FY2022 and FY2023, respectively.

Taxation

Taxation comprises current taxation and deferred taxation. Our tax expense decreased by S$278,000 or 38.4% from S$724,000 in FY2022 to S$446,000 in FY2023.

Profit for the year

As a result of the above, with the increase in our overall revenue in FY2023, our net profit increased by S$1,187,000 or 57.8% from S$2,052,000 in FY2022 to S$3,239,000 in FY2023.

REVIEW OF RESULTS OF OPERATIONS – 3M2023 VS 3M2024

Revenue

Revenue increased by S$3,856,000 or 76.1% from S$5,070,000 in 3M2023 to S$8,926,000 in 3M2024. The increase in revenue was primarily because of continuing full year operations of all existing karaoke outlets in 3M2023 as compared to 3M2024 where the existing outlets operations were less than full 12 months and additional one (1) new outlet established in 3M2024, namely the Bugis+ Joint Venture Outlet which contributed one (1) month of revenue, captured under 3M2024 results.

The revenue generated from Bugis+ Joint Venture Outlet includes collections received by HF Bugis from the sale of virtual and physical gifts and rewards to our customers which is recorded as "rendering of live performance services" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024. Such revenue is recognised at the point of collection of payments from our customers through our website platforms or in-store, being the point where our customers are deemed to have satisfactorily enjoyed the live performances by the performing artistes, in accordance with SFRS 15 – Revenue from Contracts with Customers. Please refer to the section entitled "General Information of Our Group – Business Overview – Live show concept" for more information on the revenue generated in connection with live performance and entertainment services at the Bugis+ Joint Venture Outlet.

Other income

Other income decreased by $14,000 or 7.0% from S$201,000 in 3M2023 to S$187,000 in 3M2024, mainly due to decrease in government grants received for 3M2024.

Expenses

Purchases and related costs

Purchases and related costs increased by S$929,000 or 125.5% from S$740,000 in 3M2023 to S$1,669,000 in 3M2024. The increase was mainly due to the increase in purchase of inventories and the higher costs of operation. The increase in purchases and related costs was also in line with the increase in business activities and revenue.

In respect of the Bugis+ Joint Venture Outlet in particular, "purchases and related costs" include the costs of the physical gifts and rewards offered at that Outlet (such as champagne drinks). Such physical gifts and rewards are expensed once the items are sold. Please refer to the section entitled "General Information of Our Group – Business Overview – Live show concept" of this Offer Document for more information on the gifts and rewards offerings at the Bugis+ Joint Venture Outlet. These costs of physical gifts and rewards are considered by our management as direct costs incurred to generate revenue from gifts and rewards, as elaborated in the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations – Review of Results of Operations – 3M2023 vs 3M2024 – Revenue" of this Offer Document.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S$507,000 or 150.9% from S$336,000 in 3M2023 to S$843,000 in 3M2024, mainly due to normal business replacement and additions of new plant and equipment for existing karaoke outlets and additions of new plant and equipment for the one (1) new outlet established in 3M2024. The percentage of our depreciation of plant and equipment expense to our total revenue had remained relatively constant at 6.6% and 9.4% in 3M2023 and 3M2024, respectively.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by S$1,151,000 or 237.3% from S$485,000 in 3M2023 to S$1,636,000 in 3M2024, mainly due to new leases entered into for new outlets in FY2023 as well as renewal of existing leases which expired in FY2023.

Staff costs

Staff costs increased by S$1,104,000 or 88.6% from S$1,246,000 in 3M2023 to S$2,350,000 in 3M2024. The increase in our staff costs in 3M2024 was mainly due to the expansion in our karaoke operations with new outlets establishment and became operational, to support the increase in our revenue in 3M2024. The increase in staff costs was in line with the increase in our revenue for 3M2024. The percentage of our staff costs to our total revenue had remained relatively constant at 24.6% and 26.3% in 3M2023 and 3M2024, respectively.

In respect of the Bugis+ Joint Venture Outlet in particular, the "staff costs" include the costs of employee benefits (e.g. salaries) of the performing artistes of HF Bugis. Such costs of employee benefits are considered by our management as direct costs incurred to generate revenue from gifts and rewards, as the revenue generated from gifts and rewards earned by our Group is based on the services rendered by performing artistes employed by our Group, as elaborated in the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations – Review of Results of Operations – 3M2023 vs 3M2024 – Revenue" of this Offer Document. The costs of employee benefits are recognised during the period of the services rendered by the performance artistes. Please refer to the sections entitled "General Information of Our Group – Business Overview – Live show concept" of this Offer Document for more information on the gifts and rewards offerings at the Bugis+ Joint Venture Outlet and "Directors, Executive Officers and Employees – Employees" of this Offer Document for more information on the performing artistes employed by HF Bugis.

Operating lease expenses

Operating lease expenses increased by S$13,000 or 5.9% from S$221,000 in 3M2023 to S$234,000 in 3M2024. The percentage of our operating lease expenses to our total revenue was at 4.4% and 2.6% in 3M2023 and 3M2024, respectively. The increase in operating lease expenses was in line with the increase in our revenue.

Other operating expenses

Other operating expenses increased by S$863,000 or 124.4% from S$694,000 in 3M2023 to S$1,557,000 in 3M2024. The percentage of our other operating expenses to our total revenue was at 13.7% and 17.4% in 3M2023 and 3M2024, respectively. The proportion of these expenses to our total revenue rose from 13.7% to 17.6% during this period, in line with our revenue growth.

Legal and professional fees surged by 1,819.7% due to ongoing IPO expenses. Licensing fees increased as we opened more outlets, necessitating additional permits for music performance, alcohol service, public entertainment, and food service. Marketing expenses grew by 120.4% due to new outlet launches and live shows promoted via social media, flyers, and local advertisements. General expenses increased by 5,819.3%, in line with our overall revenue increase.

Finance costs

Finance costs increased by S$183,000 or 139.7% from S$131,000 in 3M2023 to S$314,000 in 3M2024 mainly due to the increase in interest expense on lease liabilities and bank loans. The percentage of our finance costs to our total revenue was at 2.6% and 3.5% in 3M2023 and 3M2024, respectively.

Profit before taxation

As a result of the above, our profit before taxation decreased by S$908,000 or 64.0% from S$1,418,000 in 3M2023 to S$510,000 in 3M2024. Our profit before taxation as a percentage of revenue had decreased from 28.0% to 5.7% in 3M2023 and 3M2024, respectively primarily driven by (a) the establishment of new outlets (b) depreciation of right-of-use assets and plant and equipment arising from establishment of the new outlets and (c) increase in other operating expenses.

Taxation

Taxation comprises current taxation and deferred taxation. Our tax expense decreased by S$93,000 or 47.7% from S$195,000 in 3M2023 to S$102,000 in 3M2024.

Profit for the period

As a result of the above factors, our profit for the period decreased by S$815,000 or 66.6% from a net profit of S$1,223,000 in 3M2023 to a net profit of S$408,000 in 3M2024. The decline was attributable to several key factors: (a) increased depreciation of right-of-use assets due to newly established outlets, (b) higher other operating expenses from these new outlets, and (c) accounting for only one (1) month of revenue from "HaveFun Live Show".

REVIEW OF CONSOLIDATED FINANCIAL POSITION

As at 31 December 2021

Non-current assets

As at 31 December 2021, our non-current assets amounted to S$6,917,000 and accounted for 78.9% of our Group's total assets.

Our non-current assets comprise plant and equipment, right-of-use assets, intangible assets, deferred tax assets and associate.

Plant and equipment amounted to S$4,055,000 and accounted for 58.6% of our total non-current assets, which includes renovations, furniture and equipment and computers as at 31 December 2021.

Right-of-use assets amounted to S$2,137,000 and accounted for 30.9% of our total non-current assets, which comprised outlets and motor vehicle as at 31 December 2021.

Intangible assets amounted to S$8,000 and accounted for 0.1% of our total non-current assets, which pertain to the cost of software used to enhance the functionalities and user interface for the Group's karaoke equipment as at 31 December 2021. Save for the annual amortisation charges according to our accounting policy, we do not have any material write-off or impairment for intangible assets in FY2021.

Deferred tax assets amounted to S$693,000 and accounted for 10.0% of our total non-current assets, arising from tax effects of unutilised tax losses and capital allowances on plant and equipment and leases available for offsetting against future taxable profits as at 31 December 2021.

Associate amounted to S$24,000 and accounted for 0.4% of our total non-current assets, which comprised share of net assets of an associate.

Current assets

As at 31 December 2021, our current assets amounted to S$1,853,000 and accounted for 21.1% of our Group's total assets.

Our current assets comprise inventories, trade and other receivables, prepayments and cash and bank deposits.

Inventories amounted to S$119,000 and accounted for 6.4% of our total current assets, which comprised mainly of spirits, wines, liquors and other alcoholic beverages, which will be subsequently recognised as revenue upon the sale of these items under "sale of food and beverages".

Trade and other receivables amounted to S$972,000 and accounted for 52.5% of our total current assets. Trade and other receivables comprised mainly trade receivables from third parties of S$6,000 for amounts due from credit card payments in relation to our karaoke outlet operations; trade receivables from related companies of S$76,000 in relation to sales of alcoholic beverages to related companies; net input taxes of S$33,000; other receivables from related companies of S$262,000; deposits of S$555,000 relating mainly to tenancy deposits and other receivables from third parties of S$40,000 as at 31 December 2021.

Prepayments amounted to S$54,000 and accounted for 2.9% of our total current assets. These are mainly prepayments for operating expenses and payment in advance to suppliers as at 31 December 2021.

Cash and bank deposits amounted to S$708,000 and accounted for 38.2% of our total current assets as at 31 December 2021. Included in our cash and bank deposits was S$200,000 of fixed deposits pledged to a bank to secure our Group's borrowings.

Non-current liabilities

As at 31 December 2021, our non-current liabilities amounted to S$1,628,000 and accounted for 15.1% of our Group's total liabilities.

Our non-current liabilities comprise lease liabilities, borrowings and provision for restoration costs.

Lease liabilities amounted to S$898,000 and accounted for 55.2% of our total non-current liabilities, relating to outlets and motor vehicles as at 31 December 2021.

Borrowings amounted to S$437,000 and accounted for 26.8% of our total non-current liabilities, relating to loan from a related company of S$437,000 as at 31 December 2021.

Provision for restoration costs amounted to S$293,000 and accounted for 18.0% of our total non-current liabilities as at 31 December 2021. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Current liabilities

As at 31 December 2021, our current liabilities amounted to S$9,173,000 or 84.9% of our Group's total liabilities.

Our current liabilities comprised lease liabilities, borrowings, provision for restoration costs and trade and other payables.

Lease liabilities amounted to S$3,023,000 and accounted for 33.0% of our total current liabilities, relating to outlets and motor vehicle as at 31 December 2021.

Borrowings amounted to S$4,486,000 and accounted for 48.9% of our total current liabilities. Borrowings comprised mainly bank loans obtained for working capital and projects financing purposes of S$1,872,000; loan from a third party of S$2,525,000 and loan from a related company of S$89,000 as at 31 December 2021. The Group breached certain financial covenants in respect of the DBS EFS SME Working Capital Loans to 7-24 Entertainment and HF Orchard, and the CIMB Term Loan to 7-24 Entertainment, amounting to an aggregate amount of S$1,872,000. Accordingly, the bank loans became repayable on demand and were classified as current at the end of the reporting period.

Provision for restoration costs amounted to S$91,000 and accounted for 1.0% of our total current liabilities as at 31 December 2021. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Trade and other payables amounted to S$1,573,000 and accounted for 17.1% of our total current liabilities. Trade and other payables comprised mainly trade payables due to third parties of S$57,000; accrued expenses of S$164,000; net output taxes of S$5,000; government grants payable of S$51,000; other payables due to a related company of S$1,194,000; other payables due to a director of S$21,000 and other payables due to third parties of S$81,000 as at 31 December 2021.

The government grants payable of S$51,000 is pursuant to the excess grant related to the Productivity & Innovation Credit (PIC) Scheme and related to grants claimed in 2016 by 7-24 Entertainment. The grants were requested to be repaid to IRAS under the PIC Compliance Review Programme in its letter dated 30 July 2020, arising from certain IT and automation equipment which did not fall under the criteria eligible for claims. On this basis, there was an issue of compliance with the terms of the PIC Scheme, leading to excess grants claimed by our Group, which were subsequently repaid by our Group. As of the date of this Offer Document, there are no penalties issued nor actions taken by the relevant authorities for the excess grant amounts given to our Group pursuant to the PIC Scheme. Our management has assessed that the any penalties or actions taken in relation to the excess grant amounts do not have a material adverse impact on our Group's operations and/or financials.

Equity

As at 31 December 2021, our total equity amounted to negative S$2,031,000 comprises mainly issued and fully paid share capital of S$3,390,000 and other reserves of S$369,000, partially offset by accumulated losses of S$5,994,000. The equity attributable to non-controlling interests amounted to S$204,000.

As at 31 December 2022

Non-current assets

As at 31 December 2022, our non-current assets amounted to S$10,665,000 and accounted for 71.9% of our Group's total assets.

Our non-current assets comprise plant and equipment, right-of-use assets, intangible assets, and deferred tax assets.

Plant and equipment amounted to S$4,050,000 and accounted for 38.0% of our total non-current assets, which includes renovations, furniture and equipment and computers as at 31 December 2022.

Right-of-use assets amounted to S$6,369,000 and accounted for 59.7% of our total non-current assets, which comprised outlets and motor vehicle as at 31 December 2022. The lease termination during FY2022 was related to the early termination of the lease of the HF Serangoon outlet. Derecognition of right-of-use assets was related to leases of other outlets which had expired during FY2022.

Intangible assets amounted to S$6,000 and accounted for 0.1% of our total non-current assets, which pertain to the cost of software used to enhance the functionalities and user interface for the Group's karaoke equipment as at 31 December 2022. Save for the annual amortisation charges according to our accounting policy, we do not have any material write-off or impairment for intangible assets in FY2022.

Deferred tax assets amounted to S$240,000 and accounted for 2.2% of our total non-current assets, arising from tax effects of unused tax losses and capital allowances on plant and equipment and leases available for offsetting against future taxable profits as at 31 December 2022.

Current assets

As at 31 December 2022, our current assets amounted to S$4,158,000 and accounted for 28.1% of our Group's total assets.

Our current assets comprise inventories, trade and other receivables, prepayments and cash and bank deposits.

Inventories amounted to S$206,000 and accounted for 4.9% of our total current assets, which comprised mainly of spirits, wines, liquors and other alcoholic beverages, which will be subsequently recognised as revenue upon the sale of these items under "sale of food and beverages".

Trade and other receivables amounted to S$1,381,000 and accounted for 33.2% of our total current assets. Trade and other receivables comprised mainly trade receivables from third parties of S$297,000 for amounts due from credit card payments in relation to our karaoke outlet operations; trade receivables from related companies of S$60,000 in relation to sales of alcoholic beverages to related companies; net input taxes of S$20,000; other receivables from related companies of S$12,000; deposits of S$984,000 relating mainly to tenancy deposits and other receivables from third parties of S$8,000 as at 31 December 2022.

Prepayments amounted to S$61,000 and accounted for 1.5% of our total current assets. These are mainly prepayments for operating expenses and payment in advance to suppliers as at 31 December 2022.

Cash and bank deposits amounted to S$2,510,000 and accounted for 60.4% of our total current assets as at 31 December 2022. Included in our cash and bank deposits was S$369,000 of fixed deposits pledged to a bank to secure our Group's borrowings.

Non-current liabilities

As at 31 December 2022, our non-current liabilities amounted to S$5,326,000 and accounted for 46.4% of our Group's total liabilities.

Our non-current liabilities comprise lease liabilities, borrowings, deferred tax liabilities and provision for restoration costs.

Lease liabilities amounted to S$4,901,000 and accounted for 92.0% of our total non-current liabilities, relating to outlets and motor vehicles as at 31 December 2022.

Borrowings amounted to S$27,000 and accounted for 0.5% of our total non-current liabilities, relating to loan from a third party as at 31 December 2022.

Deferred tax liabilities amounted to S$50,000 and accounted for 1.0% of our total non-current liabilities as at 31 December 2022.

Provision for restoration costs amounted to S$348,000 and accounted for 6.5% of our total non-current liabilities as at 31 December 2022. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Current liabilities

As at 31 December 2022, our current liabilities amounted to S$6,148,000 or 53.6% of our Group's total liabilities.

Our current liabilities comprised lease liabilities, borrowings, provision for restoration costs, trade and non-trade amount(s) and current tax payable.

Lease liabilities amounted to S$1,738,000 and accounted for 28.3% of our total current liabilities, relating to outlets and motor vehicles as at 31 December 2022.

Borrowings amounted to S$1,459,000 and accounted for 23.7% of our total current liabilities. Borrowings comprised mainly bank loans obtained for working capital and projects financing purposes of S$1,365,000 and loan from a third party of S$94,000 as at 31 December 2022. The Group breached certain financial covenants in respect of the DBS EFS SME Working Capital Loans to 7-24 Entertainment and HF Orchard, and the CIMB Term Loan to 7-24 Entertainment, amounting to an aggregate amount of S$1,365,000. Accordingly, the bank loans became repayable on demand and were classified as current at the end of the reporting period.

Provision for restoration costs amounted to S$123,000 and accounted for 2.0% of our total current liabilities as at 31 December 2022. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Trade and non-trade amount(s) amounted to S$2,608,000 and accounted for 42.4% of our total current liabilities. Trade and non-trade amount(s) comprised mainly trade payables due to third parties of S$332,000; accrued expenses of S$572,000; net output taxes of S$266,000; advances from customers of S$60,000; non-trade amount(s) due to related companies, namely Funtech Solutions and Twinstar Global, of S$924,000 of which is related to maintenance, project cost and rental respectively; non-trade amount(s) due to a director, Mr. Flint Lu of S$302,000 related to working capital funding to a subsidiary; non-trade amount(s) due to non-controlling interests of S$63,000 and non-trade amount(s) due to third parties of S$89,000 as at 31 December 2022. The amounts are non-trade advances from and payments on behalf by the respective related parties for the Company. As at 31 March 2024, the non-trade amounts remain outstanding. The Group expects to repay the outstanding amounts prior to Listing.

Current tax payable amounted to S$220,000 or 3.6% of our total current liabilities as at 31 December 2022.

Equity

As at 31 December 2022, our total equity amounted to S$3,349,000 comprises mainly issued and fully paid share capital of S$5,820,000 and other reserves of S$1,253,000, partially offset by accumulated losses of S$4,849,000. The equity attributable to non-controlling interests amounted to S$1,125,000.

As at 31 December 2023

Non-current assets

As at 31 December 2023, our non-current assets amounted to S$30,381,000 and accounted for 77.9% of our Group's total assets.

Our non-current assets comprise plant and equipment, right-of-use assets, intangible assets and deferred tax assets.

Plant and equipment amounted to S$13,516,000 and accounted for 44.5% of our total non-current assets, which includes renovations, furniture and equipment, computers and assets under construction as at 31 December 2023. The increase in the carrying amount of plant and equipment during FY2023 was mainly due to the costs involved in setting up the three new outlets in FY2023, namely our outlets in Suntec City, Cineleisure Orchard and Bugis+ Joint Venture Outlet.

Right-of-use assets amounted to S$16,629,000 and accounted for 54.7% of our total non-current assets, which comprised outlets and motor vehicle as at 31 December 2023. Derecognition of right-of-use assets was related to leases of outlets which had expired during FY2023.

Intangible assets amounted to S$5,000, which pertain to the cost of software used to enhance the functionalities and user interface for the Group's karaoke equipment as at 31 December 2023. Save for the annual amortisation charges according to our accounting policy, we do not have any material write-off or impairment for intangible assets in FY2023.

Deferred tax assets amounted to S$231,000 and accounted for 0.8% of our total non-current assets, arising from tax effects of unused tax losses and capital allowances on plant and equipment and leases for offsetting against future taxable profits as at 31 December 2023.

Current assets

As at 31 December 2023, our current assets amounted to S$8,612,000 and accounted for 22.1% of our Group's total assets.

Our current assets comprise inventories, trade and other receivables, prepayments and cash and bank deposits.

Inventories amounted to S$431,000 and accounted for 5.0% of our total current assets, which comprised mainly of spirits, wines, liquors and other alcoholic beverages, which will be subsequently recognised as revenue upon the sale of these items under "sale of food and beverages".

Trade and other receivables amounted to S$4,877,000 and accounted for 56.6% of our total current assets. Trade and other receivables comprised mainly trade receivables from third parties of S$752,000 for amounts due from credit card payments in relation to our karaoke outlet operations; net input taxes of S$762,000; other receivables from related companies of S$169,000 in relation to sales of alcoholic beverages to related companies; deposits of S$3,127,000 relating mainly to tenancy deposits and deposits to renovation contractors and other receivables from third parties of S$67,000 as at 31 December 2023.

Prepayments amounted to S$461,000 and accounted for 5.4% of our total current assets. These are mainly prepayments for operating expenses and payment in advance to suppliers as at 31 December 2023. The increase during FY2023 was mainly due to advance payments made for the purchase of alcoholic beverages, which was in line with the setting up of the Bugis+ Joint Venture outlet. The advance payments made to the suppliers had been subsequently fully utilised upon the delivery of the alcoholic beverages by the suppliers.

Cash and bank deposits amounted to S$2,843,000 and accounted for 33.0% of our total current assets as at 31 December 2023.

Non-current liabilities

As at 31 December 2023, our non-current liabilities amounted to S$15,217,000 and accounted for 49.3% of our Group's total liabilities.

Our non-current liabilities comprise lease liabilities, borrowings, deferred tax liabilities and provision for restoration costs.

Lease liabilities amounted to S$12,528,000 and accounted for 82.3% of our total non-current liabilities, relating to outlets and motor vehicles as at 31 December 2023.

Borrowings amounted to S$1,771,000 and accounted for 11.6% of our total non-current liabilities, relating to bank loans obtained for working capital and projects financing purposes as at 31 December 2023.

Deferred tax liabilities amounted to S$19,000 and accounted for 0.1% of our total non-current liabilities as at 31 December 2023.

Provision for restoration costs amounted to S$899,000 and accounted for 5.9% of our total non-current liabilities as at 31 December 2023. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Current liabilities

As at 31 December 2023, our current liabilities amounted to S$15,622,000 or 50.7% of our Group's total liabilities.

Our current liabilities comprise lease liabilities, borrowings, trade and non-trade amount(s) and current tax payable.

Lease liabilities amounted to S$5,521,000 and accounted for 35.3% of our total current liabilities, relating to outlets and motor vehicles as at 31 December 2023.

Borrowings amounted to S$3,387,000 and accounted for 21.7% of our total current liabilities. Borrowings comprised mainly bank loans obtained for working capital and projects financing purposes of S$1,380,000; loan from shareholders of S$1,980,000 (which have been fully repaid) and loan from a third party of S$27,000 as at 31 December 2023. The Group breached certain financial covenants in respect of the DBS EFS SME Working Capital Loans to 7-24 Entertainment and HF Orchard, and the CIMB Term Loan to 7-24 Entertainment, amounting to an aggregate amount of S$859,000. Accordingly, the bank loans became repayable on demand and were classified as current at the end of the reporting period.

Trade and non-trade amount(s) amounted to S$6,196,000 and accounted for 39.7% of our total current liabilities. Trade and non-trade amount(s) comprised mainly trade payables due to third parties of S$981,000; accrued expenses of S$1,423,000; net output taxes of S$200,000; advances from customers of S$47,000; non-trade amount(s) due to related companies, namely Funtech Solutions and Twinstar Global, of S$1,752,000 of which is related to maintenance, project cost and rental respectively; non-trade amount(s) due to a director, Mr. Flint Lu, of S$146,000 related to working capital funding to a subsidiary; non-trade amount(s) due to non-controlling interests of S$298,000; non-trade amount(s) due to third parties of S$217,000; deposits received of S$902,000 and dividend payable to non-controlling interests of S$230,000 as at 31 December 2023. The amounts are non-trade advances from and payments on behalf by the respective related parties for the Company. As at 31 March 2024, the non-trade amounts remain outstanding. The Group expects to repay the outstanding amounts prior to Listing.

Current tax payable amounted to S$518,000 or 3.3% of our total current liabilities as at 31 December 2023.

Equity

As at 31 December 2023, our total equity amounted to S$8,154,000 comprises mainly issued and fully paid share capital of S$8,896,000 and other reserves of S$760,000, partially offset by accumulated losses of S$1,944,000. The equity attributable to non-controlling interests amounted to S$442,000.

As at 31 March 2024

Non-current assets

As at 31 March 2024, our non-current assets amounted to S$31,906,000 and accounted for 68.1% of our Group's total assets.

Our non-current assets comprise plant and equipment, right-of-use assets, intangible assets and deferred tax assets.

Plant and equipment amounted to S$15,594,000 and accounted for 48.9% of our total non-current assets, which includes renovations, furniture and equipment and computers as at 31 March 2024.

Right-of-use assets amounted to S$16,034,000 and accounted for 50.2% of our total non-current assets, which comprised outlets and motor vehicle as at 31 March 2024.

Intangible assets amounted to S$4,000, which pertain to the cost of software used to enhance the functionalities and user interface for the Group's karaoke equipment as at 31 March 2024. Save for the annual amortisation charges according to our accounting policy, we do not have any material write-off or impairment for intangible assets in 3M2024.

Deferred tax assets amounted to S$274,000 and accounted for 0.9% of our total non-current assets, arising from tax effects of unused tax losses and capital allowances on plant and equipment and leases for offsetting against future taxable profits as at 31 March 2024.

Current assets

As at 31 March 2024, our current assets amounted to S$14,954,000 and accounted for 31.9% of our Group's total assets.

Our current assets comprise inventories, trade and other receivables, prepayments and cash and bank deposits.

Inventories amounted to S$804,000 and accounted for 5.4% of our total current assets, which comprised mainly of spirits, wines, liquors and other alcoholic beverages, which will be subsequently recognised as revenue upon the sale of these items under "sale of food and beverages".

Trade and other receivables amounted to S$4,918,000 and accounted for 32.9% of our total current assets. Trade and other receivables comprised mainly trade receivables from third parties of S$1,285,000; net input taxes of S$222,000; deposits of S$3,193,000 relating mainly to tenancy deposits and deposits to renovation contractors and other receivables from third parties of S$48,000 as at 31 March 2024.

Prepayments amounted to S$150,000 and accounted for 1.0% of our total current assets. These are mainly prepayments for operating expenses and payment in advance to suppliers as at 31 March 2024.

Cash and bank deposits amounted to S$9,082,000 and accounted for 60.7% of our total current assets as at 31 March 2024.

Non-current liabilities

As at 31 March 2024, our non-current liabilities amounted to S$21,321,000 and accounted for 58.2% of our Group's total liabilities.

Our non-current liabilities comprise lease liabilities, borrowings, deferred tax liabilities, provision for restoration costs and derivative financial instrument.

Lease liabilities amounted to S$11,457,000 and accounted for 53.7% of our total non-current liabilities, relating to outlets and motor vehicles as at 31 March 2024.

Borrowings amounted to S$8,703,000 and accounted for 40.8% of our total non-current liabilities, relating to bank loans obtained for working capital and projects financing purposes as at 31 March 2024.

Deferred tax liabilities amounted to S$89,000 and accounted for 0.4% of our total non-current liabilities as at 31 March 2024.

Provision for restoration costs amounted to S$962,000 and accounted for 4.5% of our total non-current liabilities as at 31 March 2024. Our provision for restoration costs relates to the present value of estimated cost of reinstating all of the leased premises to the original condition upon termination of the lease, except for the lease of our registered office as there is no reinstatement obligation imposed by Twinstar Global.

Derivative financial instrument amounted to S$110,000 and accounted for 0.6% of our total non-current liabilities as at 31 March 2024. Our derivative financial instrument relates to an interest rate swap entered into to swap our variable rate borrowing into fixed rate as part of our Group's interest rate risk management strategy.

Current liabilities

As at 31 March 2024, our current liabilities amounted to S$15,286,000 or 41.8% of our Group's total liabilities.

Our current liabilities comprised lease liabilities, borrowings, trade and non-trade amount(s) and current tax payable.

Lease liabilities amounted to S$6,089,000 and accounted for 39.8% of our total current liabilities, relating to outlets and motor vehicles as at 31 March 2024.

Borrowings amounted to S$2,958,000 and accounted for 19.4% of our total current liabilities. Borrowings comprised mainly bank loans obtained for working capital and projects financing purposes of S$1,478,000 and loan from shareholders of S$1,480,000 (which has been fully repaid) as at 31 March 2024.

Trade and non-trade amount(s) amounted to S$5,732,000 and accounted for 37.5% of our total current liabilities. Trade and non-trade amount(s) comprised mainly trade payables due to third parties of S$1,681,000; accrued expenses of S$1,550,000; net output taxes of S$240,000; advances from customers of S$38,000; non-trade amount(s) due to former related company, namely Funtech Solutions and related company, namely Twinstar Logistic, of S$1,393,000 and S$5,000 (respectively); non-trade amount(s) due to a director, namely Mr. Flint Lu, of S$145,000; non-trade amount(s) due to non-controlling interests of S$298,000 and non-trade amount(s) due to third parties of S$382,000 as at 31 March 2024. The amounts are non-trade advances from and payments on behalf by the respective related parties for the Company. As at 31 March 2024, the non-trade amounts remain outstanding. The Group expects to repay the outstanding amounts prior to Listing.

Current tax payable amounted to S$507,000 or 3.3% of our total current liabilities as at 31 March 2024.

Equity

As at 31 March 2024, our total equity amounted to S$10,253,000 comprises mainly issued and fully paid share capital of S$8,896,000 and other reserves of S$650,000, partially offset by accumulated losses of S$1,558,000. The equity attributable to non-controlling interests amounted to S$2,265,000.

Working capital

During the Period Under Review, our Group recorded negative working capital for the following reasons:

(a) During FY2021, our Group maintained a significant portion of our operating expenses as we chose to retain all employees and keep all outlets operational. In keeping the operations, we ensured that all health and safety policies were implemented to the highest standards to ensure the well-being of our customers and employees, which inadvertently increased operation costs. While this decision aligns with our Group's commitment to the business, it had also led to a lack of operating cash flow and consequently contributed to the negative working capital of the Group for FY2021.

(b) During FY2022, our Group experienced an improvement in our working capital due to the relaxation of Circuit Breakers Measures and most public entertainment outlets or facilities were allowed to resume operations in April 2022, resulting in an increased demand for local entertainment venues compared to in FY2021.

(c) During FY2023, our Group continued with the expansion plans which resulted in high lease liabilities, borrowings and trade and other payables which resulted in our working capital to remain negative in FY2023.

(d) Subsequently, our Group has experienced a strong improvement in our working capital due to more outlets opening under the Group and positive operating cash flow generated from our Group.

Our Group does not expect to record a negative working capital going forward due to our Group's success in reducing its working capital deficiency driven by the strong financial performance of our outlets, which have generated positive operating cash flows since the resumption of operations for all outlets after the relaxation of Circuit Breaker Measures.

This is evidenced by net operating cash inflows of S$6.3 million in FY2022 and S$7.8 million in FY2023, marking a significant recovery post-COVID-19. Additionally, our Group has enjoyed a strong EBITDA growth and showing consistent improvement since FY2022. This trend is expected to continue post-Listing.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review, our Group had financed its working capital, capital expenditures and other capital requirements through a combination of funds generated from our operating activities, shareholders' equity and borrowings.

Our principal uses of these cash sources have been for general working capital, capital expenditure and dividend payments. To ensure that our Group have sufficient funds to meet our contractual and financial obligations, we monitor our net operating cash flows and maintain a level of cash and cash equivalents deemed adequate by management for working capital.

With regard to our liquidity and capital resources, we would like to highlight the following:

(a) during FY2021, our Group generated net cash used in operating activities of S$84,000 and during FY2022 and FY2023, our Group generated net cash from operating activities of S$6,333,000 and S$7,828,000 respectively;

(b) as at 31 December 2023, our Group had cash and bank deposits of S$2,843,000 and indebtedness of $23,207,000, comprising borrowings of S$5,158,000 and lease liabilities of S$18,049,000 and as at the Latest Practicable Date, our Group had cash and bank deposits of S$8,850,000 and indebtedness of S$10,582,000, comprising borrowings of S$9,838,000, shareholders loan of 744,000, as well as lease liabilities of S$16,270,000;

(c) as at the Latest Practicable Date, there is no unutilised amount from the banking facilities taken up by the Group; and

(d) as at the date of lodgement of this Offer Document, except for the letter of claim from a former landlord of HF Serangoon amounting to S$821,000, our Group did not have any material contingent liabilities.

As at 31 December 2023, our Group's total banking and credit facilities was approximately S$4,640,000. Between February and April 2024, our Group was granted few loans for an aggregate amount of S$7,384,000 by UOB and DBS, which we have drawn down fully and used 100% of the proceeds for the purposes of working capital and projects funding. For further details, please refer to the section entitled "Capitalisation and Indebtedness – Banking and Credit Facilities of our Group" of this Offer Document.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the net cash flows generated from our Group's operations, our lease commitments, our capital commitments and our existing cash and cash equivalents currently available to the Group, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient to meet our present obligations and for at least 12 months after the Listing of our Group on Catalist.

The Sponsor and Issue Manager and the Joint Placement Agent is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Group's operations, the Group's existing cash and cash equivalents and the loan facilities currently available to the Group, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient to meet the present obligations and for at least 12 months after the Listing of the Company on Catalist.

Summary of Consolidated Statements of Cash Flows

The following table sets out a summary of our Group's net cash flows for FY2021, FY2022, FY2023, 3M2023 and 3M2024. The following cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023", and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively, as well as the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document.

(S$'000)	FY2021	FY2022	FY2023	3M2023	3M2024
Net cash (used in)/generated from operating activities	(84)	6,333	7,828	(389)	4,189
Net cash used in investing activities	(281)	(364)	(10,674)	(269)	(2,020)
Net cash generated from/(used in) financing activities	437	(4,337)	3,549	(580)	3,620
Net increase/(decrease) in cash and cash equivalents	72	1,632	703	(1,238)	5,789
Cash and cash equivalents at the beginning of year/period	436	508	2,140	2,140	2,843
Cash and cash equivalents at the end of year/period	508	2,140	2,843	902	8,632

FY2021

<u>Net cash used in operating activities</u>

In FY2021, our Group generated net cash used in operating activities of S$84,000. This was a result of operating cash outflow before movements in working capital of S$486,000 and working capital inflows of S$402,000.

The net working capital inflows were due to a decrease in inventories of S$16,000 as a result of the prolonged impact of the outbreak of the COVID-19 pandemic which resulted in a reduction in revenue thus a decrease in our inventory level in FY2021 as compared to FY2020, a decrease in trade and other receivables of S$281,000 due mainly to lower revenue in FY2021; an increase in trade and other payables of S$128,000 mainly in line with the decrease in the purchase of inventories and higher accrued expenses in relation to operating expenses which are pending receipt of invoices from suppliers, offset by an increase in prepayments of S$14,000 relating to prepayments for operating expenses and payment in advance to suppliers, and a decrease in the provision of restoration costs of S$9,000 relating to the present value of the estimated cost of reinstating the leased premises to the original condition upon termination of the lease.

The resultant negative net working capital in FY2021 was primarily due to implementation of Circuit Breaker Measures which mandated closure of operations of our "HaveFun Family Karaoke" outlets and limited operations to six (6) outlets (out of a total of seven (7) outlets) offering F&B takeaway services only. This led to a lower revenue for our Group in FY2021, relative to the expenses borne by our Group in FY2021 as described above.

Net cash used in investing activities

Net cash used in investing activities amounted to S$281,000 was attributable to purchase of plant and equipment of S$346,000 to replace existing and add new plant and equipment in order to prepare for the re-opening of our existing outlets after the Circuit Breaker Measures were gradually lifted and partially offset by an advance repaid from to a related company of S$65,000.

Net cash generated from financing activities

Net cash generated from financing activities amounted to S$437,000 mainly due to new bank loans of S$2,040,000 and advances made by related parties of S$194,000, partially offset by principal repayment of borrowings of S$304,000, principal payment of lease liabilities of S$1,073,000 and interest and other finance costs paid of S$420,000.

FY2022

Net cash generated from operating activities

In FY2022, our Group generated net cash from operating activities of S$6,333,000. This was a result of operating cash inflow before movements in working capital of S$6,642,000, adjusted for working capital outflows of S$315,000 and interest received of S$6,000.

The net working capital outflows were due to an increase in inventories of S$66,000 as a result of an increase in revenue thus an increased in our inventory level in FY2022 as compared to FY2021, an increase in trade and other receivables of S$528,000 mainly due to higher revenue in FY2022 and an increase in tenancy deposits, an increase in prepayments of S$7,000 relating to prepayments for operating expenses and payment in advance to suppliers, offset by an increase in trade and other payables of S$149,000 in line with the increase in purchase of inventories and higher accrued expenses in relation to operating expenses which are pending receipt of invoices from suppliers and an increase in provision for restoration costs of S$137,000 relating to the present value of estimated cost of reinstating the leased premises to the original condition upon termination of the lease.

Net cash used in investing activities

Net cash used in investing activities amounted to S$364,000, which was attributable to purchase of plant and equipment of S$1,804,000 to replace existing and add new plant and equipment for our existing karaoke outlets and additions of new plant and equipment for the new outlets established in FY2022, cash consideration on acquisition of non-controlling interests in subsidiaries without change in control of S$550,000 which was partially offset by net cash acquired on acquisition of a subsidiary of S$73,000, cash received on dilution of interest in subsidiaries without change in control of S$950,000, cash received on disposal of equity interest in subsidiaries without change in control of S$600,000, advances repaid from a related company of S$250,000 and proceeds from disposal of plant and equipment of S$117,000.

Net cash used in financing activities

Net cash used in financing activities amounted to S$4,337,000, which was attributable to principal repayment of borrowings of S$1,143,000, principal payment of lease liabilities of S$2,756,000, additional pledge deposits of S$169,000 relating to performance guarantee for security deposits and interest and other finance costs paid of S$342,000 but partially offset by advances made by related parties of S$73,000.

FY2023

Net cash generated from operating activities

In FY2023, our Group generated net cash from operating activities of S$7,828,000. This was a result of operating cash inflow before movements in working capital of S$10,001,000, adjusted for working capital outflows of S$2,003,000 and income tax paid of S$170,000.

The net working capital outflows were due to an increase in inventories of S$224,000 as a result of an increase in revenue thus an increased in our inventory level in FY2023 as compared to FY2022, an increase in trade and other receivables of S$3,338,000 mainly due to higher revenue in FY2023 and an increase in tenancy and renovations deposits, an increase in prepayments of S$401,000 relating to prepayments for operating expenses and payment in advance to suppliers, offset by an increase in trade and other payables of S$1,550,000 in line with the increase in purchase of inventories and higher accrued expenses in relation to operating expenses which are pending receipt of invoices from suppliers and an increase in provision for restoration costs of S$410,000 relating to the present value of estimated cost of reinstating the leased premises to the original condition upon termination of the lease.

Net cash used in investing activities

Net cash used in investing activities amounted to S$10,674,000, which was attributable to purchase of plant and equipment of S$11,213,000 mainly due to normal business replacement and additions of new plant and equipment for existing karaoke outlets and additions of new plant and equipment for the new outlets established in FY2023, cash consideration paid for acquisition of non-controlling interests in subsidiaries without change in control of S$400,000, advance made to a related company of S$157,000 which was partially offset by cash received from non-controlling interest on incorporation of subsidiaries amounting to S$196,000 and investment deposit received of S$900,000.

Net cash generated from financing activities

Net cash from financing activities amounted to S$3,549,000, which was attributable to proceeds from borrowings of S$6,520,000, unpledged fixed deposits of S$369,000, advances from related parties of S$908,000 but partially offset by principal repayment of borrowings of S$848,000, principal payment of lease liabilities of S$2,593,000 and interest and other finance costs paid of S$807,000.

3M2023

Net cash used in operating activities

In 3M2023, our Group generated net cash used in operating activities of S$389,000. This was a result of operating cash inflow before movements in working capital of S$2,405,000, adjusted for working capital outflows of S$2,794,000.

The net working capital outflows were due to an increase in inventories of S$14,000 as a result of an increase in revenue thus an increased in our inventory level in 3M2023 as compared to FY2022, an increase in trade and other receivables of S$1,730,000 mainly due to higher revenue in 3M2023 and an increase in tenancy deposits, an increase in prepayments of S$252,000 relating to prepayments for operating expenses and payment in advance to suppliers, an increase in trade and other payables of S$798,000 in line with the increase in purchase of inventories and higher accrued expenses in relation to operating expenses which are pending receipt of invoices from suppliers.

Net cash used in investing activities

Net cash used in investing activities amounted to S$269,000, which was attributable to purchase of plant and equipment of S$65,000 mainly due to normal business replacement and additions of new plant and equipment for existing karaoke outlets and additions of new plant and equipment for the new outlets established in 3M2023, cash consideration paid for acquisition of non-controlling interests in subsidiaries without change in control of S$400,000 which was partially offset by cash received from non-controlling interest on incorporation of subsidiaries amounting to S$196,000.

Net cash used in financing activities

Net cash used in financing activities amounted to S$580,000, which was attributable to principal repayment of borrowings of S$154,000, principal payment of lease liabilities of S$299,000 and interest and other finance costs paid of S$127,000.

3M2024

Net cash generated from operating activities

In 3M2024, our Group generated net cash from operating activities of S$4,189,000. This was a result of operating cash inflow before movements in working capital of S$3,303,000, adjusted for working capital inflows of S$971,000 and income tax paid of S$85,000.

The net working capital inflows were due to decrease in prepayments of S$312,000 relating to prepayments for operating expenses and payment in advance to suppliers, increase in trade and other payables of S$1,022,000, an increase in provision for restoration costs of S$51,000 relating to the present value of estimated cost of reinstating the leased premises to the original condition upon termination of the lease, offset by an increase in inventories of S$373,000 as a result of an increase in revenue thus an increased in our inventory level in 3M2024 as compared to FY2023, an increase in trade and other receivables of S$41,000 mainly due to higher revenue in 3M2024 and an increase in tenancy deposits.

Net cash used in investing activities

Net cash used in investing activities amounted to S$2,020,000, which was attributable to purchase of plant and equipment of S$2,920,000 mainly due to normal business replacement and additions of new plant and equipment for existing karaoke outlets and additions of new plant and equipment for the new outlets established in 3M2024 and partially offset by capital contribution by non-controlling interest in a subsidiary amounting to S$900,000.

Net cash generated from financing activities

Net cash generated from financing activities amounted to S$3,620,000, which was attributable to proceeds from borrowings of S$7,340,000, but partially offset by restricted cash of S$450,000, advances from related parties of S$356,000 principal repayment of borrowings of S$837,000, principal payment of lease liabilities of S$1,545,000 and interest and other finance costs paid of S$302,000.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures

The capital expenditures made by our Group for the Period Under Review and from 1 April 2024 to the Latest Practicable Date are as follows:

(S$'000)	FY2021	FY2022	FY2023	3M2024	1 April 2024 to the LPD
Expenditures					
Renovations	135	836	7,234	355	1,202
Furniture and equipment	97	933	2,023	2,541	361
Computers	115	35	10	24	16
Assets under construction	–	–	1,947	–	211
Right-of-use assets	–	4,208	13,982	1,042	918
Leasehold Property	–	–	–	–	413
Total	**347**	**6,012**	**25,196**	**3,962**	**3,121**

The increase of approximately S$6,012,000 and S$25,196,000 in capital expenditure incurred in FY2022 and FY2023 respectively was attributable to the addition, replacement or refurbishment of the computers, furniture and equipment for our existing karaoke outlets in Singapore, and (ii) the purchase of computers, furniture, equipment and renovation works for the establishment of our new karaoke outlets.

The capital expenditures made by our Group from 1 April 2024 to the Latest Practicable Date mainly relate to the renovation, furniture and equipment and leasehold property for the food manufacturing plant. Please refer to the section entitled "General Information on our Group – Recent Business Update" for further details of this expansion plan of our Group.

The above capital expenditures were primarily financed by internally generated resources.

Write off and disposals

The net book value of the assets written off and disposed made by our Group for the Period Under Review and from 1 April 2024 to the Latest Practicable Date are as follows:

(S$'000)	FY2021	FY2022	FY2023	3M2024	1 April 2024 to the LPD
NBV of assets written off and disposal					
Renovations	–	749	–	–	–
Furniture and equipment	–	228	–	–	–
Computers	–	4	33	–	–
Total	–	**981**	**33**	–	–

The write off and disposal in FY2022 was in relation to the cessation of operations our outlet in NEX. The write off and disposal in FY2023 was in relation to assets under the accounts of HF Thomson being written off.

From 1 April 2024 to the LPD, the NBV of assets written off and disposed of in connection with renovations was attributed to the discharge of reinstatement costs. This occurred when the Group executed a novation of the lease and resold the assets of Bugis+ Karaoke Outlet from HF Bugis to HF Bugis Plus.

Save as disclosed above, our Group did not make any material expenditures or any write off and disposal (including any interest in another corporation) during the Period Under Review and up to the Latest Practicable Date.

Lease Commitments

Lease commitments as at 31 December 2021, 31 December 2022 and 31 December 2023 and from 1 April 2024 to the Latest Practicable Date are as follows:

(S$'000)	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 March 2024	As at the LPD
Analysed into:					
Within one (1) year	3,156	2,034	6,300	6,867	6,398
In the second to fifth year inclusive	935	5,133	13,286	12,410	8,914
Sixth year and onwards	–	219	64	–	–
	4,091	**7,886**	**19,650**	**19,277**	**15,312**
Less: Unearned interest cost	(170)	(747)	(1,601)	(1,732)	(1,110)
Total	**3,921**	**6,639**	**18,049**	**17,545**	**14,202**

As at 31 December 2021, our Group's total lease liabilities, comprising current lease liabilities and non-current lease liabilities, amounted to S$3,023,000 and S$898,000 respectively. As at 31 December 2022, our Group's total lease liabilities, comprising current lease liabilities and non-current lease liabilities, amounted to S$1,738,000 and S$4,901,000 respectively. As at 31 December 2023, our Group's total lease liabilities, including current lease liabilities and non-current lease liabilities, amounted to S$5,521,000 and S$12,528,000 respectively.

Our Group's lease commitments represent rentals payable for our outlets and motor vehicle under lease. Leases for outlets are negotiated for an average term of three (3) years and rentals are fixed for an average of three (3) years. Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for further details.

The increase in amount of lease commitments of our Group is due to expansion of new outlets and revision of new lease terms. Please refer to section entitled "General Information on our Group – Properties and Fixed Assets" for further details. The above lease commitments were primarily financed by internally generated resources. Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for further details.

Borrowings

Borrowings for the Period Under Review and from 1 April 2024 to the Latest Practicable Date are as follows:

(S$'000)	FY2021	FY2022	FY2023	3M2024	As at the LPD
Analysed into:					
Within one (1) year	4,486	1,459	3,387	2,958	2,678
In the second to fifth year inclusive	437	27	1,771	8,703	6,606
Total	**4,923**	**1,486**	**5,158**	**11,661**	**9,284**

As at 31 December 2021, our total borrowings, including current borrowings and non-current borrowings, amounted to S$4,486,000 and S$437,000 respectively. As at 31 December 2022, our total borrowings, including current borrowings and non-current borrowings, amounted to S$1,459,000 and S$27,000 respectively. As at 31 December 2023, our total borrowings, including current borrowings and non-current borrowings, amounted to S$3,387,000 and S$1,771,000 respectively. As at 31 March 2024, our total borrowings, including current borrowings and non-current borrowings, amounted to S$2,958,000 and S$8,703,000, respectively

We are currently not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which can materially affect our financial position and results or business operations. In relation to the banking facilities provided by CIMB to 7-24 Entertainment which contain provisions whereby 7-24 Entertainment and/or our Company shall not without prior written consent from CIMB (a) undertake any direct or indirect change in control in the shareholding of 7-24 Entertainment and/or our Company, (b) declare any dividend, and (c) obtain further borrowings or incur any additional indebtedness or guarantee any indebtedness for borrowed moneys, our Group has not obtained the signed consent letter issued by CIMB. Following thereto, we have proceeded to redeem this banking facilities and settle the entire outstanding amount. Following the redemption and settlement, we will no longer be bound by the terms of the banking facilities provided by CIMB. Pursuant to our plan to redeem and settle the said facility.

All of our bank loans as at 31 March 2024 bear interest at rates ranging from 3.0% to 8.25% per annum.

Contingent Liabilities

On 1 December 2021, HF Serangoon, a subsidiary of the Group, had received a letter of claim from its former landlord against the subsidiary pursuant to rent in arrears and other amounts owing. Follow up letters were received on 6 January 2022, 13 January 2022, 21 January 2022 and 15 July 2022. Based on the letter of claim dated 15 July 2022, the former landlord had demanded a sum of S$821,000 pursuant to rent in arrears, loss and damages and other amounts owing pursuant to the breach of lease agreement. Such other amount owing which includes calculation of gross turnover rent based on the statement generated by the landlord, interests, reinstatement costs and legal costs for the issuance of the letter of claim.

HF Serangoon is currently in the process of creditors' voluntary winding up and since the appointment of the sole Liquidator, the affairs of HF Serangoon have been managed entirely by the Liquidator to the exclusion of our Company's management team, with the aim of recovering and realising any available assets in the most advantageous manner. During the process, the former landlord may file its proofs of debt with the liquidator and the claim will then be adjudicated and admitted or rejected accordingly by the liquidator. If any claim is rejected either in part or in whole, the liquidator will send a notice of rejection to the former landlord, stating the reasons for the rejection. As at the date of this Offer Document, the former landlord has filed its proof of debts for the liquidator's adjudication.

Pursuant to Section 170 of the Insolvency, Restructuring and Dissolution Act 2018, after the commencement of the winding up, no action or proceeding may be proceeded with or commenced against HF Serangoon except by the permission of the Court and subject to such terms as the Court may impose. As such, if the former landlord intends to initiate a civil proceeding against HF Serangoon, it must obtain leave of the Court. As at the date of this Offer Document, as far as our Directors are aware, there are no proceedings commenced against HF Serangoon nor any other entity within our Group.

Generally, a parent company is not liable for its subsidiary's debts and liabilities in excess of the amount of share capital owned by the parent company in the subsidiary. However, there are exceptions to this general rule such as in the event of evidence of fraud or improper purpose or the Court view it is just to allow recourse, the Court may declare that any person who was knowingly a party to the carrying on of the business in that manner is personally responsible, without any limitation of liability, for all or any of the debts or other liabilities of the company in winding up as the Court directs.

As at the date of these financial statements, no payment has been made pursuant to the letter of claim. Management has assessed that no provision is required for the amount as it is not probable that any significant outflow of resources embodying economic benefits will be required to settle the obligation due to the significant net liabilities and lack of funds in the accounts of HF Serangoon. Our Directors are of the view that, in the event that the former landlord of HF Serangoon does not receive the full amount of any sum demanded by it under its claims, this will not have any material adverse impact on our Group's financial performance and position, as (i) our Company is not liable for the debts and liabilities of HF Serangoon in excess of the amount of share capital of HF Serangoon owned by our Company; and (ii) there is no basis for any finding of fraud or improper purpose as HF Serangoon was incorporated to carry out operations at the outlet at NEX but had to be wound up as a result of its inability to operate further due to the COVID-19 pandemic, as well as the former landlord's reluctance to extend COVID-19 rental rebates to HF Serangoon.

In addition, the impact of the Circuit Breaker Measures on the entertainment industry in Singapore (including our Group's operations) is widely known. Notwithstanding the difficulties in maintaining our business operations during the Circuit Breaker Measures, the other four (4) HaveFun Family Karaoke outlets which were opened in 2019 (i.e., the same year when HF Serangoon was opened) had successfully survived the Circuit Breaker Measures and remain operational to-date. Furthermore, after the gradual easing of the Circuit Breaker Measures, our Group managed to open two (2) new HaveFun Family Karaoke outlets in June and September 2022, respectively. Having considered these reasons, our Directors are of the view that the claims brought by the former landlord of HF Serangoon would not have any impact on our Group's reputation. For further details on the reasons for and impact of HF Serangoon's liquidation, please refer to the sections entitled "General Information on our Group – Impact of COVID-19 on our Business", "Corporate Governance – Nominating Committee – Nominating Committee's views on the suitability of Mr. Flint Lu as CEO and Executive Chairman" and "General and Statutory Information – Information on Directors and Executive Officers – Disclosure in relation to Mr. Flint Lu" of this Offer Document.

As at the Latest Practicable Date, except for the above, we do not have any material contingent liabilities.

SOURCE OF LIQUIDITY

Our Group funds its operations through internal and external funding sources. Our Group obtains internal funds through capital investment from shareholders, cashflow generated from operations as well as from existing cash and bank deposits. External sources of funds comprised mainly borrowings from banks and credit granted by suppliers. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further information.

The principal uses of cash are for operational expenses, working capital purposes, capital expenditure and payment of taxes and dividends. As at the Latest Practicable Date, our Group had cash and bank deposits of S$8,850,000.

SEASONALITY

We typically experience higher business volumes during the festive periods in Singapore such as Christmas and Lunar New Year periods as the demand for public entertainment venues increase when people are more inclined to celebrate and socialise in festive settings. During these times, our customers tend to hold more gatherings for families, friends, business associates and corporate events during such periods, often choosing to host or celebrate at our outlets. Save as described above, our Group's business is not subject to any significant seasonal fluctuations.

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation on a group basis.

CHANGES TO ACCOUNTING POLICIES

The financial statements for the Period Under Review have been prepared in accordance with SFRS(I)s.

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning on or after 1 January 2024 and, as such, have not been applied in preparing these consolidated financial statements. The adoption of these new and amended standards is not expected to have a significant impact on the consolidated financial statements in the year of their initial application.

Please refer to the "Material Accounting Policy Information" section of the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively for the details of our Group's accounting policies.

Except for the adoption of new and amended standards, our Group does not expect to change its accounting policies in the next 12 months that will result in material adjustments to the disclosed financials during the Period Under Review.

HISTORY

Our Company was incorporated in Singapore as a private limited company by shares under the Companies Act on 12 December 2016 under the name Goodwill Entertainment Holding Pte. Ltd.. Please refer to the section entitled "Our Restructuring Exercise and Further Developments" of this Offer Document for further details of our group structure and our subsidiaries following the completion of the Restructuring Exercise on 15 December 2023. Subsequently, our Company was converted into a public company, and our name was changed to Goodwill Entertainment Holding Limited. Please refer to the section entitled "Our Restructuring Exercise and Further Developments" of this Offer Document for further details on the Restructuring Exercise.

In 2015, our founder, Executive Chairman and CEO, Mr. Flint Lu, launched the first "HaveFun Family Karaoke" karaoke outlet in Singapore located at Bugis Cube. Mr. Flint Lu had observed that the entertainment scene in Singapore differs significantly from that of the metropolitan cities in the PRC. While the entertainment scene in the PRC thrives on the vibrant night economy featuring a diverse array of F&B options and live performances, Singapore's entertainment scene is characterised by a variety of group-oriented activities ranging from lively dance clubs to cozy neighbourhood pubs. Upon realising an opportunity in the Singapore entertainment scene, Mr. Flint Lu set out with a vision to build a brand that would be synonymous with dynamic multi-entertainment for the masses.

The popular reception of our first "HaveFun Family Karaoke" karaoke outlet at Bugis Cube allowed our Group to gradually expand over the years, with the opening of our second karaoke outlet at 313@ Somerset in 2017 and followed by an additional five (5) more outlets opening in 2019. However, our growth trajectory was halted due to the emergence of COVID-19 in late 2019 and the subsequent implementation of the nationwide Circuit Breaker Measures and various other regulations which mandated us to cease operations entirely from March 2020 onwards.

Our Group was only permitted to fully resume operations of our karaoke outlets in April 2022. Following the full resumption of our operations in mid-FY2022, our Group opened two (2) karaoke outlets located at Bugis+ in June 2022 and Lucky Chinatown in October 2022. To cater to our quickly growing customer base, our Group further expanded in central Singapore by opening a karaoke outlet located at Suntec City in June 2023 and launching our flagship outlet located at Cineleisure Orchard in November 2023. Our flagship outlet features a unique combination of our karaoke outlet and our first dance club concept, "FATEbyhavefun".

In December 2023, our Group entered into the HF Bugis JVA for a joint venture with Hezong to establish a new live concert concept with daily performances under the banner of "HaveFun Live Show" at the Bugis+ Joint Venture Outlet. The Bugis+ Joint Venture Outlet was launched in February 2024.

As at the Latest Practicable Date, our Group operates a total of 12 outlets, comprising 11 "HaveFun Family Karaoke" karaoke outlets, inclusive of "FATEbyhavefun" located within the flagship outlet at Cineleisure Orchard, and one "HaveFun Live Show" outlet.

KEY MILESTONES

The following table sets forth a brief summary of the key milestones of our Group:

Year	Milestone
2015	Opening of the first "HaveFun Family Karaoke" karaoke outlet opened at Bugis Cube, under our subsidiary, 7-24 Entertainment
2016	Incorporation of our Company
2017	Opening of second outlet opened at 313@Somerset
2019	Launching of five (5) new karaoke outlets, bringing the total "HaveFun Family Karaoke" outlet count to eight (8)
2020	Pivoted the Group's offering to F&B takeout and delivery (under the brand of "Sticks N Stones") and private movie screening (available at five (5) of its karaoke outlets) as temporary stop-gap measures to cope with Circuit Breaker Measures
2022	Opening of two (2) new karaoke outlets at level 3 of Bugis+ and Lucky Chinatown in June 2022 and October 2022, respectively
2023	Opening of our Group's flagship karaoke outlet at Cineleisure Orchard, featuring our dance club concept "FATEbyhavefun" and karaoke outlet at Suntec City
2023	Restructuring of Group completed on 15 December 2023
2023	Entered into the HF Bugis JVA with Hezong to establish the Bugis+ Joint Venture Outlet
2024	Launching of our Group's first live concert concept with daily live performances under the brand "HaveFun Live Show" at the Bugis+ Joint Venture Outlet
2024	Opening of 11th "HaveFun Family Karaoke" karaoke outlet at Pasir Ris Mall

BUSINESS OVERVIEW

Our Group is in the business of operating multi-entertainment concepts, comprising a network of family-friendly karaoke facilities with F&B concepts, performance halls and dance clubs, operating under the brand names "HaveFun Family Karaoke", "FATEbyhavefun" and "HaveFun Live Show".

Details of our two (2) main business segments are as follows:

A. Karaoke Lounges and Multi-Entertainment Venues

Our Group operates 11 "HaveFun Family Karaoke" karaoke outlets across Singapore in both heartland and downtown core regions of Singapore. The strategic placement of our outlet locations in major shopping centres and recreational clubs enables us to attract group and family gatherings such as birthdays, bachelor and bachelorette parties as well as corporate events.

As part of our Group's mission to redefine the entertainment landscape in Singapore, our karaoke outlets aim to appeal to people of all ages and backgrounds. With our comprehensive catalogue featuring karaoke song options in over 12 languages, including English, Korean, Thai and Chinese, we strive to cater to the preferences of a diverse range of age groups and language speakers. To further entice our customers, we also offer a range of specially decorated karaoke rooms for our customers to choose from to enhance their entertainment experience with us.


Luxurious country/rustic themed karaoke room at Thomson Plaza


Space-themed karaoke room at Cineleisure Orchard


Retro-themed karaoke room at Downtown East


Cityscape-themed karaoke room at Downtown East

Aside from our state-of-the-art sound and lighting systems, each karaoke outlet provides its customers with a variety of amenities, from private cinemas to pool tables, dart machines, as well as board and console games. As part of our multi-entertainment strategy, our karaoke outlets at SAFRA Yishun, Downtown East, Thomson Plaza and SAFRA Toa Payoh feature performance halls that can also serve as an event space for live band performances, meet-and-greet events, live comedy and other acts.


Performance hall at SAFRA Toa Payoh


Performance hall at SAFRA Yishun

The capacity for each karaoke outlet varies, with the ability to accommodate between 130 guests at our smaller outlets to approximately over 1,000 guests at our flagship outlet at Cineleisure Orchard. Details of each karaoke outlet capacity, in chronological order of establishment, are as follows:

Outlet	Address	Capacity	Key Features
Bugis Cube	Unit #06-01 to #06-23 of Bugis Cube	28 karaoke lounges for up to 226 guests	Operating hours till 4am with various themed lounges equipped with pool table, darts machine, and big projector screen.
313@ Somerset	Units #04-25 to #04-28 of 313@ Somerset	18 karaoke lounges for up to 135 guests	Operating hours till 6.30am with various lounges. Exclusive features, such as panoramic projection, installed in exclusive lounges.
SAFRA Toa Payoh	Unit #02-06 of SAFRA Toa Payoh	25 karaoke lounges for up to 294 guests 1 performance hall for up to 150 guests	Multi entertainment outlet comprising of performance hall with stage for holding of various events and darts machine. Reward and perks provided to SAFRA members.
Downtown East	Unit #01-311/312 of Downtown East	15 karaoke lounges for up to 100 guests 1 performance hall for up to 60 guests	Family-friendly entertainment outlet. Inclusive of private cinemas and performance hall with stage for holding of various events.
Bugis+ Karaoke Outlet	Unit #03-18 of Bugis+	20 karaoke lounges for up to 219 guests	Outlet attracting the teenager and young adult demographic Various lounges. Exclusive features, such as a DJ deck, installed in the VIP lounge.
Lucky Chinatown	Units #04-01 to #04-22 of Lucky Chinatown	22 karaoke lounges for up to 258 guests	Outlet located at heritage area/ tourist spot. Various lounges. Exclusive features, such as dart machines, installed in the VIP lounge.
SAFRA Yishun	Units #01-04/05/06 of SAFRA Yishun	18 karaoke lounges for up to 262 guests 1 performance hall for up to 150 guests	Performance hall cum dining area with stage for holding of various events. Live music performances are scheduled within the hall. Reward and perks provided to SAFRA members. Stylishly decorated indoor for social media photos, and outdoor beer garden providing the alfresco atmosphere.
Thomson Plaza	Unit #01-116 of Thomson Plaza	6 karaoke lounges for up to 80 guests 1 performance hall for up to 130 guests	Themed lounges equipped with pool table, darts machine and licensed cigar smoking room.

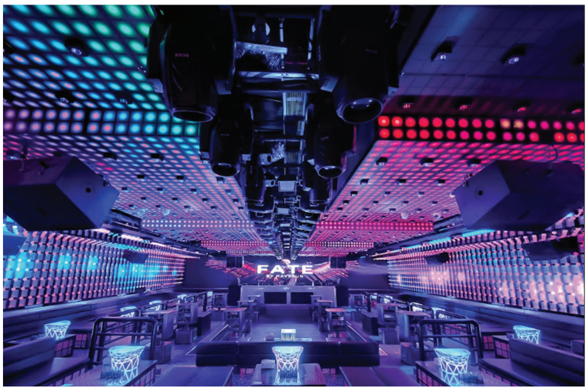
Outlet	Address	Capacity	Key Features
Suntec City	Units #03-344/345 of Suntec City	15 karaoke lounges for up to 266 guests	Outlet located at CBD area, Futuristic capsule themed rooms. Exclusive features, such as a pool tables, installed in the VIP lounge.
Cineleisure Orchard	Units #08-01/01A of Cineleisure Orchard	58 karaoke lounges for up to 812 guests 1 performance hall for up to 200 guests	Flagship outlet located at the heart of Singapore city with the largest karaoke venue comprising 58 karaoke rooms with various lounges. Features the Group's first dance club "FATEbyhavefun" which operates until 3am on Mondays to Fridays and 4am on Saturdays and eve of public holidays.
Pasir Ris Mall	Unit #02-54 of Pasir Ris Mall	18 karaoke lounges for up to 140 guests	Strategically located between the interchange of rail network of Mass Rapid Transit system. Futuristic capsule themed rooms. Exclusive features, such as a pool tables, installed in the VIP lounge.

As an integral part of customer experience, our karaoke outlets have a wide range of delectable F&B offerings, which include bar bites and main dishes of various cuisines prepared fresh on-site daily. We update our F&B menu periodically to cater to any observable variance in changing consumer preference or taste. To complement our F&B offerings, our Group also offers a wide selection of premium liquor, beer and non-alcoholic drinks at all our karaoke outlets islandwide.

For more on further plans of our Group to expand on our F&B offerings, please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

In addition to karaoke lounges, our flagship outlet at Cineleisure Orchard features our first dance club of the Group, "FATEbyhavefun", which operates six (6) days a week. Our flagship outlet provides customers with a seamless transition karaoke to dance for a full "night-out" experience. As a new entrant to the dance club scene, "FATEbyhavefun" leverages on the reputation and branding of our Group to introduce a fresh concept to the nightlife experience to appeal to young adults which constitute a significant demographic as consumers of entertainment.

"FATEbyhavefun" features a spacious dance floor and equipped with state-of-the-art lighting and sound systems to create an immersive atmosphere for our customers. Delivering on our commitment to provide entertainment to our customers with varied preferences, "FATEbyhavefun" offers an eclectic mix of live DJ music such as Korean, Mandarin and English songs across various genres such as R&B and pop. In its short operating history, "FATEbyhavefun" has hosted a number of themed events, such as "Gen Z at FATE" catered for specifically for young adults, "Hennessy Night" which featured special alcohol promotions, "Sound of 2000s" which featured dance music from the early 2000s and "Mirage" which featured top 40 hip-hop and pop music. To keep up with everchanging trends and customer preferences, popular DJs are also invited to perform at our "FATEbyhavefun" as highlight ticketed events to attract new customers.



"FATEbyhavefun"


State-of-the-art lighting system at the dance club

B. Live show concept

"HaveFun Live Show" located in the Bugis+ Joint Venture Outlet, is the latest instalment of our Group's multi-entertainment concept in collaboration with Hezong, which officially opened to public in February 2024. It is the first-of-its-kind mega live entertainment house in Singapore providing up close live performances and interactions with various performing artistes, giving a full sensory experience to patrons and delivering a cinematic and immersive concert-like experience, adorned by a T-shaped stage surrounded by over 8,000 lights and state-of-the-art audio-visual equipment and capable of accommodating up to 400 guests.


Unique T-shaped stage with adjustable height


Dining area surrounding the T-shaped stage

Performing Artistes' Performance On Stage Illuminated By State-Of-The-Art Audio-Visual Equipment And Immersive Led Projections

"HaveFun Live Show" operates six (6) days a week from 9.00pm till 3.00am and features a mix of live DJ acts and choreographed performances by singers with experience of working with renowned names in the Mandopop and Cantopop industry, alongside a live band accompaniment. Marketed as a premium leisure concept, the target demographic of "HaveFun Live Show" is adults and white-collar workers between the ages of 30 to 55. The daily programme of "HaveFun Live Show" is split into four (4) distinct sets of performances, alternating between a 40-minute group and solo singing and dancing performance by various performing artistes and a 20-minute live DJ set. Each programme is orchestrated by experienced stage directors who are veterans of the entertainment industry and coordinated to ensure relevance with the audience. To maintain variety and versatility of daily performances, the performing artistes and stage directors rehearse and prepare for 15 different sets of performances at any given period, which can be mixed and matched to form a four-piece set for the daily performance. The performance sets are refreshed generally every week.

As part of the concert experience, our guests can access our website platform via a QR code to request for songs to be performed by our performing artistes. Our state-of-the-art audio-visual equipment also feature a screen takeover function within the website platform allowing our guest to use the screen animation (from a pre-selected list of animations) or to advertise their personalised greetings or messages, for a fee. Such fee ranges from S$198 to S$398 for each screen and can be paid by cash, credit card and mobile payment platforms.

Additionally, our guests may reward the performing artistes to show their appreciation and support for the performing artistes' performance, by way of virtual gifts, which can be accessed through our website platforms, or by way of physical gifts or rewards offered in-store (such as flower bouquets and champagne drinks) at our Bugis+ Joint Venture Outlet. The charges for such rewards can be paid by cash, credit card and mobile payment platforms. Collection of the charges for such rewards are shared between the performing artistes and Bugis+ Joint Venture Outlet, with the amount payable to the performing artistes as commissions. The sharing proportion of collections differs for each performing artiste, but generally the Bugis+ Joint Venture Outlet receives approximately 40% to 60% of the net amounts collected.

Following the opening of "HaveFun Live Show" in February 2024, we have experienced immense growth in the concept introduced. Our revenue has seen a marked improvement, indicating the joint venture's strong performance and its contribution to our Company's overall growth. The revenue generated by "HaveFun Live Show" is mainly from our customers spending on F&B and in connection with the live performance and entertainment services, including the screen takeover and gifts and rewards (from our customers to the performing artistes as mentioned above).

OUR OPERATION MANAGEMENT STRUCTURE

(a) Provision of management services by our Company to HaveFun Family Karaoke outlets

During the Period Under Review, our Company had provided management services, in relation to finance, human resource, and administration, to our Subsidiaries. Pursuant to and in consideration of such services, an agreed amount ranging between 5% to 10% of the monthly gross turnover of the relevant Subsidiary is payable by the Subsidiary to our Company as fees for the management services.

(b) Provision of management services by our Company and Hezong to the Bugis+ Joint Venture Outlet

On 15 July 2024, each of our Company and Hezong entered into a management consultancy agreement with HF Bugis in relation to Bugis+ Joint Venture Outlet ("**Bugis+ Management Consultancy Agreements**") and agreed that:

(i) under the Bugis+ Management Consultancy Agreement entered into between HF Bugis and our Company, our Company shall provide consultancy and management services, social and digital media consultation and implementation, permit the use of the "HaveFun" trademark registered and owned by our Company and any other scope of work mutually agreed by parties, in exchange for a consultancy fee payable by HF Bugis to our Company of a maximum fee amounting to 6% of the monthly gross turnover of the Bugis+ Joint Venture Outlet; and

(ii) under the Bugis+ Management Consultancy Agreement entered into between HF Bugis and Hezong, Hezong shall provide consultancy and management services to stage performance, music, visual and effect, performance training of the artists, crew and dancers and any other scope of work which mutually agreed by parties, in exchange of a consultancy fee payable by HF Bugis to Hezong of a maximum fee amounting to 4% of the monthly gross turnover of the Bugis+ Joint Venture Outlet.

Under the terms of the Bugis+ Management Consultancy Agreements, the Bugis+ Joint Venture Exco has the absolute discretion to periodically review the consultancy fees payable to each of our Company and Hezong, and determine the *payout amount and split between the Company and Hezong*, based on discussion and unanimous decision, subject to a maximum of 10% of the monthly gross turnover of the Bugis+ Joint Venture Outlet so long as such fees are reasonably incurred. Such review of the consultancy fees shall be made periodically (based on the market conditions, business of the Bugis+ Joint Venture Outlet, and other economic factors) and determined based on the unanimous decision of the Bugis+ Joint Venture Exco. Our CEO and Executive Chairman, Mr. Flint Lu, is one of the members of the Bugis+ Joint Venture Exco, The Audit and Risk Committee terms of reference shall include the review and monitoring of decisions made by Mr. Flint Lu, in his capacity as a member of the Bugis+ Joint Venture Exco. Therefore, where there is a review of the consultancy fees payable by Company and Hezong, Mr Flint Lu's vote in the Bugis+ Joint Venture Exco shall be subject to prior approval by our Audit and Risk Committee (comprising of independent directors of our Company) prior to such decision being made. Accordingly, our Board will retain an oversight over the consultancy fees paid by HF Bugis and any other necessary matters in connection with the operations of the Bugis+ Joint Venture Outlet.

Within 10 business days after the end of each month, HF Bugis shall provide a statement evidencing monthly gross turnover of the Bugis+ Joint Venture Outlet for the preceding month ("**Gross Turnover Statement**") to our Company and Hezong. Any objection as to the content of the Gross Turnover Statement shall be raised by our Company and/or Hezong within 10 days of receipt of the Gross Turnover Statement. If no agreement is reached within five (5) business days after an objection is raised, the dispute shall be referred to and determined in writing by the auditors of HF Bugis within two (2) business days after such dispute is referred.

If no objection is raised, each of our Company and Hezong shall issue an invoice for consultancy fees pursuant to their respective Bugis+ Management Consultancy Agreements. HF Bugis is entitled to raise an objection if it disagrees with any invoice issued by our Company and/or Hezong within 10 business days of receipt of such invoice. If no agreement is reached within five (5) business days after an objection is raised, the dispute shall be referred to and determined in writing by the auditors of HF Bugis within two (2) business days after such dispute is referred.

The Bugis+ Management Consultancy Agreements shall remain in force for as long as the HF Bugis JVA is in subsistence, unless terminated by mutual agreement of the parties or by either party if, among others, the other party breaches a material term of the Bugis+ Management Consultancy Agreements and fails to rectify it within the prescribed cure period, the other party ceases business or operations, any order or petition for winding-up or dissolution is made against the other party, the other party enters into a composition or arrangement with its creditors, or a liquidator, receiver, administrator or similar officers has been appointed over the other party's businesses, assets and properties.

In the event that Hezong ceases its involvement in Bugis+ Joint Venture Outlet, it is not expected to have a material adverse impact on our business operations, financial performance. Our Group retains the capability to operate the Bugis+ Joint Venture Outlet, as we have been managing its day-to-day operations independently, including the application for relevant approvals and licenses, overseeing F&B operations, managing employment matters, and handling maintenance tasks.

Accordingly, revenue generation from the outlet is expected to continue uninterrupted, without necessitating its closure. Further, the HF Bugis JVA does not have exclusivity provisions, therefore our Group is free to actively pursue new joint ventures or strategic alliances that may create synergistic opportunities with our existing businesses. Such joint ventures or strategic alliances may be in relation with strong players in the market operating similar business as Bugis+ Joint Venture Outlet or varied ventures and business which fill any gaps left by the Bugis+ Joint Venture Outlet, if any.

(c) Operations of our outlets

The operations of each of our outlets is managed by an outlet manager who reports to a district manager, who in turn reports to our COO, Ms. Victoria Sun. These outlet managers are responsible for the day-to-day operations, including the daily management of our outlet workers, inventory management, ensuring compliance with health and safety regulations, and resolving customer complaints. Each outlet will conduct sample checks on the deliveries to ensure no signs of damaged items, unsealed packaging, labelling of products are accurate and genuine, etc. Upon completion of such checks, the outlet manager reports back to our admin/procurement executive on the reviews.

On the other hand, the Group has four (4) district managers who each oversees the operations of the outlets under their portfolios, including the monitoring of sales and revenue, and management of outlet managers and outlet staff. To ensure smooth operations, our district managers make weekly visits to the outlets under their management. Customer complaints which are unable to be resolved by the outlet managers are escalated to the respective district managers. Our district managers report directly to our COO on a weekly basis.

The monitoring of the renovation and maintenance works and the management of the lease agreements of each outlet are handled by our COO.

COMPETITIVE STRENGTHS

Our Directors believe that we are able to compete effectively due to the competitive strengths of our Group are as follows:

(a) We have a strong brand recognition

Since our Group's inception in 2015, we have continuously improved on our processes and offerings to build "Have Fun" into a brand name synonymous with family entertainment in Singapore's karaoke entertainment scene. Currently with 11 "HaveFun Family Karaoke" outlets islandwide, we plan to expand our footprint in other entertainment segments, through the introduction of our dance club and live show performance venues. We firmly believe that the considerable expansion of our Group from our humble beginnings over the past nine (9) years has allowed us to gain significant experience in the karaoke entertainment scene in which we operate. Furthermore, our Group's scale of operations has contributed to a strengthened position in negotiations with suppliers and other key third parties.

(b) We have an experienced and committed management team

Our Group is led by a seasoned management team whose reputation, standing and track record have played a pivotal role in fostering closer working relationships with industry partners. Moving forward, the expertise and experience of the management team will continue to be instrumental in driving our success.

Our Group's management team collectively bring substantial expertise from diverse fields:

(i) Mr. Flint Lu, Executive Chairman and CEO, has over nine (9) years of experience in the public entertainment industry, specialising in strategic planning, business development, marketing strategy, and business strategy.

(ii) Mr. Tan Kian, CFO, has over 27 years of experience in financial management and audit.

(iii) Ms. Victoria Sun, COO, has over eight (8) years of experience in operations and business development.

(c) We are consistently identifying new trends and adapting

To cater to evolving consumer tastes and reach a wider group of consumer segments, our Group constantly seek emerging trends to stay ahead. We consistently analyse the market, understand consumer behaviour, and keeping an eye for shifts in preferences.

With our knowledge and expertise, we will quickly adapt our business model, marketing strategies, and product offerings to align with new trends to give us a competitive edge and capitalise on opportunities to implement fresh concepts.

We have expanded our offering from karaoke to a diverse range of entertainment options, including live music performances, pool tables, darts machines, arcade/board games, private cinemas, and event spaces tailored for both corporate and private events. Our latest instalment of "HaveFun Live Show" located in the Bugis+ Joint Venture Outlet was adapted from studying overseas trend and assimilating with the local trend in Singapore, resulting in a first-of-its-kind mega live entertainment house in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience.

(d) We are constantly keeping up with latest technology to complement our offerings

Our Group utilises both physical and the latest cloud-based technology for the maintenance of its database of songs and music videos. Our Group is gradually phasing out the usage of physical servers (located at respective outlets) to cloud-based technology across all outlets. Pending Group-wide implementation, only the newer outlets located at Suntec City, Cineleisure Orchard and Pasir Ris utilise the use of cloud-based technology which will eliminate the need for software updates, server maintenance and replacement, and minimises system lag time for smoother performance, leading to cost savings and operational efficiency. It also allows the Group to optimise usable space at their premises by eliminating the need for bulky server infrastructure.

Additionally, our Group has also adopted the use of QR codes as part of its mobile technology strategy to provide customers with a multifaceted and immersive entertainment experience. In our karaoke outlets, the QR codes facilitate the in-room music selection process whereby customers have instant access to the song library and can browse and select songs on their mobile devices. The QR function has also been extended to the dining concept, where customers may readily view the F&B menu to place their order at their table. Our Group also intends to introduce a new booking system, either via a mobile application or web browser, that will enable customers to book their sessions and pre-select their room of choice to enhance user convenience and increase our staff's productivity on-site. As part of our Group's vision to continuously push boundaries and operate on the edge of the latest advancements in entertainment and technology, we have developed a new website platform via a QR code for our Bugis+ Joint Venture Outlet which introduces an interactive experience for our customers. In addition to enjoying the programmed live performances, our customers can submit song requests to the performing artistes. Our customers may also show their appreciation to the performing artistes by sending virtual gifts through using the website platform. The website platform also includes other features such as screen takeover function allowing customers to use the screen animation (from a pre-selected list of animations) or to advertise their personalised greetings or messages. Such virtual gifts and screen takeover are subject to charges to be paid by the customers via credit card and/or mobile payment platforms such as PayNow.

(e) We have established business relationships with our suppliers

We have close working relationships with our suppliers and distributors, particularly as sale of alcohol accounts approximately 80% of our Group's purchases and related costs. We have entered into agreements with alcohol brand owners in Singapore which authorise certain incentive rebates upon fulfilling a certain order volume with their authorised distributors, which we have recurring purchases.

We also have good relationships with the supplier of our karaoke equipment, Funtech Solutions, which is advantageous to ease coordination on equipment-related matters such that we are able to achieve timely resolution of technical issues to minimise any disruptions to service and avoiding any unnecessary interruptions in the operation of business.

Further details on our Group's major suppliers are set out in the section entitled "General Information on our Group – Major Suppliers" of this Offer Document.

(f) Our outlets are located at strategic locations

The strategic locations of our Group's outlets stand as a pivotal competitive advantage. Positioned in easily accessible locations, the outlets cater to a wide range of demographic groups, including young professionals, families with children, students and senior citizens. The deliberate placement of our outlets islandwide places our Group in close proximity to its target consumers, creating a convenient avenue for a broad audience to engage with our Group's entertainment offerings. This strategic approach enhances the outlets' visibility and strengthens our Group's connection with its intended market segments.

(g) We are able to identify opportunities to expand offering with strategic partners

We are able to identify the right partners to expand our offerings, as demonstrated by the launching of "HaveFun Live Show" at the Bugis+ Joint Venture Outlet, the first-of-its-kind in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience. The Bugis+ Joint Venture Outlet is launched pursuant to the joint venture between our Group and Hezong, who is experienced in lifestyle and multi-entertainment events. The collaboration has strengthened our competitive edge against the current offering by other competitors.

Our Group is not prohibited to actively pursue new joint ventures or strategic alliances that may create synergistic opportunities with our existing businesses as we are not bound by any non-compete provisions or exclusivity provisions in the HF Bugis JVA. We may pursue strategic partnerships or joint ventures to expand our service offerings.

While we seek to further expand our business, we may face difficulties in (a) identifying suitable partners; and (b) negotiating terms with the partners which are more favourable to us. The terms with each partner may not be on similar parameters or conditions with all other strategic partnerships or joint ventures pursued by our Group, for example the HF Bugis JVA.

Notwithstanding the above, we believe that such collaborations are extremely effective in bringing our offerings to the wider market and attract new customers to our Group and will continue such collaborations with various organisations in the future.

BUSINESS STRATEGIES AND FUTURE PLANS

We intend to implement the following business strategies and future plans to grow and expand our business:

(a) Continue to grow the business and conduct geographical expansion

We will continue pursuing strategic growth and expansion within Singapore as it a key area of our competencies. The domestic market presents ample opportunities for growth. We intend to open more outlets in Singapore and introduce newer concepts along the expansion plans. We have identified key regions, demographics, and market segments where demand for our products/services is high, particularly in key neighbourhood regions. We anticipate the opening of a new outlet by the last quarter of 2024 as part of our expansion plans. Our expansion plans are strategically aligned with market trends, consumer preferences and industry dynamics, so as to ensure that we are able to retain and expand our current market share and drive revenue growth. With the introduction of regular live performances at the selected outlets, we aim to elevate the standards of and expand the variety of entertainments in Singapore. We intend for the performance halls to cater to a myriad of events whether by partnering with creative artiste agencies to conduct talent shows or performance, or corporate brands to host their media events.

With a strong foundation of our business built since 2015, we plan to embark on the next phase of our expansion plans. Realising of emerging opportunities outside Singapore, our growth strategy includes geographical expansion across the SEA region by opening new outlets in major cities in SEA with an initial focus on expanding our operations to Malaysia and expanding brand presence to other countries in SEA.

(b) Broaden our Company's range of service offerings by vertical expansion

Our current core strength is in being a provider of entertainment services and spaces, in particular karaoke lounges complemented by F&B offerings. In order to enhance our revenue opportunities, we plan to expand into new verticals that are complementary to our current services. Our Group currently engages third-party suppliers for alcoholic beverages. Since 2023, we have been engaged in the development and manufacturing of our house craft beers which we intend to introduce and supply to our outlets. We believe this will reduce our reliance on third-party suppliers for alcoholic beverages and expand on our capabilities to diversify our business. Upon successful production, we intend for our house craft beers to be able to generate significant additional revenue and profit to the Group.

We are also looking into developing a food manufacturing plant as part of the vertical expansion of our entertainment venue. This strategic initiative aims to produce a range of food products tailored to the specific needs of our outlets. In doing so, we would be able us to implement our own quality control measures to ensure high standards of product quality, safety and consistency, which in turn we hope to earn the trust and confidence of our customers on our commitment to provide the best standards of F&B offerings at our outlets. As of the date of this Offer Document, we have entered into the sale and purchase agreements of two (2) units in a multi-tenanted ramp-up factory development designed for food-related trades located in Woodlands to initiate our vertical expansion plan.

(c) Strategic joint ventures and alliances

Beyond organic growth, we are exploring expansion avenues through joint ventures and strategic alliances to create synergistic opportunities with our Group's existing businesses. Through such expansion strategies, we intend to strengthen our market position and broaden our reach to increase our customer base, expand service offerings and establish ourselves in new markets.

The joint venture partner of our Bugis+ Joint Venture Outlet, Hezong group, is an established multi-media and lifestyle brand with vast experiences in lifestyle and multi-entertainment events. The Bugis+ Joint Venture Outlet features the "HaveFun Live Show" concept, the first-of-its-kind in Singapore providing up close live performances and interactions with various performing artistes, coupled with 8,000 lights and state-of-the-art audio-visual equipment, giving a full sensory experience to patrons, delivering a cinematic and immersive concert-like experience. It provides us with a competitive edge against the current entertainment offerings by our competitors.

We are also working to collaborate with successful brands and businesses, locally and overseas, to introduce fresh concepts to Singapore and SEA generally, with the vision of broadening and diversifying the entertainment or service offerings, thereby enhancing customer experience.

As at the Latest Practicable Date and aside from the HF Bugis JVA, we have not entered into definitive agreements with any potential party to acquire potential businesses or to form joint ventures and/or strategic alliances or identified any specific acquisition targets. We will carefully consider any such opportunities and undertake a comprehensive review and evaluation to determine whether such transactions will benefit our business before entering into them. Key factors that our Group will take into consideration when assessing such opportunities include, *inter alia*, return on investments, market demands and trends and commercial viability.

As at the Latest Practicable Date, none of the proceeds from the Placement have been committed for the purpose of expansion of our business through joint ventures, strategic collaborations, mergers and acquisitions, or investment opportunities.

(d) Further invest in technologies on entertainment experience

We believe in a digital future for our Group and are planning to invest in artificial intelligence (AI) technology to create immersive entertainment experiences and audience engagement. As AI continues to evolve, it will play an increasingly prominent role in shaping the future of entertainment, offering new possibilities for creativity, storytelling, and audience interaction.

We aim to monitor the AI trends and development of AI capabilities in the entertainment segment, research its potential applications, and explore the incorporation of AI-driven tools into our existing processes that will complement and/or enhance our current operational procedures and processes so as to improve our efficiency and reduce operating costs. We aim to leverage on this technological wave and plans to develop an advanced AI robot system to significantly enhance productivity and elevate the customer experience in our "HaveFun Family Karaoke" outlets, to ensure that such experience is seamless and personalised. The plan is for the AI system to allow convenience in reservations, tracking of membership and past transactions, accumulation of membership points and redemption thereof. In addition, the AI systems will study the algorithm of the customers to deliver a personalised experience such as voice and text interaction between our customers and the AI interface which allows songs selection suited to the customer's vocal preferences and preferred genre or suggestion of F&B menu based customer's past orders. Our plans also include pioneering a feature that allows customers to create personalized music videos, which will be added to our song database, to allow customers to utilise their unique music videos for future visits.

We are cognisant of the potential problems and risks that may be related to the use of AI-technology, such as a possible infringement or misappropriation of intellectual property rights, and will continue to work closely with our clients to mitigate and manage the impacts arising from such risks. We will carefully consider any such investment opportunities and undertake a comprehensive review and evaluation to determine whether such transactions will benefit our business before entering into any such transaction. Key factors that our Group will take into consideration when assessing such opportunities include, inter alia, return on investments, market trends and commercial viability.

IMPACT OF COVID-19 ON OUR BUSINESS

The global pandemic outbreak of COVID-19 announced by the World Health Organisation since late 2019 has resulted in drastic measures being taken around the world to curb with the spread of COVID-19, including border closures and lockdown of numerous countries including Singapore. During the course of COVID-19 pandemic, the Singapore Government introduced the Circuit Breaker Measures which included the closure of public entertainment venues, prohibition against dining in F&B establishments and subsequent limiting of group sizes permitted to dine in at such establishments and required residents to stay at home save for limited necessity exceptions.

Our Group operates karaoke establishments which were classified under the relevant regulations as "public entertainment outlets". Pursuant to the Circuit Breaker Measures, we were mandated to cease operations entirely from March 2020 and were only permitted to fully resume operations in April 2022, with stringent safety measures such as limited group sizes, mandatory mask-wearing and enhanced sanitation procedures to ensure the safety of our customers and staff.

As with most businesses in the public entertainment space, our focus during the COVID-19 pandemic and the period following it has been to maintain operational efficiency and ensure the long-term sustainability of our business. In response to the challenges posed by the COVID-19 pandemic, we implemented a number of cost-reduction initiatives, including reducing non-essential expenditures relating to marketing and labour costs, negotiating of rental reductions with our landlords, applying for grants disbursed by the Singapore Government.

During this time, our Group maintained a significant portion of our operating expenses as we chose to retain all employees and keep all outlets operational. In keeping the operations, we ensure that all health and safety policies are implemented to the highest standards to ensure the well-being of our customers and employees, which inadvertently increased operation costs. While this decision aligns with our Group's commitment to the business, this has also led to a lack of operating cash flow and consequently contributed to the negative working capital situation.

Additionally, we have had to reassess our business strategies and priorities. Notwithstanding such restrictions, our Group leveraged on our existing venue space and F&B capabilities and was able to mitigate the impact of such restrictions brought about by the Circuit Breaker Measures by pivoting karaoke operations of our Group to other permissible activities, such as F&B delivery and takeaway concepts on all major food delivery platforms. Subsequently, as the Circuit Breaker Measures gradually eased, our karaoke outlets located at Lucky Chinatown, Downtown East, Thomson Plaza and SAFRA Yishun provided dine-in options while karaoke outlets located at 313@Somerset, Bugis Cube, Downtown East, SAFRA Toa Payoh and SAFRA Yishun, pivoted from karaoke lounges into private cinemas for rent, thereby diversifying our services and maintaining engagement with our customers during the challenging times. Notwithstanding our efforts, it remained inevitable that the footfall at most shopping malls and recreational clubs remained low compared to pre-pandemic levels.

We have also introduced "KBar", a rental service for a portable karaoke kit that consists of an all-in-one device that comes with in-built LCD touchscreen, two (2) wireless microphones and booming stereo speakers. The portable karaoke kit consists of a local library of 50,000 songs. The rental service provided by our Group includes delivery to the customer's home address and if so required by the customer, installation services.

During this period, we were focused on increasing our capacity to fulfil F&B delivery and takeaway orders and the rental of "Kbar" until the Circuit Breaker Measures were fully lifted, to ensure continuous flow of revenue stream. Our plans on opening of further outlets and introducing new entertainment concepts were put on hold, until the ease of Circuit Breaker Measures.

Our experience during the COVID-19 pandemic period resulted in a robust crisis management framework developed within our Group whereby we have outline plans for various scenarios, ensuring rapid and effective responses to such crisis and to minimise impact on our operations and financials.

QUALITY CONTROL AND ASSURANCE

We place heavy emphasis on maintaining high standards of F&B quality and hygiene at all of our outlets and make continuous efforts to improve our service quality, operational productivity and customers' dining and entertainment experience.

To ensure high standards of food quality and hygiene, we have a quality assurance team that oversees food and service quality as well as safety matters. Our staff are also required to undergo extensive training both prior to commencing work at our outlets, as well as over the course of their employment with our Group.

In maintaining the quality of the food as well as the consistency of the food served at our outlets, we have implemented various quality control measures, including compliance with applicable laws to ensure our food handlers at our outlets undergo the necessary courses conducted by training providers and assessment centres that are accredited by SkillsFuture Singapore and obtain the relevant certification, implementing standard operating procedures on relation to safe food handling practices, and properly train all employees members on food safety and hygiene practices to make sure all employees understand the importance of maintaining cleanliness and hygiene standards at all times.

To ensure the quality of the food we serve, we have implemented the following quality control measures:

(a) Incoming supplies

We conduct random and periodic checks for shipment of food ingredients that are delivered, in accordance with out standard operating procedure. For instance, any seafood or poultry that does not meet our specifications in terms of certain metrics such as weight, is rejected and returned to the supplier. Moreover, the expiry dates of each batch of food ingredients that are delivered must also be properly labelled.

(b) Processing

All food handlers at our outlets undergo the Workforce Skills Qualification Follow Food and Beverage Safety and Hygiene Policies and Procedures certification and are required to attend and complete the Basic Food Hygiene Course conducted by training providers and assessment centres that are accredited by SkillsFuture Singapore. Our human resources department keeps track of all new hires and their attendance of the said course to ensure that all food handlers complete the course and receive the requisite certification before they are allowed to start work. They are also required to adhere strictly to Singapore Food Agency guidelines relating to food handling, cooking and hygiene. They are required to maintain a high standard of personal hygiene to prevent food contamination and transmission of harmful pathogens.

(c) Storage and delivery

After processing, all our processed foods are labelled to indicate when they had been processed before being refrigerated. Further, when food ingredients are being delivered to each outlet, we engage a third-party logistics partner whose vehicles are equipped with the necessary refrigeration as well as temperature monitors.

To ensure consistent quality, hygiene and customer satisfaction, our internal audit team conducts on-site inspections at all our outlets in Singapore at least once a month to ensure that the outlets are compliant with requirements imposed by the Singapore Food Agency. Such inspections involve sampling of dishes and inspecting the level of cleanliness in the kitchen and premises. The results of the audits are thereafter presented to our management, and remedial actions, if required, are taken.

PROSPECTS

Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident of the prospects and outlook of our business for the next 12 months from the Latest Practicable Date, due to the following factors:

(a) Growing domestic consumption in Singapore

The trend of rising domestic consumption is evidenced by population growth and increasing household income. Singapore's population has been steadily growing at a five-year CAGR of 1.0%, from 5.64 million in 2018 to approximately 5.92 million in 2023. [(1)]

In addition, residents' average monthly household income has generally increased from S$10,099 in 2022 to S$10,869 in 2023. [(2)]

With the growing affluence and productivity of the nation, we believe that the demand for afterhours entertainment and retail food services is expected to continue.

(b) Growth in Singapore's population

Singapore's total population stood at 5.92 million as at June 2023, a 5.0% increase from June 2022. [(3)]

With the increase of Singapore's population over time, coupled with rising affluence of the population, we expect to see a corresponding increase in demand for entertainment services.

(c) Regional opportunities for growth

Singapore's entertainment and F&B industry players may also benefit greatly by tapping into opportunities in the rest of Asia, with consumerism on the rise, driven by large domestic markets and a growing middle-income group.

After a 5.7% GDP growth in 2022, the ASEAN economy is forecasted to continue to grow by 4.6% and 4.9% on average in 2023 and 2024, respectively. Between 2023 and 2028, ASEAN's projected average annual GDP growth is 4.4%, making it the second fastest growing economy after India. ASEAN's middle class is projected to grow from 190 million residents in 2020 to over 334 million by 2030. It is also estimated that the urban ASEAN population will increase to nearly 70% by 2023, from the current level of just over 50%. [(4)]

Our Group intends to capitalise on such opportunities for growth through our expansion plans in the SEA region. For more details, please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document.

(1) This information was extracted from an excerpt published by the National Population and Talent Division, Strategy Group of the Prime Minister's Office titled "Population in Brief 2023", which can be accessed at https://www.population.gov.sg/media-centre/articles/population-in-brief-2023-key-trends/. The National Population and Talent Division, Strategy Group of the Prime Minister's Office has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this Offer Document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents have taken reasonable action to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(2) This information was extracted from a press release by the Department of Statistics Singapore titled "Key Household Income Trends, 2023", which can be accessed at https://www.singstat.gov.sg/-/media/files/news/press07022024.ashx. The Department of Statistics Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this Offer Document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents have taken reasonable action to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(3) This information was extracted from a joint publication titled "Population in Brief 2023" by National Population and Talent Division, Strategy Group of the Prime Minister's Office, Singapore Department of Statistics, Ministry of Home Affairs, Immigration & Checkpoints Authority and the Ministry of Manpower, which can be accessed at https://www.population.gov.sg/files/media-centre/publications/population-in-brief-2023.pdf. The National Population and Talent Division, Strategy Group of the Prime Minister's Office, Singapore Department of Statistics, Ministry of Home Affairs, Immigration & Checkpoints Authority and the Ministry of Manpower has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this Offer Document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents have taken reasonable action to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

(4) This information was extracted from ASEAN Matters for America Matters for ASEAN (Sixth Edition) jointly published by the East-West Center in Washington, US-ASEAN Business Council and ASEAN Studies Centre of ISEAS-Yusof Ishak Institute, which can be accessed at https://asiamattersforamerica.org/uploads/publications/2023-ASEAN-Matters-for-America.pdf. The East-West Center in Washington, US-ASEAN Business Council and ASEAN Studies Centre of ISEAS-Yusof Ishak Institute has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this Offer Document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents have taken reasonable action to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

TREND INFORMATION

The following discussions about trends include forward-looking statements that involve risk and uncertainty. Please refer to the section entitled “Cautionary Note on Forward-Looking Statements” of this Offer Document.

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Board of Directors has observed the following trends for the since the end of 3M2024 and for the next 12 months from the Latest Practicable Date, based on our Group’s revenue and operations as at the Latest Practicable Date:

(a) We expect an increase in revenue mainly due to the opening of new outlets and the introduction of our latest instalment, “HaveFun Live Show”, as well as increased contribution from our existing outlets. We expect our growth to continue to be underpinned by consumer demand for entertainment and dining due to the busy lifestyle of consumers in Singapore, driving the need for accessible and multi-faceted afterhours establishments that they may dine at and unwind.

(b) As with our other businesses in Singapore, we expect to face inflationary pressures and a general trend of increase in the costs of food ingredients and other overheads such as utilities.

(c) Coupled with the ongoing compliance costs of a publicly listed company and our one-time listing expenses, we expect our financial performance to be affected by ongoing compliance costs and expenses recorded in our financial statements in respect of a portion of our listing expenses incurred in relation to the Placement. We also expect our other expenses to increase significantly in FY2024 due mainly to professional and legal fees in relation to the Placement. We have recognised professional fees of S$0.2 million in connection with the Placement, in our unaudited interim condensed consolidated statement of profit or loss and other comprehensive income for 3M2024. Please refer to the section “Use of Proceeds and Listing Expenses” of this Offer Document for further details in relation to our listing expenses.

(d) As set out in the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document, we intend to conduct geographical expansion by opening of new outlets or by entering into joint ventures, collaborations and/or strategic alliances. These expansion plans entail additional capital expenditures (such a renovations costs) before any generation of revenue and depreciation expenses.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Position and Results of Operations”, “General Information on our Group – Business Strategies and Future Plans”, “General Information on our Group – Prospects” “General Information on our Group – Trend Information” “Appendix A – Independent Auditor’s Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023” and “Appendix B – Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024”, and the related notes thereto of this Offer Document.

Barring any unforeseen circumstances, our Directors are not aware of any significant recent known trends in the sales, costs and selling prices of our products and services, or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources. They are also not aware of any such trends that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. For more information, please also refer to the section entitled “Cautionary Note on Forward Looking Statements” of this Offer Document.

MAJOR CUSTOMERS

Due to the nature of our business, we serve a wide and diversified customer base comprising walk-in customers, regular customers, as well as corporate clients. During the Period Under Review, no single customer contributed more than 5.0% of our Group's total revenue.

Our Directors are of the view that our Group's business and profitability are not materially dependent on any of our customers.

MAJOR SUPPLIERS

Our Group's major suppliers are predominantly suppliers of alcohol, food items and produce.

We set out below the suppliers which accounted for 5.0% or more of our Group's total purchases and related costs during the Period Under Review.

		As a percentage of our Group's purchases and related costs (%)			
Name of supplier	**Products supplied**	**FY2021**	**FY2022**	**FY2023**	**3M2024**
Barworks Wine & Spirits Pte Ltd(1)	Alcoholic spirits	1%	3%	5%	11%
Platinum Wines & Spirits Pte Ltd(2)	Alcoholic spirits	11%	40%	35%	48%
Royalton Wine & Spirits Pte Ltd(3)	Alcoholic spirits	15%	4%	0%	0%
SG5 Pte Ltd(4)	Alcoholic spirits	11%	23%	17%	7%
Supplier A(5)	Alcoholic spirits	6%	3%	3%	2%
Supplier B(6)	Produce and food ingredients	6%	3%	3%	2%

Notes:

(1) The increase in purchases from Barworks Wine & Spirits Pte Ltd for 3M2024 as compared with FY2023 was mainly due to exclusive supplies and increased demand for one of the popular liquor solely distributed by them in Singapore.

(2) The increase in purchases from Platinum Wines & Spirits Pte Ltd for FY2022 to 3M2024 as compared with and FY2021 was mainly due to attractive rebates and discounts offered.

(3) The decrease in purchases from Royalton Wine & Spirits Pte Ltd for FY2023 as compared with FY2022 and FY2021 was mainly due to was mainly due to the shift of purchases to Platinum Wines & Spirits Pte Ltd, another distribution agent under the same brand owner in 2023.

(4) The decrease in purchases from SG5 Pte Ltd for 3M2024 as compared with FY2023 and FY2022 was mainly due to change of customer preference on some liquor brands.

(5) Supplier A is in the industry of wholesale of liquor, soft drinks and beverages and supplies alcoholic beverages to the Group.

(6) Supplier B is in the industry of wholesale trade of a variety of goods without a dominant product and supplies frozen and processed food items to the Group.

Save as disclosed above, none of our suppliers accounted for 5.0% or more of our Group's total purchases and related costs for each of FY2021, FY2022 and FY2023 and 3M2024.

Our Group selects its suppliers based on, amongst others, the supplier's market reputation, the quality of and demand for their products, past working experiences with them, pricing and their ability to meet our Group's delivery requirements.

Our agreements with our major suppliers are generally for a period of two (2) years and we have in the past entered into extensions or renewal agreements with our major suppliers. We do not maintain exclusive agreements or contracts with any single supplier, as we believe this provides us with the flexibility to select new suppliers who are able to offer us high quality products at competitive prices. Purchases are based on standard trading terms and on mutually agreed prices and quantities. In the event that a major supplier is unable to meet our demand, we will source for alternative suppliers or products.

During the Period Under Review, our relationships with the abovementioned parties have been stable, and we have not experienced any material interruptions to, or a material decline in the amount or quality of the supplies or services. To the best of our Directors' knowledge as at the Latest Practicable Date, we are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers. Our Directors believe that we will not encounter significant difficulty in procuring alternative suppliers, and are of the view that, as at the Latest Practicable Date, our business and profitability are not materially dependent on any of our major suppliers listed above.

As at the Latest Practicable Date, none of our Directors, Executive Officers or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the above major suppliers.

To the best of our Directors' knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

PROCUREMENT

Procurement Process

The Company has appointed Ms. Wang Feng Hui, an admin/procurement executive since February 2024. Ms. Wang reports to our COO and she acts as a centralised procurement officer who selects, monitors and assesses suppliers according to pre-determined criteria such as market reputation, the quality and demand for their products, past working experiences with them, pricing and their ability to meet our Group's delivery requirements. On the recommendation of the admin/procurement executive, our COO will review and discuss (a) the credentials of suppliers with our Executive Chairman and CEO; and (b) the quotation sourcing, pricing comparison, invitation to quote and tender with our CFO, before determining the onboarding the supplier. Effective supplier onboarding is a multifaceted process that involves more than just pricing. Particularly on the supply for alcoholic beverages, factors such as market reputation and the quality of and demand for their products, play a more critical role in ensuring the reliability of the products supplied. Onboarded suppliers which our Group makes recurring purchases for a period of approximately a year will then be included in the list of approved suppliers of our Group. The list of approved suppliers is reviewed on an annual basis. Our Board is of the view that the annual review of the list of approved suppliers are adequate and effective as it allows sufficient timeframe to track data and insights of the transactions with the suppliers (including assessing any risks associated with suppliers, such as financial instability, regulatory compliance, or changes in their operational capabilities) and at the same time promotes long term relationships with such suppliers. Frequent reviews could disrupt the long-term supplier relationships and create inefficiencies with the business operations of the Group as the Group will be required to allocate time and resources in performing the review. Our Board notes that the internal auditors have reviewed and evaluated the procedure of the annual review and evaluation of the suppliers and confirmed that the internal auditors are satisfied with the adequacy of the procedures.

Under the standard operating procedures across all outlets, periodically, each outlet will conduct sample checks on the deliveries to ensure no signs of damaged items, unsealed packaging, labelling of products are accurate and genuine, etc. Upon completion of such checks, the outlet manager then reports back to our admin/procurement executive on the reviews. As such, any feedback on the issues with quality or service are promptly communicated to the admin/procurement executive, and then to the suppliers to ensure transparency and quality of the products and/or services delivered to our customers and end-users.

For purchases from suppliers that are not within the list of approved suppliers, the purchases will go through the usual procurement processes, which includes the sourcing of quotations, selection and recommendation by the admin/procurement executive and approval by COO (in consultation with CEO and/or CFO), depending on the quantum of purchase with higher value purchases requiring higher level approvals. The threshold of the purchases that requires sourcing of quotations is determined based on internal procurement authorisation process and purchase approval processes, and take into consideration factors such as the nature of the item purchased, the historical amount of the transactions by the Group for such item, the increasing demand for the products, expected increases in prices of the items, etc. The comparison is then made from all the quotations sourced with the market rates.

Purchases

For alcoholic beverages, each outlet will raise a purchase order according to volume required for the outlet, which is then routed to our admin/procurement executive. Upon obtaining the purchase order, our admin/procurement executive will place an order with the relevant supplier, which is then delivered directly to the outlet.

For other F&B items other than alcoholic beverages (e.g., fresh produce, cooked and frozen food and snacks), each outlet procures them directly from the approved suppliers maintained by the Group. Although such purchases may also be undertaken by our admin/procurement executive, each outlet makes its own F&B purchases directly from approved suppliers due to high volume of purchases and varying demands of F&B items for each outlet. Such a practice removes operational inefficiencies at an outlet level, given that the respective outlet managers are more aware of inventory needs for their outlets. Nonetheless, our management maintains a close supervision of all outlets' purchases of F&B items and reviews such purchases on a monthly basis.

INVENTORY

To ensure the freshness and quality of our food products, we generally do not carry substantial inventory in particular for perishable food items.

The staff for the respective outlet will carry out daily full inventory count after operating hours. We conduct stock-take exercises on a monthly basis in respect of the inventory held at our outlets. During monthly closing of accounts, the outlet manager will submit the finalised month end inventory count to the finance and accounting team to perform a check on the inventory quantity balance. In addition to these checks, the COO would also perform random checks on the inventory count whenever she deems it necessary.

When inventory level at an outlet drops to below a certain level, the outlet manager will notify our admin/procurement executive to place an order with the relevant supplier (for alcoholic beverages) or raise a purchase order to our approved suppliers directly (for F&B items other than alcoholic beverages). Please refer to the sections entitled "General Information on our Group – Procurement" of this Offer Document for further details. There was no provision made for stock obsolescence during the Period Under Review.

Our Group's inventories turnover days during the Period Under Review were as follows:

	FY2021	FY2022	FY2023	3M2024
Inventories turnover days	100	23	42	44

Note:

(1) For FY2021, FY2022 and FY2023, inventories turnover days = (Year end inventories balance/Cost of sales) x 365 days. For 3M2024, inventories turnover days = (closing inventories balance / cost of sales for the relevant financial period) x 91 days.

The inventories turnover days for our Group is generally less than two (2) months due to the nature of our Group's business. The general decrease in inventories turnover days in FY2022 was due to the relaxation of Circuit Breakers Measures and most public entertainment outlets or facilities were allowed to resume operation in April 2022, resulting in an increased demand for local entertainment venues compared to in FY2021. Subsequent increase of inventories turnover days in FY2023 and 3M2024 relates much to our Group's inventory management to cater for supply shortage and price variation.

In relation to alcoholic beverages which have been sold to our customers but unconsumed and/or unfinished, we allow storage of such unconsumed and/or unfinished alcoholic beverages at our outlets where those alcoholic beverages were purchased by our customers for a period of up to 30 days. For purposes of storage at our outlets, our customers are provided a tag to indicate their identities and the initial date of storage. They will also be informed that our staff members will dispose of any leftover unconsumed and/or unfinished alcoholic beverages which have not been collected by our customers after 30 days of storage. Upon the expiry of 30 days after the initial date of storage, our staff members at our outlets will dispose any leftover unconsumed and/or unfinished alcoholic beverages.

Revenue for such unconsumed and/or unfinished alcoholic beverages are recognised at the point of purchase, as they are considered to have been sold and ownership transferred to our customers. In tandem with the recognition of revenue, such alcoholic beverages are derecognised from inventories and assets of our Group. Although we provide storage services of such unconsumed and/or unfinished alcoholic beverages, they do not form part of our inventory and/or assets upon the sale thereof, and are not recognised as part of our inventory and/or assets in the financial statements.

ORDER BOOK

Due to the nature of the karaoke business, dance club and live show concepts, we do not maintain an order book. We provide our services to our customers as and when they are required. Our transactions are typically received and fulfilled on a real-time basis hence the concept of an order book is not meaningful.

CREDIT MANAGEMENT

Credit terms to our customers

Our customers at our outlets are mainly individuals who make immediate payment upon receiving our goods and services. We accept various modes of payment, such as cash, NETS (including electronic transfers) and credit cards.

As the transactions at our Group's outlets are conducted on a cash basis, which includes credit card and electronic payments, our Group does not grant any credit terms to its customers. We typically receive payments from the banks and/or credit card issuers within three (3) working days from the date of each transaction.

Our average trade receivables' turnover days for the Period Under Review were as follow:

	FY2021	FY2022	FY2023	3M2024
Average trade receivables turnover days	32	5	8	10

Note:

(1) For FY2021, FY2022 and FY2023, average trade receivables turnover days = (average trade receivables / total revenue) x number of calendar days in the relevant financial year. For 3M2024, average trade receivables turnover days = (average trade receivables / total revenue for the relevant financial year) x 91 days.

The aging schedule for our trade receivables as at the Latest Practicable Date was as follows:

(S$)	FY2021	FY2022	FY2023	3M2024
Not past due	–	32,804	25,841	–
Past due 1 to 30 days	5,513	264,629	725,852	1,285,180
	5,513	297,433	751,693	1,285,180

Our Directors are of the view that the trade receivables were all subsequently collected in full, and there is no concern on the collectability of the trade receivables.

Credit terms from our suppliers

Payment terms granted by our suppliers vary and are dependent on various factors, such as our relationship with our suppliers, the contract value and the size of the transaction. The typical credit term extended to us is approximately 15 to 30 days, with some of our suppliers for alcoholic beverages providing credit term of up to 90 days. In respect of the supply of goods, payment is typically to be made on delivery and upon issuance of the relevant invoice.

Our average trade payables turnover days during the Period under Review were as follows:

	FY2021	FY2022	FY2023	3M2024
Average trade payables turnover days	48	22	64	73

Note:

(2) For FY2021, FY2022 and FY2023, average trade payables turnover days = (average trade payables / cost of goods sold for the relevant financial year) x number of calendar days in the relevant financial year. For 3M2024, average trade payables turnover days = (average trade payables / cost of goods sold for the relevant financial year) x 91 days.

The increase in average trade payables turnover days in 3M2024 and FY2023 was due to longer credit term provided by some suppliers and aggressive promotion by the suppliers during seasonal period, which resulted in additional purchases of alcoholic beverages, but took longer to settle, contributing to higher trade payables turnover days. The decrease in trade payables turnover days in FY2022 as compared to FY2021 was due to the surge of purchases as part of the relaxation of Circuit Breaker Measures and various other restrictions on the public entertainment industry where most outlets or facilities were allowed to resume operation in April 2022, resulting in an increased demand for liquor and related purchases compared to in FY2021. However, during the Periods Under Review, the Target Group's trade payables turnover days were within the credit terms granted by its suppliers.

CASH MANAGEMENT POLICY

We have promulgated internal policies governing the cash management, security and processing. For instance, we require our cash to be managed by specifically designated teams to ensure cash safety, mainly our Group's finance and accounting team. All payments (through cheque, bank transfer and GIRO) are processed at headquarters by the finance and accounting team and approved in accordance with approval matrix. The headquarter generally do not handle transfer and settlement by way of cash.

Our outlets (including the Bugis+ Joint Venture Outlet) offer various payment options for our customers, including cash, credit card and mobile payment platforms such as PayNow, GrabPay, Alipay. Our collaboration with multiple payment platforms and the similarity of their services ensure that we do not have a material reliance on any particular payment platform. Currently, we observe that a majority of our customers effect payment through credit cards.

As for the cash management policies for our outlets (including the Bugis+ Joint Venture Outlet), policies with respect to cash collection, safekeeping and deposit at our outlets have been implemented. The cash collection will be handled by the respective outlet manager and deposited into the relevant Group Company's bank account within two (2) to three (3) days.

On a day-to-day basis, a daily sales report is generated via the POS system at each outlet, which reflects total daily sales for the outlet. On a monthly basis, each outlet manager prepares a sales summary report which reflects a breakdown of collections according to payment method. Our finance and accounting team, has the full remote access to the POS system at each outlet, and is responsible for reconciling cash deposits, credit card settlements, PayNow remittances and fund inflows into the Group's bank accounts to each outlet's daily sales reports and monthly sales summary reports. Our finance and accounting team reconcile the credit card settlements, PayNow remittances and fund inflows into the Group's bank accounts on a daily basis. Cash deposits are reconciled on the date of the deposit by the outlet manager based on the collection amount breakdown and the corresponding bank deposit slip provided to the finance and accounting team for reconciliation.

All bank transactions by the Group are to be approved by any two of the following: CEO, COO and CFO. Our CFO oversees the review and approval process of all bank transactions.

PROPERTIES AND FIXED ASSETS

Material Properties

As at the date of this Offer Document, we owned the following properties:

Location	Lessee	Lessor	Lease tenure	Approximate gross area (sq m)	Description of use
15 Woodlands Loop #02-09, Singapore 738322	Cookease	JTC Corporation	1 September 2024 to 30 April 2027	294	Food manufacturing plant
15 Woodlands Loop #02-10, Singapore 738322	Cookease	JTC Corporation	1 September 2024 to 31 May 2027	294	Food manufacturing plant

The following table sets out the properties which are leased/sub-leased by our Group in the ordinary course of business as at the Latest Practicable Date:

Lessor	Lessee	Location	Lease tenure	Approximate gross area (sq m)	Description of use
Twinstar Global Pte. Ltd.	Our Company	33 Ubi Avenue 3, #05-16 Vertex Tower B, Singapore 408868	1 April 2024 – 31 March 2027	1,463.89	Corporate headquarters
DIA-Globe (Singapore) Pte. Ltd.	7-24 Entertainment	Units #06-01 to #06-23 of Bugis Cube	15 October 2023 to 14 October 2026	–	Retail outlet
HSBC Institutional Trust Services (Singapore) Limited as trustee of Capitaland Integrated Commercial Trust	HF Bugis	Unit #03-18 of Bugis+	27 April 2023 to 26 April 2029	5,091.37	Retail outlet
HSBC Institutional Trust Services (Singapore) Limited as trustee of Capitaland Integrated Commercial Trust	HF Bugis	Unit #07-01 of Bugis+	10 December 2023 to 9 December 2028	10,139.69	Retail outlet
The Orchard Entertainment Central Pte Ltd	HF Cineleisure	Unit #08-01/01A of Cineleisure Orchard	22 September 2023 to 21 September 2026	24,015.00	Retail outlet
Resorts Concept Pte Ltd	HF DTE	Units #01-311 and #01-312 of Downtown East	7 June 2022 to 6 June 2025	4,183.85	Retail outlet
Far East Square Pte. Ltd.	HF Chinatown	Units #04-01 to #04-22 of Lucky Chinatown	1 August 2022 to 31 July 2025	5,770.00	Retail outlet
DBS Trustee Limited (in its capacity as trustee of Landlease Global Commercial REIT)	HF Orchard	Units #04-25 to #04-28 of 313@Somerset	16 October 2023 to 15 October 2026	3,014 .00	Retail outlet
Phoenix Commercial Pte. Ltd.	HF Pasir Ris	Unit #02-54 of Pasir Ris Mall	28 June 2024 to 27 June 2027	3,475.80	Retail outlet

Lessor	Lessee	Location	Lease tenure	Approximate gross area (sq m)	Description of use
HSBC Institutional Trust Services (Singapore) Limited as trustee of Suntec Real Estate Investment Trust	HF Suntec	Units #03-344 and #03-345 of Suntec City	8 June 2023 to 7 June 2026	4,219.45	Retail outlet
Mercatus Beta Co-Operative Limited	HF Thomson	Unit #01-116 of Thomson Plaza	20 April 2023 to 19 April 2026	3,702.82	Retail outlet
SAFRA National Service Association	HF TPY	Unit #02-06 of SAFRA Toa Payoh	8 December 2022 to 7 December 2025	7,253.80	Retail outlet
SAFRA National Service Association	HF Yishun	Units #01-04 and #01-05 of SAFRA Yishun	27 March 2023 to 16 March 2026	2,107.58 (indoors) 434.54 (outdoors)	Retail outlet
SAFRA National Service Association	HF Yishun	Unit #01-06 of SAFRA Yishun	27 March 2023 to 16 March 2026	5,969.01	Retail outlet
MG Associates Holding Sdn Bhd	Goodwill Entertainment Malaysia	2-01, Jalan Setia Tropika 1/14, Setia Tropika, 81200 Johor Bahru, Johor, Malaysia.	1 April 2024 to 31 March 2026	1,540.00	Office

Our lessors may unilaterally terminate the respective leases by giving a written notice of termination without breach by our Group of our obligations therein. Any unilateral termination by any lessor may adversely affect our business operations, financial performance and position we will need to secure leases at an alternative strategic location. The termination of leases also comes with costs to be incurred by the Company such as reinstatement cost, loss of fixed assets, relocation costs, and reapplication of licences. Please refer to the section entitled "Risk Factors – Risks Relating to Our Business or the Industry in Which We Operate" of this Offer Document for more information on our Group's risk factors in relation to properties.

As at the Latest Practicable Date, our Directors are not aware of any existing breach of any of the terms and conditions of, or any obligations under our lease agreements that would result in the termination of the lessors.

Fixed Assets

As at the Latest Practicable Date, our Group has fixed assets comprising renovations, furniture and equipment, and computers, which amounted to an aggregate carrying amount of S$30.4 million. Please refer to "Appendix A – Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and "Appendix B – Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively, for further information on our fixed assets.

Our Group has completed the process of documenting its IT assets and inventory list for all outlets since September 2024.

As of the Latest Practicable Date, none of the properties owned or leased by our Group and none of our fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any borrowing.

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out any significant research and development activities. However, our staff will continually update themselves on any new developments in the industry. For more information, please refer to the section entitled "General Information on our Group – Staff Training" of this Offer Document.

STAFF TRAINING

We believe that our employees are important assets of our Group and we have adopted several human resource management policies to attract talent, retain good employees, and develop and train our employees to help them maximise their potential.

As our business is largely service-oriented, we believe that staff training is important for our Group and we place a heavy emphasis on enhancing the quality of our service. We also believe that the capability and morale of our staff is of high importance, and that continual staff training and development is crucial to supporting the strategic vision of our Group and the future growth of our business and operations.

We require our kitchen staff to complete the Workforce Skills Qualification Follow Food and Beverage Safety and Hygiene Policies and Procedures and Workforce Skills Qualification Food Hygiene and Safety courses, which are monitored by our human resources department. New employees such as service and kitchen staff will usually undergo on-the-job training by the outlet managers or chefs (as the case may be) at our outlets.

Generally, newly recruited service staff will first serve as a trainee under the close supervision of a mentor for a probationary period which may vary in duration. Such training emphasises, among other things, familiarity with our F&B offerings, customer service, operating cash registers and processing payments. Newly recruited kitchen staff will be trained by our existing chefs. Such training emphasises, among other things, food preparation and plating techniques.

The expenses incurred by our Group in relation to employee training for the Period Under Review is not significant.

RECENT BUSINESS UPDATE

As part of our ongoing expansion plan and the organic growth from new outlet openings in Q4 2023 and Q1 2024, namely the flagship outlet Cineleisure Orchard and Bugis+ Joint Venture Outlet, the Group has experienced a 60.7% increase in revenue for the period of April 2024 to June 2024, compared to January 2024 to March 2024. Specifically, revenue increased from S$8,926,000 in January 2024 to March 2024 to S$14,342,000 in April 2024 to June 2024. This growth in revenue reflects the effectiveness of our expansion strategy and demonstrates that our efforts are yielding positive results.

As disclosed in the section entitled "General Information on our Group – Business Strategies and Future Prospects", the new outlet to be opened in the last quarter of 2024 as part of our expansion plans will be a F&B and entertainment concept with indoor and outdoor seating options designed to offer a unique ambiance and a variety of dining preferences similar to our existing outlet at SAFRA Yishun which features an outdoor beer garden. Renovations for this outlet is currently on-going and on track to commence operations by end of 2024. Our Group has also entered into the sale and purchase agreements for two units in a multi-tenanted ramp-up factory development to initiate our vertical expansion plan to develop our own food manufacturing plant. The factory units are currently undergoing renovations and are expected to commence operations by end of 2024. Such expansion plans are to be financed by the Group's internal fundings and it is not expected to have a material impact on our Group's business operations, financial performance and position.

As at the Latest Practicable Date, there have been no material capital expenditures or commitments in connection with the new outlet to be opened in the last quarter of 2024, as they were incurred after the Latest Practicable Date. In relation to our planned food manufacturing plan, material capital expenditure for the period from 1 April 2024 up to the Latest Practicable Date has been included in the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations – Capital, Expenditures, Commitments and Contingent Liabilities – Capital Expenditure" of this Offer Document.

The two expansion plans above are financed by the Group's internal fundings and it is not expected to have a material impact on our Group's business operations, financial performance and position.

SALES AND MARKETING

The overall business development and marketing activities are headed by our Group's Executive Chairman and CEO, Mr. Flint Lu, who is supported by our Group's marketing team comprising seven (7) staff members. Our marketing team is responsible for executing our marketing campaigns. The business development and marketing strategies and policies will be communicated with our sales and operations team to launch marketing campaigns on a periodic basis.

While the majority of our marketing activities are conducted in-house, on occasion, our Group engages the services of advertising and public relations consultants, with industry-specific knowledge and experience, in crafting effective strategies tailored to specific marketing needs.

We have, in our marketing efforts, implemented promotional packages, engaged influencers for social media coverage or posting, collaborated with brands and introduction of corporate scheme for corporate clients. Our day-to-day marketing efforts is focused on increasing awareness of our existing portfolio of brands through social media, in-store promotions and the display of posters and advertising boards in the shopping malls in which our outlets are located. Subject always to our Group's marketing team approval, the individual outlet managers may propose the promotional details, rates and packages, marketing materials and the terms and conditions for their respective outlet.

In determining the pricing strategy for each outlet and the applicable promotional rates and packages, our Group takes into account a variety of factors, such as the sales targets, anticipated market trends, fixed costs, spending patterns of target customers of each outlet, historical sales data and the expected profit margins. Our Group can review and adjust its promotional rates and packages periodically based on these factors and other general market conditions while taking into account the pricing policy of our Group's outlets to maintain a unified brand image. The marketing team will analyse the factors and discuss with the individual outlet managers before proposing the pricing strategies, promotional rates, and packages that aligns with our overall brand image. These proposals are then reviewed by the head of the team, with final approvals from COO and CEO. The decision will be communicated with our outlets and the POS systems will be configured to follow the established price list. Periodically, the pricing strategy will be reviewed and adjusted (if necessary), particularly based on any input or proposal of the individual outlet managers, to ensure they remain in line with our business goals and market conditions.

INTELLECTUAL PROPERTY RIGHTS

We market our services primarily under the "Have Fun" brand name and related trademarks, which are owned by our Company. We believe that our brands and trademarks are one of the key elements of the success of our business, and we depend on their increased recognition for the continuing success in branding and marketing our services to our customers. Currently, our Group's business and profitability are not materially dependent on any intellectual property such as patents, trademarks, licences or other intellectual property rights.

Registered Trademarks

As at the Latest Practicable Date, our Group owns the following trademarks:

Trademark	Country of registration	Classes	Registration numbers	Expiry date(s)	Registered owner
	Republic of Singapore	35[(1)] 41[(2)]	40202114062X 40201707966Y	14 June 2031 2 May 2027	Our Company
	Malaysia	35[(3)] 41[(4)] 43[(5)]	TM2022012833, TM2022012832 TM2022012831	24 May 2032	Our Company

Notes:

(1) Class 35 in Singapore refers to: Business management consultancy services; Recruitment services; Advertising services; Marketing services; Business assistance management and administrative services; Business consultancy and advisory services; Marketing research services; Business data analysis; Business secretarial services; Accounting services; Business auditing.

(2) Class 41 in Singapore refers to: Entertainment Services; audio entertainment services

(3) Class 35 in Malaysia refers to: advertising; administration of business affairs; marketing; online advertising; business management; business marketing; direct mail advertising; outdoor advertising; promotional services; marketing and promotional activities relating to business administration and business management; providing business information in the field of social media; providing business information via a website; developing promotional campaigns for businesses; business management of retail outlets.

(4) Class 41 in Malaysia refers to: Karaoke services; providing karaoke services; night club services; nightclub entertainment services.

(5) Class 43 in Malaysia refers to: Catering of food and drink; catering services; food preparation; preparation of food and beverages; serving of alcoholic beverages; snack bar services.

Pending Trademarks

As at the Latest Practicable Date, our Group has made an application of the following trademark:

Trademark	Country of registration	Classes	Registration numbers	Expiry date(s)	Registered owner
	Republic of Singapore	41	40202417103X	Pending (Under Examination)	Our Company

The delay to the approval of the trademark application or non-approval of the application will not have material adverse impact on our results of operations or financial performance.

Note:

(1) Class 41 in Singapore refers to: Entertainment Services; karaoke services.

Web Domains

As at the Latest Practicable Date, we have registered the following domain names:

Web Domain	Registered Owner	Registration Date	Expiry date
https://havefunkaraoke.com	Our Company[1]	27 June 2018	27 June 2025
https://goodwillsg.com	Our Company [1]	12 July 2012	12 July 2025

Note:

(1) The Company is in the process of transferring the name of the registered owner of the domain from the IT vendor to the Company.

Save as disclosed above, our Group does not own or use any registered trademark, trademark pending registration, patent, internet domain or other intellectual property right.

MATERIAL LICENCES, PERMITS AND APPROVALS

Our Group's principal business activities are located in Singapore, and we are subject to regulation by applicable laws, regulations and government agencies in Singapore. These regulations require us to possess various licences, permits or approvals.

The following are the main licences, permits, approvals and certifications for our business operations in Singapore as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Liquor Licence (Class 1A)	PELU	Supply of liquor for consumption at the licensed premises stated in the liquor licence	7-24 Entertainment HF Bugis Plus HF Bugis HF Chinatown HF Cineleisure HF DTE HF Orchard HF Pasir Ris HF Suntec HF Thomson HF TPY HF Yishun	22 October 2024 14 May 2025 31 December 2024 24 July 2025 31 August 2025 24 May 2025 24 October 2024 31 May 2025 30 May 2025 28 February 2025 31 October 2024 31 January 2025
Liquor Licence (Class 1A) - Extension Hour Licence	PELU	Extension of liquor trading hours as provided in the extension hour licence	Same as above	Same as above
Public Entertainment Licence	PELU	Provision of entertainment that is provided in any place to which the public or any class of public has access, whether gratuitously or otherwise	7-24 Entertainment HF Bugis Plus HF Bugis HF Chinatown HF Cineleisure HF DTE HF Orchard HF Pasir Ris HF Suntec HF Thomson HF TPY HF Yishun	30 September 2024 14 May 2025 31 December 2024 9 June 2025 14 June 2025 3 April 2025 9 October 2024 31 May 2025 10 April 2025 29 February 2025 31 October 2024 16 December 2024

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Film Exhibition (Restricted) Licence	IMDA	To exhibit films up to M18 rating at the approved places, being: ● #01-311 and #01-312 of Downtown East; ● Unit #06-01 to #06-23 of Bugis Cube; ● #01-04 to #01-06 of SAFRA Yishun; ● #04-25 to #04-28 of 313@Somerset; and ● #02-06 of SAFRA Toa Payoh.	Our Company	23 May 2027
Food Shop Licence	Singapore Food Agency	For the operation of a food shop where there is retail sale of food and/or beverage.	7-24 Entertainment HF Bugis Plus HF Bugis HF Chinatown HF Cineleisure HF DTE HF Orchard HF Pasir Ris HF Suntec HF Thomson HF TPY HF Yishun	26 November 2024 16 May 2025 21 February 2025 29 August 2025 7 November 2024 3 November 2024 4 November 2024 10 July 2025 4 June 2025 14 February 2025 19 November 2024 30 May 2025
Grant of Written Permission	URA	For the change of use of a property as stated in the approved permission	HF Chinatown HF Bugis (Bugis Karaoke Outlet) HF DTE HF TPY	N.A. N.A. N.A. N.A.
Grant of Written Permission (Temporary)	URA	For the change of use of a property as stated in the respective approved permissions	7-24 Entertainment HF Bugis (Bugis+ Joint Venture Outlet) HF Cineleisure HF Orchard HF Suntec HF Thomson HF Yishun	19 April 2026 21 June 2026 6 April 2025 9 August 2026 21 March 2026 4 November 2024 21 October 2025
Licence for the Reproduction of Karaoke	MRSS	For the reproduction of any form of karaoke videos that have been re-recorded and reproduced onto a hard disc or a computerized storage system	7-24 Entertainment HF Bugis Plus HF Bugis HF Chinatown HF Cineleisure HF DTE HF Orchard HF Suntec HF Thomson HF TPY HF Yishun	31 December 2024
Licence for the Public Performance of Karaoke	MRSS	For the public performance of karaoke	Same as above	Same as above

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Copyright Music Licence	COMPASS	Public performance of musical and lyrical works in a song or music	7-24 Entertainment HF Bugis Plus HF Bugis HF Chinatown HF Cineleisure HF DTE HF Orchard HF Suntec HF Thomson HF TPY HF Yishun	31 December 2024 31 May 2025 23 February 2025 31 December 2024 19 November 2024 31 December 2024 31 December 2024 4 June 2025 31 December 2024 31 December 2024 31 December 2024
Registration to Import Processed Food Products and Food Appliances	SFA	Import of processed food products and food appliances	Our Company	28 February 2025
Licence to Retail Tobacco Products	HSA	Retail of tobacco products	HF Thomson	2 November 2024
Approval for smoking room in the Indoor Refreshment Area	NEA	Smoking room indoors	HF Thomson	None.

To ensure that our Group renews and/or applies for the necessary licences in time, we have implemented a monitoring process of licences to prevent late applications and renewals of licenses. Our COO along with the administrative team in headquarters are responsible for managing such applications and renewals. The administrative team has developed an internal system to track the timeframe for applications and provide reminders of expiry dates of licences currently held.

As at the Latest Practicable Date, to the best of our knowledge and belief, we have obtained all licences, permits, approvals and certifications that are material to our Group's business and operations and are in compliance with all applicable laws and regulations that are material to our Group's business and operations in Singapore. Please refer to the section entitled "General Information on our Group – Government Regulations" of this Offer Document for a summary of the laws and regulations to which we are subject to.

None of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities.

We do not foresee any issues in the renewal of the licences, permits, approvals or certifications that will be expiring in less than 12 months. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

INSURANCE

Our Group maintains public and general liability insurance. As at the Latest Practicable Date, our Directors believe that we have adequate insurance coverage for the purposes of our business operations and we will procure the necessary additional insurance coverage for our business operations, properties and assets as and when the need arises.

While public information on the insurance coverage of our competitors is not available, our Company's management is of the opinion that the insurance coverage of our Group is in line with the industry. However, significant legal liability claims, disruption to our operations or damage to any of our properties, equipment or supplies, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial performance. Our Directors will review the insurance coverage of our Group from time to time and at least annually to consider the sufficiency of its coverage.

We cannot assure you that any claims made or decided against us will be covered by insurance, or if covered, will not exceed the limits of our coverage. Please refer to the section entitled "Risk Factors – Risks Relating to Our Business or the Industry in which We Operate – Our insurance policies do not cover consequential loss of business" of this Offer Document for further details.

COMPETITION

We operate in a highly competitive and fragmented industry in which is characterised by a large number of small to medium-sized companies, as well as a number of large local companies. We face competition from various types of bars and other nighttime establishments such as night clubs, karaoke bars and other nighttime establishments. One of our key competitors is Helens International Holdings Company Limited as they operate in the nighttime establishment, which is similar to our business.

None of our Directors, Substantial Shareholders or Executive Officers or their respective associates has any interest, direct or indirect, in any of our competitors.

To the best of our Directors' knowledge, there are no published statistics that may be used to accurately measure the market share of our business within the markets that we operate. As such, it is not possible to determine on a comparative basis the market share of our Group and our major competitors.

SUSTAINABILITY INITIATIVES

Corporate Social Responsibility

Our Group strives to be part of a positive change and is committed to serving and giving back to the community, and maintaining an environmentally sustainable way of conducting our business. We recognise that for long-term sustainability, we need to achieve a balance between business profitability and corporate social responsibility.

We recognise the importance of corporate and social responsibility initiatives as we manage our business and operating activities, and we will continuously assess the corresponding impact to society, the environment, our Shareholders and other stakeholders. As such, we strive to develop and improve our corporate and social responsibility initiatives.

Environmental Social Governance

We are dedicated in embedding an ESG framework in our sustainability efforts. Under the framework, we work towards identifying, assessing, and addressing our ESG initiatives objectives and activities within our Group. Such activities range from the Group's carbon footprint and commitment to sustainability, workplace culture and commitment to diversity and inclusion, and to our overall ethos regarding corporate risks and practices.

We note the importance of good governance to ensure business practices are transparent and aligned with our core values. Our governance structure includes Board members from diverse background and majority seat of independent board of directors overseeing our strategies and ensuring compliance with regulatory requirements. Please refer to the section entitled "Corporate Governance" of this Offer Document for more details of our governance structure.

We are dedicated in entrenching such sustainability efforts in the operations of our business, and recognise that open lines of communication with stakeholders, including investors, customers, and employees, will improve our ESG efforts to align with their expectations.

SEASONALITY

We typically experience higher business volumes during the festive periods in Singapore such as Christmas and Lunar New Year periods as the demand for public entertainment venues increase when people are more inclined to celebrate and socialise in festive settings. During these times, our customers tend to hold more gatherings for families, friends, business associates and corporate events during such periods, often choosing to host or celebrate at our outlets. Save as described above, our Group's business is not subject to any significant seasonal fluctuations.

GOVERNMENT REGULATIONS

Our Group's business and operations are carried out in Singapore, and we are subject to relevant laws and regulations in Singapore.

We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time. Our Board is of the opinion that our Group has obtained all the requisite licences, permits, approvals and certifications which are material to our business operations and is in compliance with the applicable laws and regulations that would materially affect our business operations.

The description set out below is a summary of the material laws and regulations applicable to our Group under Singapore law as at the Latest Practicable Date. The guidelines, regulations and laws set out below are not exhaustive and are only intended to provide some general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Singapore laws and regulations on our Group.

(a) Public Entertainments Act 1958 ("PEA")

A public entertainment licence is required under the PEA for any public entertainment activities held in a place to which the public or any class of public has access to whether gratuitously or otherwise ("**Public Entertainment Licence**"). The licence is usually granted for a period of one (1) year.

Under the Public Entertainment Rules, where an application for a licence is made by a company or firm, the application shall be made jointly with the person to whom the company or firm desires the licence to be issued. Under the applications guidelines of the Police Licensing & Regulatory Department of the Singapore Police Force, the applicant for the licence must be a Singapore citizen, a Singapore permanent resident or possess a foreign identification number issued by the Immigration and Checkpoints Authority, the licensee must be, amongst others, a director (for companies) as registered with ACRA, and a licensee must be a fit and proper person to hold a public entertainment licence.

In view of the above, the public entertainment licences are issued to a company operating the outlet and a director of the company. Both the company and its director will be responsible for complying with the conditions of the licence. The management of the company, including its directors, will ensure that the conditions of the licence are complied with. Periodic checks will be carried out to ensure compliance with the conditions and any breach noted will be investigated and rectified.

The condition of the licence may include that the licensee informs the licensing officer (being the licensing officer appointed under the PEA) of any change in the composition of directors. In the event of cessation of directorship by any director of the company, steps should be taken to apply for the change of the named director on the licence, which shall be subject to the approval of the Licensing Officer.

Under the Public Entertainments (Demerit Points) Rules 2017 ("**Demerit Points Rules**"), demerit points may be awarded to a licensee for the breach of a condition of a licence. Depending on the particular condition that has been breached, the demerit points awarded will range from three (3) to 12 demerit points. The licensing officer may in his discretion suspend or cancel a licence for the breach of a condition if the number of demerit points accumulated by the licensee exceeds the thresholds as set out in the Demerit Points Rules. A licensee who accumulates an aggregate of 21 demerit points or more but less than 24 demerit points may get its Public Entertainment Licence suspended, while a licensee who accumulates an aggregate of 24 demerit points or more may get its Public Entertainment Licence cancelled. A breakdown of the number of demerit points to be awarded against the condition contravened is as follows:

		Condition contravened	*Demerit points*
(a)		Paragraph 1(n) of Division 2, Part 1 of the Second Schedule of the Demerit Points Rules (e.g. failing to ensure offences such as the sale, consumption or trafficking of controlled drugs; the use of criminal force; or theft to be committed by any employee on duty, patron or other person on the licensed premises)	12
(b)		Paragraph 5 of Division 2, Part 1 of the Second Schedule of the Demerit Points Rules, where –	
	(i)	the number of persons in the licensed premises is more than 20% above the capacity of the premises; or	9
	(ii)	the number of persons in the licensed premises is not more than 20% above the capacity of the premises	6
(c)		Any condition in Division 2, Part 1 of the Second Schedule of the Demerit Points Rules but not specified in paragraph (a) or (b) (e.g. no immoral activity is carried out in the licensed premises; no dancing by patrons in the licensed premises without the approval of the licensing officer)	6
(d)		Any other condition of the licence	3

(b) Liquor Control (Supply and Consumption) Act 2015 ("LCA")

The LCA requires any person who supplies any liquor to obtain a liquor licence ("**Liquor Licence**") issued by PELU.

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

(c) Environmental Public Health Act 1987 ("EPHA")

The EPHA requires any person who operates or uses a food establishment to obtain a licence from the Singapore Food Agency ("**Food Shop Licence**"). Under the EPHA, "food establishment" includes any retail food establishments where food is sold wholly by retail, such as restaurants and any catering establishments providing a catering service whereby food is prepared, packed and thereafter delivered to a consumer for his consumption or use. Accordingly, we are required to obtain the relevant licences from the Singapore Food Agency for the operation of our outlets where food is served. The Food Shop Licence is usually granted for a period of one (1) year and is renewable at the discretion of the Singapore Food Agency and subject to such restrictions and conditions as the Singapore Food Agency may think fit.

The Singapore Food Agency has in place a Points Demerit System ("**PDS**"), a systematic approach in dealing with the suspension or cancellation of licences, which also applies to main operators of food courts, coffee shops and canteens. Under the PDS, demerit points are given for each hygiene offence that is convicted in court or compounded. The offences are categorised as follows:

- Minor offences – zero demerit point
- Major offences – four (4) demerit points
- Serious offences – six (6) demerit points

Demerits points are used to categorise each hygiene offence according to its impact on food safety.

If a licensee accumulates 12 demerit points or more within 12 months, its license will either be suspended for two (2) to four (4) weeks or be cancelled, depending on its past suspension record. If the main operator of a food court, coffee shop or canteen (being a main licensee) accumulates 12 demerit points or more within 12 months, its licence will be suspended for up to three (3) days, depending on its past suspension records. During the period of suspension, all the individual stalls within the food court, coffee shop or canteen will also have to close.

As of the Latest Practicable Date, none of our outlets have had their licences suspended or cancelled.

(d) Environment Public Health (Food Hygiene) Regulation ("EPHR")

The EPHR requires a licensee holding a Food Shop Licence to exhibit such licence in a conspicuous and accessible position within the licensed premises at all times. The EPHR also provides that a licensee holding a Food Shop Licence must adhere to certain requirements in relation to, among others:

- registration of any assistants or employees who are engaged in the sale or preparation for sale of food with the SFA;
- storage and refrigeration, packaging, transportation, sale and preparation of food;
- cleanliness of equipment used in the licensed premises;
- upkeep of the licensed premises;
- proper maintenance of toilet facilities at licensed premises; and
- personal cleanliness of any persons who are engaged in the sale or preparation for sale of food.

(e) Registration of Food Handlers

The EPHR requires every licensee holding a Food Shop Licence to register his employee who is engaged in the sale or preparation for sale of any food ("**food handler**") with the SFA.

A food handler who wishes to be registered with the Singapore Food Agency is required to undergo and complete the training and assessment of the Food Safety Course Level 1 conducted by training providers approved by SkillsFuture Singapore. The Food Safety Course Level 1 is aligned to the Food & Beverage Workforce Skills Qualification system launched by the SkillsFuture Singapore (formerly known as the Workforce Development Agency) as the national qualifications system for the F&B industry. Under the Food Safety Course Level 1, participants will learn, and be assessed on their ability to apply, the knowledge and skills in following Food & Beverage Safety and Hygiene Policies and Procedures which include practising good personal hygiene, using safe ingredients, handling food safely, storing food safely and maintaining cleanliness of utensils, equipment and service/storage areas. Upon successful completion of the course and assessment, participants will be awarded a Statement of Attainment.

In addition, food handlers who have already passed the Food Safety Course Level 1 are required to attend a refresher training session by (i) the fifth year from the date of first being awarded their Statement of Attainment, and (ii) every tenth year from the date of passing the last refresher training.

(f) Grading of Food Establishments

As of the Latest Practicable Date, all licenced food establishments are given a grade by the Singapore Food Agency based on the overall hygiene, cleanliness and housekeeping standards of the premises. The Singapore Food Agency conducts annual on-site audit assessments on licensed food establishments to determine their grading status.

All licensed food establishments in Singapore are categorised into four (4) grades: Category A (a score of 85.0% or higher), Category B (a score of 70.0% to 84.0%), Category C (a score of 50.0% to 69.0%) and Category D (a score of 40.0% to 49.0%), based on their food hygiene and food safety standards. Each food establishment is graded annually. The areas of audit assessment of food establishments include personal hygiene of the food handlers, cleanliness of the food receiving area and food storage area, preparation and handling of raw and cooked foods and good condition of the toilets.

With effect from July 2025, the Singapore Food Agency will implement a new licensing framework for retail and non-retail food establishments – Safety Assurance for Food Establishments where 'Bronze', 'Silver' or 'Gold' awards are given to the food establishments instead of a letter grade. Food establishments that have a good track record (no major food safety lapses over a period of time) as well as are able to fulfil the Food Hygiene Officer ("**FHO**"), Advanced FHO and Food Safety Management System ("**FSMS**") requirements will qualify for either the 'Gold', 'Silver' or 'Bronze' awards, which correspond to a 10, five (5), or three (3) year licence duration. Major lapses include causing a foodborne outbreak, being convicted in court for offences against the Singapore Food Agency's regulations, or a suspension of the licence. Food establishments are grouped into three (3) categories, namely Category A, Category B and Category C (Category C establishments are not given Gold, Silver or Bronze awards). The framework can be summarised in a table form below:

Category of food establishments	1-year licence	3-year licence	5-year licence	10-year licence
Category A – food establishments involved in significant food handling practices with higher food safety risks (e.g. preparation, processing and storage of food under temperature-controlled conditions) (e.g. Caterers, restaurants, food manufacturers)	No award: New licensees or <2 years without major lapse FHO appointed	Bronze: 2 years without major lapse FHO appointed	Silver: 5 years without major lapse FHO appointed FSMS requirements met	Gold: 10 years without major lapse Advanced FHO appointed FSMS certified by an accredited certification body
Category B – food establishments involved in moderate food handling and storage practices with lower food safety risks e.g. bakeries, food shops, cold stores	No award: New licensees or <2 years without major lapse	Bronze: 2 years without major lapse	Silver: 5 years without major lapse	Gold: 10 years without major lapse
Category C – food establishments involved in minimal food handling and storage practices with negligible food safety risks (e.g. main operators of food courts, canteens, supermarkets)	–	<3 years without major lapse	3 years without major lapse	5 years without major lapse

(g) Copyright Act

Under the Copyright Act, copyright in relation to a musical work includes the exclusive right to perform the work in public. In Singapore, the COMPASS administers the public performance rights in music on behalf of its members and it deals specifically with music copyright and the usage of musical works. Proprietors of a business that provides music to the public, such as discotheques, nightclubs, pubs and restaurants, will require a licence from COMPASS. The licence is issued and renewable on a yearly basis for an annual fee and allows the licensee to use musical works under the COMPASS repertoire pursuant to the terms of the licence.

Proprietors of businesses which provide music to the public without the requisite licence from COMPASS will have infringed the copyright in the music. Under the Copyright Act, a person who infringes the copyright wilfully and the extent of the infringement is significant and/or the person does the act to obtain a commercial advantage, such person shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$20,000 or to imprisonment for a term not exceeding six (6) months or to both. Further, where an offence committed by a body corporate is proved to have been committed with the consent or connivance of a director, manager, secretary or other similar officer of the body corporate, he as well as the body corporate is guilty of the offence and liable to be proceeded against and punished accordingly. Under the Copyright Act, the owner of the copyright may also bring a civil action for the infringement.

(h) Public Performance of Karaoke and Music Videos

Under the Copyright Act, playing a video in public requires the consent of the copyright owner, hence a further public performance licence is needed before a karaoke and music videos may be played in public premises. Failure to apply for a licence in advance of any public performance of karaoke and/or music videos is a violation of the Copyright Act. Any person or establishment who shows a video in public but does not have a public performance licence will infringe the copyright therein, and apart from civil liability, the infringer may also be prosecuted for a criminal offence under the Copyright Act, which upon conviction, may attract a fine of up to S$20,000; or imprisonment for a term not exceeding two (2) years; or, to both for each offence committed.

The Public Performance of Karaoke Licence is a licence which grants permission to any person or the operator of the licensed establishment to show in public karaoke and/or music videos, the copyright in which is owned by or exclusively licensed to the record companies represented by MRSS. The MRSS grants licences for public performance of karaoke and/or music videos owned or controlled by the record companies that MRSS represents. The rights licensed by MRSS and COMPASS are therefore different, and a MRSS licence to use karaoke and/or music videos licensed by MRSS is required even a COMPASS licence has been obtained.

(i) Trade Marks Act 1998 ("Trade Marks Act")

The registration and enforcement of trademarks in Singapore is provided for under the Trade Marks Act and its subsidiary legislation, the Trade Marks Rules administered by the Intellectual Property Office of Singapore.

The Trade Marks Act and the Trade Marks Rules provide for, among others, the registration, renewal and licensing of trademarks in Singapore. Under Section 7(1) of the Trade Marks Act, the following shall not be registered: (i) signs which do not satisfy the definition of a trademark under Section 2(1) of the Trade Marks Act; (ii) trademarks which are devoid of any distinctive character; (iii) trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services; and (iv) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade. Under Section 18 of the Trade Marks Act, a trademark shall be registered for a period of 10 years from the date of registration, and registration may be renewed for further periods of 10 years. Section 22(1)(a) of the Trade Marks Act provides that the registration of a trademark may be revoked on the grounds that, within the period of five (5) years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use.

Section 26(1) of the Trade Marks Act confers onto the proprietor of a registered trademark the exclusive rights to use the trademark and to authorise other persons to use the trademark in relation to the goods or services for which the trademark is registered. A person infringes a registered trademark if, without consent of the trademark proprietor, he uses in the course of trade a sign (i) which is identical with the trademark in relation to goods or services which are identical with those for which it is registered, or (ii) where because (A) the sign is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered; or (B) the sign is similar to the trademark and is used in relation to goods or services identical with or similar to those for which the trademark is registered, there exists a likelihood of confusion on the part of the public. In an action for infringement, the court may grant various reliefs such as injunction, damages, an account of profits and statutory damages provided under Section 31(5) of the Trade Marks Act.

(j) Employment Act 1968 of Singapore ("Employment Act")

The Employment Act is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. In particular, Part 4 of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S$4,500 a month and employees (other than workmen or persons employed in managerial or executive positions) who receive salaries not exceeding S$2,600 a month. Section 38(8) of the Employment Act provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security, where urgent work is to be done to machinery or plant, or where an interruption of work which was impossible to foresee. In addition, Section 38(5) of the Employment Act limits the extent of overtime work that an employee can perform to 72 hours a month.

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

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offence to a fine not exceeding S$10,000 and/or to imprisonment for a term not exceeding 12 months. Our Group previously had an oversight in the monitoring of overtime hours by our employees resulting in some of them working more than 12 hours in a day. We have since then taken steps to review working schedule of our employees and to impose a stricter monitoring process to ensure compliance with such rules and regulations. We have not been sanctioned by the MOM for any breaches under the Employment Act and we are not aware of any such breaches. The MOM has performed routine inspections on our Group from time to time and have not raised any material findings in relation to our Group's compliance of the MOM's rules and regulations. As at the Latest Practicable Date, we have put in place proper monitoring systems to ensure that we comply with the Employment Act.

Enhanced administrative requirements

From 1 April 2016, the Employment (Amendment) Act 2015 requires employers to implement enhanced administrative requirements for employees covered under the Employment Act. There are key changes in relation to pay slips, employment terms and employment records, as well as the new framework adopted for less severe breaches of the Employment Act. Employers are also required to provide itemised pay slips to all employees, provide employees with written key employment terms and keep detailed employment records for each employee.

(k) Employment of Foreign Manpower Act 1990 of Singapore ("EFM Act")

Section 5(1) EFM Act provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

In relation to the employment of semi-skilled or skilled foreign workers, employers must ensure that such persons apply for a "Work Permit". In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for a "S Pass". The S Pass is intended for mid-level skilled foreigners who earn a monthly fixed salary of at least S$2,500.

In relation to the employment of foreign professionals, employers must ensure that such persons apply for an "Employment Pass". The Employment Pass is intended for professionals who earn a monthly fixed salary of at least S$4,500.

As for the employment of foreign performing artiste to work in Singapore, work permit is required for such foreign performing artiste. The number of performing artistes that a person may hire is up to 8 foreign performing artistes, while larger outlets can employ up to 12 foreign artistes on a case-by-case basis. In addition to the requirements of work permit, MOM also included other conditions on the entity such as operation hours, classification of business as bar, discotheque, lounge, nightclub, pub, hotel, private club or restaurant, and holder of CAT 1 Public Entertainment Licence issued by the Singapore Police Force.

In the employment of foreign workers, employers are restricted by, among other things, the foreign worker quota (which is known as the dependency ratio ceiling ("**DRC**")), the countries of origin, the age and the qualifications of the foreign employees, which differ from sector to sector. The DRC limits the number of foreign workers that an employer may employ based on the type of work pass held by the foreign employee, and the number of local employees currently in the employer's employment. Currently, the DRCs for the services, manufacturing, construction, process and marine shipyard sectors stand at 35%, 60%, 87.5%, 87.5% and 77.8% respectively.

Foreign worker levies are payable when employing foreign workers, with the quantum varying based on several factors, such as the type of business activity, the skill level of the foreign employees and the proportion of the employer's workforce that are made up of foreign employees. For example, the monthly levies payable for basic skilled foreign employees working in the services sector are S$450, S$600 and S$800 if the foreign employees make up to 10%, above 10% to 25% and above 25% to 35% of the employer's workforce respectively.

Any person who contravenes Section 5(1) of the EFM Act shall be guilty of an offence and shall:

(i) be liable on conviction to a fine not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

(ii) on a second or subsequent conviction:

  (A) in the case of an individual, be punished with a fine of not less than S$10,000 and not more than S$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or

  (B) in any other case, be punished with a fine of not less than S$20,000 and not more than S$60,000.

(l) WSHA

Sections 12(1) and 12(2) of the WSHA provides that it shall be the duty of every employer to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work and of persons (not being his employees) who may be affected by any undertaking carried on by him in the workplace.

Section 12(3) of the WSHA provides that the measures necessary to ensure the safety and health of persons at work include:

(a) providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;

(b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;

(c) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organization, processing, storage, transport, working or use of things (i) in their workplace; or (ii) near their workplace and under the control of the employer;

(d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and

(e) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Section 21(1) read with Section 21(2) of the WSHA provides that if the Commissioner for Workplace Safety and Health is satisfied that:

(a) any work place is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;

(b) any person has contravened any duty imposed by the WSHA; or

(c) any person has done any act, or has refrained from doing any act which, in the opinion of the Commissioner for Workplace Safety and Health, poses or is likely to pose a risk to the safety, health and welfare of persons at work,

the Commissioner for Workplace Safety and Health may serve a remedial order or a stop-work order on:

(a) any person who is in control of the workplace, or the work or process carried out in the workplace;

(b) any person whose duty under the WSHA is to ensure the safety, health and welfare of any person at work in the workplace; or

(c) any person who poses or is likely to pose a risk to the safety, health and welfare of any person at work in the workplace.

As at the Latest Practicable Date, our Group has not been served any orders by the Commissioner of Workplace Safety and Health in Singapore.

(m) WICA

The WICA applies to all employees in all industries engaged under a contract of service or apprenticeship in respect of injury suffered by them in the course of their employment and sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of the employment is caused to an employee, as defined in the WICA.

Pursuant to Section 24(1) of WICA read with Regulation 3 and the Second Schedule of the Work Injury Compensation (Insurance) Regulations 2020, employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees whose salary within the meaning of the Employment Act 1968 of Singapore received from the employer exceeds S$2,600 a month.

As at the Latest Practicable Date, our Group has maintained the necessary insurance as required under the WICA.

Past Non-Compliance

Licences for Public Performance of Karaoke and Reproduction of Karaoke and Copyright Music Licences

MRSS is the collective management organisation established to collect music and music video copyrights on behalf of its members who are music producers and the official administrator of copyright licences for all commercial uses of recorded music and music videos. On the other hand, COMPASS is a non-profit organisation which administers the public performance, broadcast, diffusion and reproduction rights in music and musical works on behalf of its members.

The licences issued by MRSS and COMPASS are necessary for the purposes of complying with the Copyright Act. Please refer to the section "General Information on Our Group – Government Regulations – Copyright Act 2001" and "General Information on Our Group – Government Regulations – Public Performance of Karaoke and Music Videos" of this Offer Document for a summary of copyright laws in Singapore that our Group is subject to.

While our Group currently holds valid and subsisting Licences for Public Performance of Karaoke and Reproduction of Karaoke issued by MRSS and Copyright Music Licences issued by COMPASS, our Group had been delayed in applying for these licences in the past. Our Group has since made the necessary applications and paid the necessary licence fees and all outstanding amounts for the Period Under Review to MRSS and COMPASS. There were no penalties imposed by MRSS and COMPASS, nor any regulatory actions taken against any of our Group Company as of the Latest Practicable Date.

Our Group has since implemented a monitoring process of licences to prevent late applications and renewals of licenses. Our COO along with the administrative team in headquarters are responsible for managing such applications and renewals. The administrative team has developed an internal system to track the timeframe for applications and provide reminders of expiry dates of licences currently held.

Public Entertainment Licence

In January 2024 and February 2024, we had a minor non-compliance with one of the licensing conditions of HF Cineleisure's public entertainment licence in connection with the oversight of the condition to ensure the administration records of employees working at the Cineleisure Orchard outlet is updated accordingly and prior approval from NEA to operate laser projections at the Cineleisure Orchard outlet, respectively. As consequence, HF Cineleisure received a notice of composition from the Singapore Police Force and a fine of S$750 and issued three (3) demerit points for its Public Entertainment Licence for each account of the non-compliance.

In March 2024 (the second month after the opening of the Bugis+ Joint Venture Outlet), we had a minor non-compliance with one of the licensing conditions of HF Bugis's public entertainment licence in connection with the failure to update administration records of employees working at the Bugis Joint Venture Outlet in time on the date of routine inspection carried out by the Singapore Police Force and Ministry of Manpower. As consequence, the Bugis+ Joint Venture Outlet received a notice of composition from the Singapore Police Force and a fine of S$750 and issued three (3) demerit points for its Public Entertainment Licence.

We have since addressed and rectified such non-compliances, including appealing against the demerit points issued on the respective public entertainment licences and paying the fines imposed. The appeal, albeit unsuccessful, and the fines imposed, do not have a material adverse impact on the Group's operations and/or financials during the Period Under Review and up to the Latest Practicable Date, and the relevant authorities have not taken any further actions against our Group.

Our Group has since implemented a standard operating procedure to ensure improvement on the administration of our businesses and outlets and has been actively monitoring compliance with the standard operating procedure by engaging our outlet supervisors on site to conduct weekly checks. Our outlet supervisors play a crucial role in assisting the outlet manager in managing the day-to-day operations ensuring the smooth running of the outlet. In relation to any issues arising from operations, our supervisor will report to the outlet manager who in turn reports to the district manager. Where the attention of management is required, the district manager will report the same to our COO, Ms. Victoria Sun. Please refer to the section entitled "General Information on our Group – Our Operation Management Structure –Operations of our outlets" of this Offer Document for further details of the operations of our outlets. Our Board notes that the internal auditors have confirmed that they are satisfied that the standard operating procedure is adequate and effective.

For the purposes of this section, the following definitions will apply:

(a) "our Group" means:

(i) our Company;

(ii) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or

(iii) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control.

(b) "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules.

(c) "Interested Person" means:

(i) the Directors, CEO or Controlling Shareholders; or

(ii) an associate of any such Director, CEO or Controlling Shareholder.

In general, transactions between our Group and any Interested Person would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules.

Details of the present and ongoing as well as past transactions between our Group and Interested Persons for the Period Under Review and the period from 1 April 2024 to the Latest Practicable Date (the "**Relevant Period**") which are material in the context of the Placement are described below. Save as disclosed below and under the sections entitled "Our Restructuring Exercise and Further Developments" and "Potential Conflicts of Interest" of this Offer Document, none of our Directors, Controlling Shareholders or their respective associates were or are interested in any material transaction undertaken by our Group during the Relevant Period.

In line with the rules of Chapter 9 of the Catalist Rules, a transaction of value less than S$100,000 is not considered material in the context of the Placement and may not be disclosed below or taken into account for the purposes of aggregation in this section.

Our Group may continue to transact with some of the Interested Persons as disclosed below after our admission to the Catalist. Save as otherwise provided in this section, investors shall, upon their subscription for our Placement Shares, be deemed to have specifically approved the transactions with the Interested Persons as set out below and accordingly, these transactions are not subject to Catalist Rules 905 and 906 to the extent that they are ongoing and there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

INTERESTED PERSONS

The following is a list of the Interested Persons referred to in this section and with whom our Group has entered into past Interested Person Transactions and present and ongoing Interested Person Transactions with:

Interested Persons	Nature of Relationship
Mr. Flint Lu	Our Executive Chairman and CEO
Mr. Thang Teck Jong	Our Vice Chairman and Non-Executive Director

Interested Persons	Nature of Relationship
GIH2023	GIH2023 is a company incorporated in Singapore and operates as an investment holding company. GIH2023 is our direct Controlling Shareholder by virtue of its 40.0% shareholding in our Company. GIH2023 is wholly-owned by Mr. Flint Lu.
Funtech Solutions	Funtech Solutions is a company incorporated in Singapore and operates in the business of retail sale of audio and video equipment (e.g. radio and television sets, sound reproducing and recording equipment). Funtech Solutions is an authorised seller in Singapore for one of the largest karaoke equipment producer in China, as well as one of only eight (8) authorised commercial karaoke suppliers in Singapore recognised by the MRSS. Our Executive Chairman and CEO, Mr. Flint Lu is a former director of Funtech Solutions from May 2020 to February 2023 and former shareholder in Funtech Solutions from October 2021 to January 2022.
Global Oceanlink	Global Oceanlink is a company incorporated in Singapore and operates in the business of manufacturing of food products (except food chemicals and additives). Our Vice Chairman and Non-Executive Director, Mr. Thang Teck Jong, is an indirect shareholder of Global Oceanlink, pursuant to his 67.5% shareholding in 2J Holdings Pte. Ltd, which in turn holds a 70% shareholding in Global Oceanlink.
Mengkim	Mengkim is a company incorporated in Singapore and operates in the business of retail sale of motor vehicles (except motorcycles and scooters). Mengkim is our direct Controlling Shareholder by virtue of its 25.96% shareholding in our Company. Mengkim is owned as to 90.0% by Mr. Thang Teck Jong and 10.0% by his spouse, Ms. Kong Ling Ting.
Twinstar Global	Twinstar Global is a company incorporated in Singapore and operates in the business of wholesale trade of a variety of goods without a dominant product. Our Executive Chairman and CEO, Mr. Flint Lu is currently a director and holds 50.0% of the shares in Twinstar Global. The remaining 50.0% shareholding in Twinstar Global is held by Ms. Jiang Wan, who is unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates. For the purposes of full disclosure, Ms. Jiang Wan is the ex-spouse of our Executive Chairman and CEO, Mr. Flint Lu.
Twinstar Logistics	Twinstar Logistics is a company incorporated in Singapore and is a shipping company, including chartering of ships and boats with crew (freight). Our Executive Chairman and CEO, Mr. Flint Lu is a former director of Twinstar Logistics from October 2006 to November 2023 and a former shareholder in Twinstar Logistics, from October 2006 to January 2022 and May 2022 to October 2022.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and Interested Persons, which are material in the context of the Placement, for the Relevant Period are as follows:

(a) Provision of loans by Mengkim to our Company

During the Relevant Period, Mengkim had extended loans to our Company as follows:

(S$)	FY2021	FY2022	FY2023	3M2024	From 1 April 2024 to the LPD
Aggregate amount received by the Company	2,500,000 [(1) (2)]	–	500,000	–	–

Notes:

(1) Inclusive of S$1,000,000 provided in FY2020 which remains outstanding as of FY2021.

(2) The amount as captured under the Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023 in the Appendix A.

The outstanding amounts owing by our Company at the end of the relevant financial periods during the Relevant Period are as follows:

(S$)	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 March 2024	As at the LPD
Amount due to Mengkim by our Company	2,525,000 [(1) (2)]	–	500,000 [(3)]	–	–

Notes:

(1) The amount as captured under the Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023 in the Appendix A.

(2) Please refer to the section entitled "Appendix A – Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023 – Notes to the consolidated financial statements for the Financial Years Ended 31 December 2021, 2022 and 2023 – Borrowings – Loans from Third Parties", under the second paragraph, on page A-50 of the Offer Document.

(3) Please refer to the section entitled "Appendix B – Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024 – Notes to the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024 – Loans from Shareholders", under the second paragraph, on page B-23 of the Offer Document.

The largest amount outstanding due to Mengkim from our Group during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S$2,650,000.

As at the Latest Practicable Date, all outstanding amounts due from our Company to Mengkim have been fully repaid by way of: (a) cash payment of S$220,000 in FY2022; (b) issuance and allotment of 169,673 Shares to Mengkim pursuant to the MK Repayment Deed on 25 November 2022 amounting to S$2,430,000; and (c) cash payment of S$500,000 in February 2024. Accordingly, there are no outstanding amounts due to Mengkim. We do not expect to enter into any future transactions of a similar nature after the Listing.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business. The terms offered to our Group were comparable to prevailing market rates for similar services at the time the loan was granted, in particular during FY2021 where we were mandated to cease operations entirely from March 2020 and were only permitted to fully resume operations in April 2022. Due to the lack of operating cash flow and consequently contributed to the negative working capital situation, coupled with scarce alternative funding, our Directors are of the view that the terms under the loan did not imposed onerous obligations on the Company and were not prejudicial to the interests of the Company and its minority shareholders. The above transaction has been completed.

(b) Provision of the GIH2023 Loan to our Company and Capitalisation of the GIH2023 Loan

During the Relevant Period, the Company and GIH2023 entered into the GIH2023 Loan. Pursuant to the GIH2023 Loan, GIH2023 provided the Company an interest free loan of up to S$5,000,000 for a term of two (2) years from the drawdown date, and repayable on demand by GIH2023. An outstanding loan in the amount of S$2,000,000 provided by GIH2023 to the Company was capitalised pursuant to the Capitalisation of the GIH2023 Loan, where our Company allotted and issued 200,000 Shares to GIH2023 on 15 December 2023. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise – Capitalisation of the GIH2023 Loan" of this Offer Document for more details.

The aggregate amounts, rounded to the nearest dollar, received by the Company during the Relevant Period were as follows:

(S$'000)	FY2021	FY2022	FY2023	3M2024	From 1 April 2024 to the LPD
Aggregate amount received by the Company	–	–	3,480	–	–

As of August 2024, the amount owing to GIH2023 has been settled.

Our Directors are of the view that the above transactions were not carried out on an arm's length basis but were not prejudicial to the interests of our Group or our minority Shareholders as we benefitted from these loan.

(c) Acquisition of shares of HF Bugis, HF Cineleisure, HF Lite, Yakitori One (formerly, HF Liveshow), HF Pasir Ris, HF Suntec, HF TPY and HF Yishun by Company from GIH2023

Pursuant to the Share Swap, our Company allotted and issued 177,051 Shares to GIH2023 on 15 December 2023 for a total consideration of S$1,075,953. Please refer to the section entitled "Our Restructuring Exercise – Share Swap" of this Offer Document for more details.

(d) Transactions between our Group and Funtech Solutions

During the Relevant Period, our Group had engaged Funtech Solutions from time to time for the provision of services to support the operations of our Company and outlets, including:

(i) as contractor in relation to the renovation work and fitting services for our outlets;

(ii) supply of services and karaoke equipment;

(iii) provision of repair and maintenance services to our outlets and karaoke equipment; and

(iv) provision of administrative services such as services relating to purchases of ancillary items for the operations of the outlets and/or the provision of manpower, to the Group.

The scope of services above is part of the principal activities of Funtech Solutions as a comprehensive entertainment service provider and an authorised agent of karaoke systems. To the best of the knowledge of our Directors, Funtech Solutions provides the same services as listed in (i) to (iv) above to other customers.

Mr. Flint Lu, our Executive Chairman and CEO, was a director of Funtech Solutions up to February 2023. In January 2022, Mr. Flint Lu divested his entire shareholding interest in Funtech Solutions to Ms. Swa Hui Yoke, an unrelated third party, due to a personal commercial decision. The divestment of his shares to Ms. Swa Hui Yoke was effected by an instrument of transfer and no other agreement was entered into pursuant to the divestment. Mr. Flint Lu remained as a director of Funtech Solutions after his divestment until February 2023 to provide advisory support to the new shareholder. After his stepping down as a director of Funtech Solutions in February 2023, Mr. Flint Lu ceased to provide any services (including networking and client relationship management) to the shareholders of Funtech Solutions.

Pursuant thereto, Funtech Solutions is no longer an interested person of our Group and accordingly, transactions entered into with Funtech Solutions are no longer deemed to be interested person transactions. To the best of the knowledge of our Directors, none of the shareholders, directors and key management of Funtech Solutions are directly or indirectly associated with our Group, our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

The aggregate amounts charged by/(to) by Funtech Solutions during the Relevant Period were as follows:

(S$'000)	FY2021	FY2022	FY2023(1)	3M2024(2)	From 1 April 2024 to the LPD(2)
Sales of goods	(33)	(149)	(6)	(6)	–
Purchase of goods and services	144	667	938	174	356
Management fee	(42)	(9)	–	–	–
Liquidated damages(3)	–	–	(169)	–	–
Disposal of plant and equipment	–	(118)	–	–	–
Purchase of plant and equipment	264	1,162	8,616(4)	194	1,402
Aggregate amount charged by Funtech Solutions	**333**	**1,553**	**9,379**	**362**	**1,758**

Notes:

(1) Following the cessation of Mr. Flint Lu as the director of Funtech Solutions on February 2023, such transactions between Funtech Solutions and our Group ceased to be interested person transactions. The transaction amount between Funtech Solutions and our Group from 1 January 2023 to 15 February 2023 is S$97,000.

(2) The amount consists of the entire amount of the transactions for the relevant period which has not been captured under the Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023 in the Appendix A.

(3) The liquidated damages relate to a one-month rental claim from Funtech Solutions arising from delays in the handover of the renovation works of the new outlet in Cineleisure Orchard to HF Cineleisure. The claims for liquidated damages have been fully recovered from Funtech Solutions in February 2024 pursuant to a set-off arrangement entered into between HF Cineleisure and Funtech Solutions, whereby HF Cineleisure issued a debit note to Funtech Solutions (to offset against the outstanding amounts payable by HF Cineleisure for services provided by Funtech Solutions).

(4) The increase in the purchase of plant and equipment was due to the purchase for the two (2) new outlets in FY2023.

Save for the transactions listed above and in Appendix A – Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023, there are no further transactions between the Group and Funtech Solutions - such as the sharing of any resources or human resources.

Pursuant to the maintenance and service agreement entered into on 1 January 2024 between Funtech Solutions and 7-24 Entertainment, HF Chinatown, HF Cineleisure, HF DTE, HF Orchard, HF Suntec, HF Thomson, HF TPY and HF Yishun, respectively; and the maintenance and service agreement entered into on 18 September 2024 between Funtech Solutions and HF Bugis Plus (taking effect from 1 June 2024) and HF Pasir Ris (taking effect from 1 August 2024), respectively, Funtech Solutions provides services to support the operations of HaveFun Family Karaoke in the outlets located in Bugis Cube, Lucky Chinatown, Cineleisure Orchard, Downtown East, 313@Somerset, Suntec City, Thomson Plaza, SAFRA Toa Payoh, SAFRA Yishun, Bugis+ and Pasir Ris Mall. The services include monthly site inspection and routine maintenance check, optoelectronic system maintenance and technical support (both remote and on-site), sound system and equipment maintenance and technical support, system design and upgrade support, server maintenance support, music video and songs update and addition, overseas procurement support (whereby Funtech Solutions facilitates the Group's purchase and import of ancillary items required for the operation of the Group's outlets from overseas vendors and suppliers, mainly from the PRC, due to the applicable PRC regulatory requirements and restrictions with respect to foreign currency payments from corporate bank accounts and the applicable licences required for export of the items to Singapore). The period of such maintenance and service agreement is up to 31 December 2024 with variation of fees for each outlet, but generally not more than S$5,000 a month. The maintenance and service agreement may be terminated with one (1) written notice or immediately pursuant to breach of terms of agreement or commencement of any liquidation matters. Our Directors are of the view that Funtech Solutions possesses the technical know-how and expertise to maintain the karaoke equipment and database supplied by it and provides such services to the Group and has a deep understanding of our business given the longstanding working relationship.

Our Directors are also of the view that transactions with Funtech Solutions following the divestment by Mr. Flint Lu of his shareholding interest, being an unrelated third-party, are carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms offered to our Group by Funtech Solutions were comparable to prevailing market rates for similar services from unrelated third parties, based on the review of pricing from the quotations received by the Company. The transactions were not prejudicial to the interests of the Company and its minority shareholders.

It is envisaged that we will continue the transactions with Funtech Solutions in the ordinary course of our business in the future even after the expiry of the current maintenance and service agreement.

(e) Transactions between our Group and Twinstar Logistics Pte. Ltd.

During the Relevant Period, our Group had engaged Twinstar Logistics from time to time to provide logistic services for our outlets. The supply of services to the Group is in the ordinary course of business pursuant to which Twinstar Logistics received fees from the Group.

Mr. Flint Lu, our Executive Chairman and CEO, was a shareholder of Twinstar Logistics up to October 2022 and executive director of Twinstar Logistics up to November 2023. Mr. Flint Lu had divested his entire shareholding interest in Twinstar Logistics to Chen Xi, an unrelated third party purchaser. The third party purchaser is not related to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates. Mr. Flint Lu remained as a director of Twinstar Logistics after his divestment in November 2023 to provide business networking, client relationship and management advisory support to Twinstar Logistics. After his stepping down as a director of Twinstar Logistics in November 2023, Mr. Flint Lu ceased to provide any services (including networking and client relationship management) to the shareholders of Twinstar Logistics.

The aggregate amounts charged by Twinstar Logistics during the Relevant Period were as follows:

(S$'000)	FY2021	FY2022	FY2023(1)	3M2024(2)	From 1 April 2024 to the LPD(2)
Logistic charges	1	5	4	22	4
Labour charges and late payment interest related to the logistic charges	9	42	–	–	2
Aggregate amount charged by Twinstar Logistics	**10**	**47**	**4**	**22**	**6**

Notes:

(1) Following the cessation of Mr. Flint Lu as the director of Twinstar Logistics on February 2023, such transactions between Twinstar Logistics and our Group ceased to be interested person transactions. The transaction amount between Twinstar Logistics and our Group from 1 January 2023 to 1 November 2023 is S$1,000.

(2) The amount consists of the entire amount of the transactions for the relevant period which has not been captured under the Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023 in the Appendix A.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms offered to our Group were comparable to prevailing market rates for similar services and was not prejudicial to the interests of our Company and our minority Shareholders.

It is envisaged that we will continue the transactions with by Twinstar Logistics in the ordinary course of our business in the future.

(f) Sale and purchase of 15 Woodlands Loop #02-09 and #02-10, Singapore 738322 by Cookease from entities related to Mr. Thang Teck Jong.

Cookease had on 7 August 2024 entered into two (2) sale and purchase agreements with Global Oceanlink Pte. Ltd., in relation to the purchase of 15 Woodlands Loop #02-09 and #02-10, Singapore 738322 ("**Factory**") which shall be the planned food manufacturing plant of our Group as part of our vertical expansion plans. The Factory will be the principal place of business of Cookease.

The sale and purchase of the Factory was completed on 30 August 2024. The aggregate amounts of consideration paid by Cookease is S$412,500 and determined based on the market rental rate for the remaining lease period of each of the two (2) units.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business, as the consideration paid by our Group is at no more than the prevailing market rates of similar properties in the vicinity. Our Directors are therefore of the view that the sale of the Factory by Global Oceanlink Pte. Ltd. to Cookease is not prejudicial to the interests of our Group and our minority shareholders.

Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets – Material Properties" of this Offer Document for more details."

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Details of the present and ongoing transactions between our Group and interested persons, which are material in the context of the Placement, for the Relevant Period are as follows:

(a) Lease of 33 Ubi Avenue 3, #05-16 Vertex, Singapore 408868 by the Company from Twinstar Global Pte. Ltd.

We lease our registered office and corporate headquarters situated at 33 Ubi Avenue 3, #05-16 Vertex Tower B, Singapore 408868 pursuant to a tenancy agreement with Twinstar Global dated 1 April 2024 for a monthly rent of S$4,500 for a term of 36 months from 1 April 2024.

Mr. Flint Lu, our Executive Chairman and CEO, is a shareholder and executive director of Twinstar Global and is generally responsible for the management of Twinstar Global. Save for the ownership of 33 Ubi Avenue 3, #05-16 Vertex Tower B, Singapore 408868 and our Company's leasing thereof, Twinstar Global does not have any other business activities. Mr. Flint Lu has confirmed that he is able to devote sufficient time to discharge his duties as our Group's Executive Chairman and CEO.

The aggregate amounts of rental amount paid by the Company during the Relevant Period were as follows:

(S$'000)	FY2021	FY2022	FY2023	3M2024	From 1 April 2024 to the LPD
Lease	35	39	52	14	23
Other charges related to the lease	–	4	9	1	5
Aggregate amount charged by Twinstar Global	**35**	**43**	**61**	**15**	**28**

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business, as the rent paid by our Company is at no more than the prevailing rental rates of similar properties in the vicinity. Our Directors are therefore of the view that the provision of commercial property tenancy by Twinstar Global to our Company is not prejudicial to the interests of our Group and our minority shareholders.

Our Group intends to continue to carry out the above transaction with Twinstar Global after the Listing and all such transactions and arrangements after the Listing will be subject to the requirements under Chapter 9 of the Catalist Rules and guidelines and procedures as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for On-Going and Future Interested Person Transactions" of this Offer Document. In particular, any amendments or variations to the terms, or renewal, of the commercial property tenancy will be subject to the review and approval of our Audit and Risk Committee.

Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets – Material Properties" of this Offer Document for more details.

(b) Personal Guarantees given by Interested Persons to our Group

During the Period Under Review and up to the Latest Practicable Date, Mr. Flint Lu and Mr. Thang Teck Jong had provided personal guarantees for loans granted to our Company, details of which are set out below:

Lender	Borrower	Type of facility	Interested Person who provided the Guarantee	Amount of facilities guaranteed or secured (S$'000)	Amount outstanding as at the LPD (S$'000)	Largest amount outstanding during the Relevant Period (S$'000)
DBS	Our Company	EFS SME Working Capital Loan I	Flint Lu	500	393	500
DBS	Our Company	Term Loan	Flint Lu	1,340	1,226	1,340
			Thang Teck Jong	343		
UOB	Our Company	Term Loan	Flint Lu and Thang Teck Jong	5,000	5,000	5,000
DBS	7-24 Entertainment	EFS and Temporary Bridging Loan II	Flint Lu	800	175	800
CIMB	7-24 Entertainment	Term Loan	Flint Lu	1,000	0	1,000
DBS	7-24 Entertainment	EFS SME Working Capital Loan I	Flint Lu	500	458	500
DBS	HF Bugis	EFS SME Working Capital Loan I	Flint Lu	490	392	490
DBS	HF Cineleisure	EFS SME Working Capital Loan I	Flint Lu	500	458	500
			Thang Teck Jong	128		
DBS	HF Orchard	EFS Temporary Bridging Loan I	Flint Lu	300	62	300
UOB	HF Orchard	EFS SME Working Capital Loan	Flint Lu	500	385	500
UOB	HF Orchard	Term Loan	Flint Lu	250	193	250
DBS	HF TPY	EFS SME Working Capital Loan I	Flint Lu	300	236	300
UOB	HF TPY	EFS SME Working Capital Loan	Flint Lu	200	122	200
UOB	HF TPY	Term Loan	Flint Lu	300	184	300

The largest aggregate outstanding amount guaranteed by Flint Lu and Thang Teck Jong, was approximately S$11.98 million. The aggregate outstanding amount guaranteed as at the Latest Practicable Date is approximately S$9.28 million.

As no fee was paid by our Group for the provision of the personal guarantee, our Directors are of the view that such arrangements were not carried out on an arm's length basis and were not on normal commercial terms. However, as these guarantees are to secure the obligations of our Group, our Directors are of the view that they are not prejudicial to the interests of our Company or its minority Shareholders. Our Group does not intend to enter into such arrangements with Mr. Flint Lu and Mr. Thang Teck Jong in respect of any new facilities to be obtained from financial institutions.

Following the Listing, our Group will endeavour to reduce reliance on these guarantees and to eventually procure the discharge of the above guarantees, and for such guarantees to be replaced with a corporate guarantee by our Company (or for the facilities to be secured only with corporate guarantee by our Company). We had also requested the personal guarantees provided by our Directors, Mr. Flint Lu and Mr. Thang Teck Jong to be released and replaced by a corporate guarantee from our Company. UOB indicated that our Company should submit a formal written request post-Listing for the personal guarantees to be released and replaced by a corporate guarantee from our Company, while we are pending the reply from DBS. Our Directors do not expect any material change in the terms and conditions of the respective banking facilities if the guarantees are discharged nor any material issue in obtaining the said discharges from the lenders.

To the extent our Group is able to procure the discharge of these guarantees and replace them with a corporate guarantee by our Group, the provision of corporate guarantees by Flint Lu and Thang Teck Jong for the existing credit facilities granted to our Group is not expected to continue post-Listing. In the event that we are unable to procure such release or should there be any material unfavourable revision in the terms and conditions of the respective banking facilities if the guarantees are discharged or our Group is unable to secure alternative facilities which do not require the provision of any security by our Directors on similar terms and conditions or on terms acceptable to our Group. each of Mr. Flint Lu and Mr. Thang Teck Jong have undertaken to continue to provide the aforesaid personal guarantees without charge, fee, commission, benefit-in-kind or other interest payable to him/her, and on the same terms and conditions of the relevant facilities currently maintained, until such time as we are able to secure alternative facilities from other financial institutions. We do not intend to enter into similar new transactions with any of our interested persons following the Listing.

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit and Risk Committee will review and approve all Interested Person Transactions to ensure that such transactions are on commercial terms and on arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to the Interested Persons than if they were transacted with an unrelated third party and are not prejudicial to the interests of our Company and our minority Shareholders in any way.

To ensure that future transactions with Interested Persons are undertaken on commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be followed:

(a) In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit and Risk Committee of our Company will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

(b) In relation to any sale of products or provision of services to Interested Persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than that charged to unrelated third parties.

(c) When renting properties from or to an Interested Person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including an independent valuation report by a property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

(d) In the event that it is not possible for appropriate information (for comparative purposes) to be obtained and given that the products or services may be purchased only from an Interested Person, our Audit and Risk Committee will determine whether the price, fees and/or the other terms offered by or to the Interested Persons are fair and reasonable, and approve such Interested Person Transaction. In so determining, our Audit and Risk Committee will consider whether the price, fees and/or other terms are in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken on an arm's length basis and on commercial terms.

(e) Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated third parties and the terms are no more favourable than those extended to or received from unrelated third parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated third parties.

All Interested Person Transactions above S$100,000 (either individually or as part of a series or are aggregated with other transactions involving the same Interested Person during the same financial year) are to be approved by a Director who shall not be an interested person in respect of the particular transaction.

In addition, our Audit and Risk Committee shall monitor all Interested Person Transactions entered into by us, categorising the transactions as follows

(i) a "category one" interested person transaction is one where the value thereof is in excess of 3.0% of the NTA of our Group; and

(ii) a "category two" interested person transaction is one where the value thereof is below or equal to 3.0% of the NTA of our Group but above S$100,000.

"Category one" Interested Person Transactions must be approved by our Audit and Risk Committee prior to entry. "Category two" Interested Person Transactions need not be approved by our Audit and Risk Committee prior to entry but must be approved by one (1) Audit and Risk Committee member and one (1) director or one (1) executive officer that is not interested in the Interested Person Transaction. Additionally, "category two" Interested Person Transactions shall be reviewed by our Audit and Risk Committee on a half-yearly basis (or at such frequency as our Audit and Risk Committee may deem necessary).

In respect of all Interested Person Transactions, we shall adopt the following policies:

(a) Our Audit and Risk Committee will review all Interested Person Transactions, if any, on a half-yearly basis (or at such frequency as our Audit and Risk Committee may deem necessary) to ensure that such transactions are carried out on an arm's length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of our Audit and Remuneration Committee is interested in any Interested Person Transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.

(b) We shall prepare all the relevant information to assist our Audit and Risk Committee in its review and will keep and maintain a register to record all Interested Person Transactions which are entered into by our Group. The register shall also record the basis for entry into the transactions, including any quotations obtained from unrelated parties and other evidence to support such basis for the terms of the Interested Person Transactions.

(c) We shall incorporate into our internal audit plan a review of all Interested Person Transactions entered into by our Group.

(d) Our Audit and Risk Committee shall review the internal audit reports at least yearly to ensure that all Interested Person Transactions are carried out on an arm's length basis and in accordance with the procedures outlined above. Our Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our minority Shareholders. Furthermore, if during these periodic reviews, our Audit and Risk Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on commercial terms, on an arms' length basis and not prejudicial to the interests of minority Shareholders, our Audit and Risk Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate. The Audit and Risk Committee may request for an independent financial adviser's opinion as it deems fit and/or as required by the Catalist Rules.

We shall ensure that all Interested Person Transactions comply with the provisions in Chapter 9 of the Catalist Rules and if required, we will seek independent Shareholders' approval for such transactions. In accordance with Catalist Rule 919, Interested Persons and their associates (if any) shall abstain from voting on resolutions approving Interested Person Transactions involving themselves and our Group. In addition, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder(s).

Our Audit and Risk Committee, our Board of Directors and our Financial Controller will ensure that all disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules (in particular Chapter 9) and relevant accounting standards, are complied with. We will disclose in our annual report the aggregate value of Interested Person Transactions during the financial year.

POTENTIAL CONFLICTS OF INTEREST

Save as disclosed in the sections entitled "Interested Person Transactions" and "Directors, Executive Officers and Employees — Service Agreement" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has an interest, direct or indirect:

(a) in any transaction to which our Group was or is to be a party;

(b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and

(c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "Interested Person Transactions" and "Directors, Executive Officers and Employees — Service Agreement" of this Offer Document, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and its subsidiaries, taken as a whole.

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Our Audit and Risk Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and the exercise of our Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by our Director, our Audit and Risk Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit and Risk Committee will not participate in any proceedings of our Audit and Risk Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting information as our Audit and Risk Committee may deem reasonably necessary. Until our Audit and Risk Committee has determined that no conflict of interest exists, such a Director will not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises.

Transactions entered into with Funtech Solutions

Notwithstanding that the transactions with Funtech Solutions do not constitute as interested person transactions of our Company under Chapter 9 of the Catalist Rules, given that (a) our Executive Chairman and CEO, Mr. Flint Lu's, past shareholding interest and directorship in Funtech Solutions which ceased in January 2022 and February 2023 respectively, (b) amounts charged by/(to) by Funtech Solutions during the Relevant Period and (c) our Group's intention to continue the transactions with Funtech Solutions in the ordinary course of our business in the future, we have adopted the following measures:

(i) our Audit and Risk Committee will carry out periodic review of the terms of the agreements and arrangements entered into with Funtech Solutions on an annual basis and will monitor the procedures established to regulate such transactions with Funtech Solutions in order to ensure that the such transactions are not prejudicial to the interest of our Group and our minority Shareholders, and to ensure that proper measures to mitigate conflicts of interest have been put in place;

(ii) where our Group intends to enter into new contractual arrangements with Funtech Solutions, such transactions will be subject to review and approval by our Audit and Risk Committee in order to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Group and our minority Shareholders; and

(iii) any material changes to the terms of the agreements or arrangements entered into with Funtech Solutions will be subject to review by our Audit and Risk Committee and will be subject to the prior unanimous consent of our Audit and Risk Committee.

As at the Latest Practicable Date, our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established. Save as disclosed in this section, none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has or had any interest, direct or indirect: (a) in any material transactions to which our Group was or is a party; (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Interests of Experts

No expert (a) is employed on a contingent basis by our Company or its subsidiaries; or (b) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

Interests of ECA

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document, our Company does not have any material relationship with ECA:

(a) ECA is the Sponsor and Issue Manager and a Joint Placement Agent in relation to the Listing; and

(b) ECA will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on the Catalist pursuant to the Continuing Sponsorship Agreement.

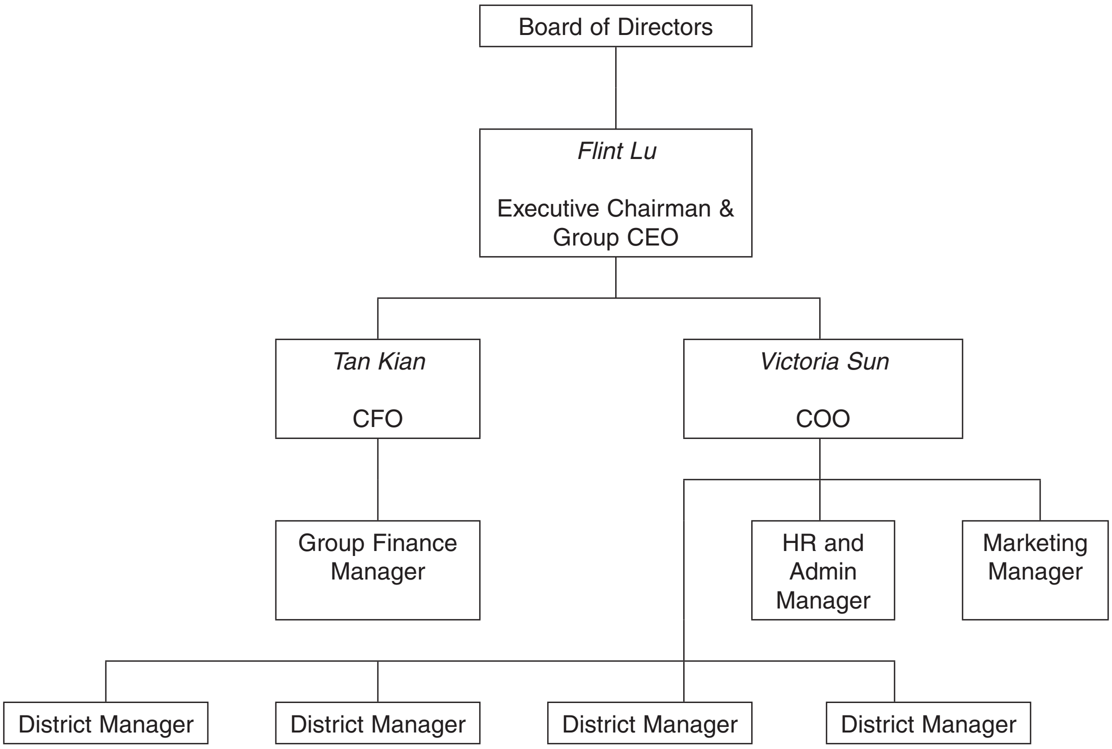
(c) pursuant to the Placement Agreement and as part of ECA's commissions as Joint Placement Agent, our Company will be allotting and issuing 750,000 ECA Shares at the Placement Price, to ECA, representing approximately 0.19% of our Company's issued and paid-up share capital immediately after the completion of the Placement.

Interests of Joint Placement Agent

In the reasonable opinion of our Directors, HTI does not have a material relationship with our Company, save that HTI is a Joint Placement Agent in relation to the Listing and as disclosed in the sections entitled "Management, Sponsorship and Placement Arrangements" and "General and Statutory Information – Management and Placement Arrangements" of this Offer Document.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Designation
Mr. Flint Lu	44	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	Executive Chairman and CEO
Mr. Thang Teck Jong	63	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	Vice Chairman and Non-Executive Director
Mr. Christopher Huang	38	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	Lead Independent Non-Executive Director
Mr. Ng Tse Meng	50	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	Independent Non-Executive Director
Mr. Foong Daw Ching	74	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	Independent Non-Executive Director

Information on the business and working experience of our Directors are set out below:

Mr. Flint Lu is our Executive Chairman and CEO, Mr. Lu is primarily responsible for the overall strategic direction and development of the Group. He is the Founder and first director of the Group.

Mr. Lu has over nine (9) years of entrepreneurial experience in the public entertainment industry, specialising in strategic planning, business development, marketing strategy and business strategy. As an entrepreneur, Mr. Lu had previously been involved in the logistics sector through Twinstar Logistics Pte. Ltd. which he founded in October 2006 and was an executive director until November 2023.

Mr. Lu holds a Master of Business Administration from the Frederick Institute of Technology in Cyprus. He holds a diploma in marketing from Dalian Maritime University in the People's Republic in China.

Mr. Thang Teck Jong is our Vice Chairman and Non-Executive Director.

Mr. Thang started his career in 1986 as an entrepreneur involved in the luggage distribution business in Singapore. He is the founder and executive chairman of Travelite Holdings Ltd, a Singapore-incorporate and Mainboard-listed company which represents over 20 international brands to market their products across various parts of SEA. He has been instrumental in the growth and development of the business of Travelite Holdings Ltd since its inception. Mr. Thang is also our indirect Controlling Shareholder through his shareholding in Mengkim.

Mr. Thang was named as one of the Entrepreneur of the Year 2005 by Association of Small and Medium Enterprises and the Rotary Club of Singapore. He received a Certificate of Appreciation from the People's Association of Singapore for five (5) years of dedicated voluntary service to the community.

Mr. Thang holds a Master of Business Administration (Business Administration) from University of Hull.

Mr. Christopher Huang is a Lead Independent Non-Executive Director of our Company and was appointed to the Company's Board on 1 October 2024. Mr. Huang is the Chairman of our Remuneration Committee and a member of our Audit and Nominating Committees.

Mr. Huang is the Managing Director of a Singapore law firm, CHP Law LLC and advises on various areas of law, with a focus on the legal and tax aspects of cross-border commercial transactions, including transfer pricing.

Mr. Huang commenced his career as an associate at PricewaterhouseCoopers LLP in 2012 and joined Colin Ng & Partners LLP (now known as CNP LAW) in March 2015. In 2018, Mr. Huang was made a partner of Colin Ng & Partners. Mr. Huang is currently an independent director of Aztech Global Ltd. and the independent non-executive chairman Fu Yu Corporation Ltd., which are both listed on the Main Board of the SGX-ST.

Mr. Huang graduated with a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Queensland, Australia.

Mr. Ng Tse Meng is an Independent Non-Executive Director of our Company and was appointed to the Company's Board on 1 October 2024. Mr. Ng is the Chairman of our Nominating Committee and a member of our Audit and Remuneration Committees.

Mr. Ng is the Chief Executive Officer and Chairman of RF Acquisition Corp. and RF Acquisition Corp II, Nasdaq listed special purpose acquisition company, since January 2021 and February 2024, respectively. He was also the Co-Founder and Chairman of Ruifeng Wealth Management Pte. Ltd., an independent external asset manager servicing accredited investors and institutional investors.

Prior to these roles, he served in several management positions. From August 2014 to January 2019, he was the Managing Director of CA Indosuez (Switzerland) SA (Singapore Branch), a wholly owned subsidiary of Credit Agricole Corporate and Investment Bank. He also served as a Managing Director of Pictet and Cie (Asia) Ltd from January 2013 to January 2014, and was the Managing Director of BSI Bank Limited from January 2011 to January 2012. Prior to that, he was a Director of Credit Suisse Singapore Limited from March 2008 to January 2011.

Mr. Ng's work has also previously earned him the prestigious Outstanding Young Private Banker award, an honour accorded to him by the prominent industry journal, Private Banker International.

Mr. Ng holds a Bachelor of Business from Nanyang Technological University. He is also a member of the Singapore Institute of Directors.

Mr. Foong Daw Ching is an Independent Non-Executive Director of our Company and was appointed to the Company's Board on 1 October 2024. Mr. Foong is the Chairman of our Audit and Risk Committee and a member of our Nominating and Remuneration Committees.

Mr. Foong has more than 35 years of audit experience in Singapore and England, with six (6) years of audit experience at a senior level in an international accounting firm in Singapore. He was the Managing Partner of Baker Tilly TFW LLP (formerly known as Baker Tilly TFWLCL) until 2010. He was a senior partner of Baker Tilly TFW LLP, the Regional Chairman of Baker Tilly International Asia Pacific Region, and a Director of Baker Tilly International until his retirement in 2016.

Mr. Foong is currently a non-executive director of Suntar Eco-City Limited and an independent director of ABR Holdings Ltd, which are both listed on the Main Board of the SGX-ST.

Mr. Foong was awarded the Merit Service Award by the Institute of Certified Public Accountants of Singapore in 2000, a Public Service Medal (Pingat Bakti Masyarakat) by the Prime Minister's Office of Singapore in 2003, a Certificate of Service by the Consumer Association of Singapore in 2021 in recognition of his 20 years of service as mediator and a COVID-19 Resilience Medal by the Prime Minister's Office of Singapore in 2021.

He is a Fellow of the Institute of Certified Public Accountants (now known as Institute of Singapore Chartered Accountants) in Singapore, the Institute of Chartered Accountants in England and Wales, and the CPA Australia. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

Present and past directorships of our Directors

The list of present and past directorships of each Director over the last five (5) years up to the Latest Practicable Date, excluding that held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Flint Lu	*Group Companies*	*Group Companies*
	Our Company Cookease HF Bugis HF Bugis Plus HF Cineleisure HF DTE HF Lite HF Orchard HF Pasir Ris HF Serangoon (1) HF Suntec HF Thomson HF TPY HF Chinatown Have Fun Yishun Yakitori One (formerly, HF Liveshow) 7-24 Entertainment Open Menu Marketing	Have Fun Chinatown Pte. Ltd.(2) Have Fun East Pte. Ltd.(3)

Name	Present Directorships	Past Directorships
	Other companies	*Other companies*
	Goodwill Investment Holdings 2023 Pte. Ltd. Twinstar Global Pte. Ltd.	Twinstar Logistics Pte. Ltd. Funtech Solutions Smartlogix Technology Pte. Ltd.(4) Unity Box Technology Pte. Ltd.(5)
Mr. Thang Teck Jong	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	Golden Glory Food Industries Pte Ltd HK71 Investment Pte. Ltd. Mengkim Holdings Pte. Ltd. One Credit Pte. Ltd. Singapore Crocodile (1968) Pte Ltd Travelite Holdings Ltd. YG Marketing Pte. Ltd. 3BX Pte. Ltd.	Delsey Singapore Pte. Ltd.
Mr. Christopher Huang	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	Aztech Global Ltd. CHP Law LLC DEVL Pte. Ltd. Fu Yu Corporation Limited Grey Ogre Games Pte. Ltd. Vesuva Pte. Ltd.	Digital Crest Global Pte. Ltd.(6) Fund Asia Pte. Ltd. Fund Singapore Pte. Ltd. Van Ameyde APAC Holding Pte. Ltd.
Mr. Ng Tse Meng	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	RF Acquisition Corp. RF Acquisition Corp II Vista Venture Holdings Pte. Ltd. Alfa Property Management Pte. Ltd. Jinchi International Information Technology Pte. Ltd. Hauzee Pte. Ltd. Khaos Pte. Ltd. Stepfwd Investments Pte. Limited	Ruifeng Wealth Management Pte. Ltd.

Name	Present Directorships	Past Directorships
Mr. Foong Daw Ching	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	ABR Holdings Limited Crestar Education Group Pte. Ltd. St Luke's Eldercare Ltd. St. Luke's Hospital Suntar Eco-City Limited Tung Ling Preschool Education Limited	Ayondo Ltd. [7] Luminor Financial Holdings Limited NUHS Fund Limited Travelite Holdings Ltd.

Notes:

(1) HF Serangoon (in liquidation - creditors' voluntary winding up) has in January 2022 ceased operations of its business.

(2) Have Fun Chinatown Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 6 April 2020.

(3) Have Fun East Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 9 March 2020.

(4) Smartlogix Technology Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 5 February 2024.

(5) Unity Box Technology Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 5 February 2024.

(6) Digital Crest Global Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 7 December 2021.

(7) Ayondo Ltd. was dissolved pursuant to an order of the High Court of Singapore dated 1 July 2024.

Our Directors possess the relevant experience and expertise to act as Directors, as evidenced by their business and working experience as set out above. Save for Mr. Flint Lu and Mr. Ng Tse Meng, our Directors possess prior experience as directors of publicly listed companies in Singapore. Pursuant to Catalist Rule 406(3)(a), Mr. Ng Tse Meng has attended the relevant courses on the roles and responsibilities of a director of a publicly listed company in Singapore organised by the Singapore Institute of Directors whereas Mr. Flint Lu will do so within the first year of the Listing. In accordance with Schedule 1 of Practice Note 4D of the Catalist Rules, each of Mr. Flint Lu and Mr. Ng Tse Meng have undertaken to undergo the training as prescribed by the SGX-ST by the end of the first year after the admission of our Company to Catalist.

Save as disclosed in the section "*Shareholders – Ownership Structure*" of this Offer Document, none of our Directors are related to each other or to any of our Executive Officers or Substantial Shareholders.

None of our Independent Directors or their immediate family members has been employed by our Group for the current and any of the past three (3) financial years.

None of our Independent Directors has any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

None of our Independent Directors sits on the board of any of our principal subsidiaries that are based in jurisdictions other than Singapore.

None of the Directors have any arrangement or understanding with any of the suppliers pursuant to which such person was appointed as a Director.

Each of our Independent Directors confirms that they are able to devote sufficient time to discharge their duties as an Independent Director. Our Board is of the opinion that our Independent Directors are able to devote sufficient time to discharge their duties as Independent Directors of our Company.

EXECUTIVE OFFICERS

Our Executive Officers as at the date of this Offer Document comprise our Executive Directors, CFO and COO. The particulars of our Executive Directors is set out in the "Directors" section above. The particulars of our Executive Officers are set out below:

Name	Age	Address	Designation
Mr. Tan Kian	51	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	CFO
Ms. Victoria Sun	32	c/o 33 Ubi Avenue 3 #05-16 Vertex Singapore 408868	COO

There are no arrangements or understandings with any of our Substantial Shareholders or, suppliers or any other person, pursuant to which any of our Executive Officers was selected as an Executive Officer.

None of our Executive Officers has any family relationships with one another, our Directors or our Substantial Shareholders.

Information on the business and working experience of our Executive Officers are set out below:

Mr. Tan Kian joined our Group as the CFO since October 2023. He is responsible for matters relating to accounting, finance, compliance and reporting requirements of our Group.

Mr. Tan has over 27 years of experience in financial management and audit. He started his career in 1995 at Ernst & Young Malaysia as an audit associate and was subsequently promoted to audit senior where he was responsible for managing, planning, coordinating and controlling all sorts of audit of a wide variety of both private and public companies. In 2000, he joined Deloitte & Touche Singapore as an audit supervisor and subsequently in 2004, he joined Ace Achieve Infocom Ltd, a company listed on the SGX, as a financial controller.

From 2005 to 2007, Mr. Tan served as the group financial controller of Shanghai Turbo Enterprise Ltd., a company listed on the SGX, where he was based in the PRC and was the head of the finance and accounting department. In 2008, he joined a professional consultancy firm, Wenson Consulting Asia Pte. Ltd., as a senior consultant where he was primarily responsible for providing various consultancy services, ranging from pre-IPO consulting to corporate restructuring. From 2009 to 2011, he joined Equation Corp Limited (now known as DISA Limited), a company listed on the SGX, as group finance director. In 2011, he served as the group finance director of Tianhe Chemicals Group Limited (now known as TC Corporation Limited), a company to listed on the Stock Exchange of Hong Kong Limited, and subsequently in 2012, the chief financial officer of Fairy Fox International Limited, a company listed on the London Stock Exchange.

From 2013 to 2015, he served as the group chief financial officer of Jiasen International Holdings Ltd, a company listed on the London Stock Exchange, and subsequently from 2015 to 2022, he served as the chief financial officer of Sin Mian Development Pte. Ltd., a Singapore company involved in the wholesale of goods, where he managed all finance and administration matters in Singapore office and its related companies. Prior to joining our Group in 2023, he was a senior management consultant at Afitty Tech Pte. Ltd., a Singapore consultancy firm, where he provided expert financial advisory services from 2022 to 2023.

Mr. Tan graduated with a Bachelor of Arts from the University of Strathclyde, Glasgow, United Kingdom in 1995, and has been a Member of the Association of Chartered Certified Accountant, United Kingdom since 1999. He is currently a Chartered Accountant of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

Ms. Victoria Sun was appointed as the COO of the Group in January 2024. She is responsible for matters relating to day-to-day operations of the Group, to set policies and processes for the operations of the Group, and to provide solution to operation issues.

Ms. Sun has over eight (8) years of experience in operations and business development.

Ms. Sun started her career in 2012 as a co-founder and managing partner of a corporate services company incorporated in Singapore. She principally engaged in management consultancy and was primed at delivering pre-incorporation services such as business planning and marketing. Her main role in the corporate services company includes multi-media marketing and business development. Her involvement in the corporate services company ceased in September 2019.

Thereafter, Ms. Sun joined Funtech Solutions in February 2020 as a general manager before she was seconded to our Company in May 2020. She formally joined our Company after the cessation of her employment with Funtech Solutions in August 2023 as our general manager, where her duties include overseeing the day-to-day operations of our Group, setting policies and processes for the operations of the Group, and providing solutions to operational issues. As a testament to her abilities, the Company named her as the COO of our Group in January 2024.

Ms. Sun has attended further training in workforce skills as accredited by Singapore Workforce Skills Qualifications. Ms. Sun obtained her certificate in spa services in July 2012 and in statement of attainment in the course “Analyse Customer Behaviour” in May 2020.

Present and past directorships of our Executive Officers

The list of present and past directorships of each Executive Officer over the last five (5) years up to the Latest Practicable Date, excluding that held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Tan Kian	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	–	–
Ms. Victoria Sun	*Group Companies*	*Group Companies*
	–	–
	Other companies	*Other companies*
	–	Ini8tive Private Limited VP Consultancy Services Pte. Ltd. (1) Sun Bright Project Pte. Ltd. (2) Yini Marine Pte. Ltd.

Notes:

(1) VP Consultancy Services Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 6 February 2023, after Ms. Sun ceased her directorship on 29 December 2021.

(2) Sun Bright Project Pte. Ltd. has been struck off from the Register of Companies maintained by ACRA as of 4 September 2024 after Ms. Sun ceased her directorship on 18 October 2023.

FAMILY RELATIONSHIPS, ARRANGEMENTS OR UNDERSTANDINGS

None of our Directors and Executive Officers are related by blood or marriage to one another. Save as disclosed the section entitled "Share Capital – Ownership Structure" of this Offer Document, being Mr. Flint Lu being the sole shareholder of GIH2023 and Mr. Thang Teck Jong being the controlling shareholder of Mengkim, none of our Directors are related to any Substantial Shareholders of our Company.

To the best of our knowledge and belief, there are no arrangements or understandings with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was appointed.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation (which includes salary, bonus, benefits-in-kind, CPF contributions and directors' fees) paid or payable to our Directors and Executive Officers for services rendered to us and our Subsidiaries on an individual basis in all capacities for FY2021 and FY2022 (being the two (2) most recently completed financial years) and as estimated for FY2023, in remuneration bands[1] were or are as follows:

	FY2021	FY2022	FY2023
Directors			
Mr. Flint Lu	Band A	Band B	Band C
Mr. Thang Teck Jong	–[1]	–[1]	–[1]
Mr. Christopher Huang	–[1]	–[1]	–[1]
Mr. Foong Daw Ching	–[1]	–[1]	–[1]
Mr. Ng Tse Meng	–[1]	–[1]	–[1]
Executive Officers (other than the Directors)			
Mr. Tan Kian	–[1]	–[1]	Band A
Ms. Victoria Sun	–[1]	–[1]	Band A

Note:

(1) These persons were not yet appointed or employed by our Group during the relevant periods. Mr. Tan Kian, our CFO, joined our Group on 1 October 2023, Mr. Thang Teck Jong is appointed as our Non-Executive Director on 1 October 2024 and Mr. Christopher Huang, Mr. Foong Daw Ching and Mr. Ng Tse Meng were appointed as our Independent Directors on 1 October 2024.

Legend:

Band A	:	Compensation of between S$0 to S$250,000 per annum
Band B	:	Compensation of between S$250,001 to S$500,000 per annum
Band C	:	Compensation of between S$500,001 to S$750,000 per annum
Band D	:	Compensation of between S$750,001 to S$1,000,000 per annum
Band E	:	Compensation of between S$1,000,001 to S$1,250,000 per annum

Save as disclosed above and in the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document, no compensation was paid to any of our Directors or Executive Officers in FY2021, FY2022 and FY2023 pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

As at the Latest Practicable Date, no compensation has been paid or will be paid in the form of stock options or shares to any of our Directors, Executive Officers or employees.

As at the Latest Practicable Date, save for mandatory contributions for CPF in Singapore, we do not have any pension, retirement or similar benefits for our Directors and Executive Officers, and we have not set aside or accrued any amounts for our Directors and Executive Officers to provide for pension, retirement or similar benefits.

Employees who are Substantial Shareholders or Immediate Family Members of our Directors, our CEO or Substantial Shareholders

As at the Latest Practicable Date, none of our employees are Substantial Shareholders or immediate family members (as defined in the Rules of Catalist) of our Directors, our CEO or Substantial Shareholders, save for Mr. Jiang Hao, the spouse of Ms. Victoria Sun (our COO), is an employee of a subsidiary of our Company, HF Cineleisure, and holds the position of a district manager.

The remuneration of any employees who are Substantial Shareholders or immediate family members of our Directors, our CEO or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these employees who are Substantial Shareholders or immediate family members of our Directors, our CEO or Substantial Shareholders will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of employees who are Substantial Shareholders or immediate family members of our Directors, our CEO or Substantial Shareholders and the proposed terms of their employment will be subject to the review and approval of our Nomination Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review. We will disclose in our annual report details of the remuneration of any employee who is a Substantial Shareholder or an immediate family member of our Directors, our CEO or Substantial Shareholders, and whose remuneration exceeds S$100,000 during the relevant financial year, in bands no wider than S$100,000.

EMPLOYEES

As at the Latest Practicable Date, our Group has 218 full-time employees, including artistes, crew and dancers at the Bugis+ Joint Venture Outlet employed by HF Bugis, which is responsible for their salaries and costs. A breakdown of our full-time employees by business function for the past three (3) financial years ended 31 December 2021, 31 December 2022, 31 December 2023, the three-month period ended 31 March 2024 and as at the Latest Practicable Date is as follows:

	As at 31 December				
Segmented by Function	**2021**	**2022**	**2023**	**As at 31 March 2024**	**As at the LPD**
Management	3	6	7	7	7
Finance and accounts	6	7	7	7	8
Sales and operation	39	99	120	179	187
Administration	5	7	8	9	9
Marketing	9	7	9	8	7
Total	**62**	**126**	**151**	**210**	**218**

We do not employ a significant number of temporary employees and do not experience any significant seasonal fluctuation in the number of employees.

The increase in the number of employees over the last three (3) financial years was to support the business expansion of our Group. The growth in our staff strength is in line with the growth in our Group's operations for as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 March 2024 and as at the Latest Practicable Date.

None of our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between our management and staff have been good and this is expected to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations during the Period Under Review.

None of our full-time employees are related to our Directors, Executive Officers and/or Substantial Shareholders as at the Latest Practicable Date.

Pension and Retirement Benefits

Other than the amounts set aside or accrued as required for compliance with the applicable laws of Singapore and Malaysia, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

SERVICE AGREEMENT

Executive Director

On 1 October 2024, our Company entered into the Service Agreement with our Executive Director, namely, Mr. Flint Lu.

Each Service Agreement is valid for an initial term of three (3) years commencing from the date of the Listing ("**Initial Term**") and thereafter continues automatically on a yearly basis on such terms and conditions as the parties may agree unless terminated in accordance with the respective Service Agreement.

Pursuant to the terms of their respective Service Agreement, our Executive Director are entitled to an annual salary of S$600,000 and an annual discretionary bonus. The abovementioned salaries and discretionary bonus shall be subject to annual review by the Board and/or the Remuneration Committee and may be amended after such review by the Board and/or the Remuneration Committee.

Directors' fees do not form part of the terms of the Service Agreement as these require the approval of Shareholders in our Company's annual general meeting. For the avoidance of doubt, the Executive Director will not be entitled to any performance bonus unless the same is recommended by the Remuneration Committee in their absolute discretion. The Executive Director will be reimbursed for all travelling, accommodation, entertainment and other out-of-pocket expenses reasonably incurred by them in the discharge of their duties on behalf of our Group.

We may forthwith terminate the Service Agreement of our Executive Director (including during the Initial Term), if any of them, among others, is disqualified to act as executive director or executive officer under any applicable laws or regulations, is guilty of dishonesty, gross misconduct or wilful neglect of duty, commits any continued material breach of the terms of their respective Service Agreement, engages in any conduct likely to bring himself or any member of our Group into disrepute, becomes bankrupt or is convicted of any criminal offence. We may additionally terminate the Service Agreement if the Executive Director fail to perform their respective obligations under the Service Agreement.

The Service Agreement also contain non-solicitation provisions and restrictive covenants that apply for the duration of the Service Agreement and for 12 months following the termination of the respective Service Agreement, which prohibit, among others, the participation in any competing business and the solicitation of any person who is an officer, manager or senior employee of our Group (as the case may be) and any person who at any time was a customer of our Group. The Service Agreement also contain restrictions on the disclosure of confidential information, including trade secrets and information relating to the customers of our Group.

Executive Officers

In addition to the Service Agreement, we have also entered into an employment agreement with each of our CFO, Mr. Tan Kian, and COO, Ms. Victoria Sun. The employment agreement sets forth compensation and related terms, such as, among others, annual leave and grounds of termination, etc.

Save for the Service Agreement and the employment agreements with Mr. Tan Kian and Ms. Victoria Sun as disclosed above, there is no existing or proposed service agreements between our Group and any of our Directors and Executive Officers. There is also no existing or proposed service agreement entered into or to be entered into by our Directors or Executive Officers with our Company or any of our Subsidiaries which provide for benefits upon termination of employment.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Accordingly, our Directors have established an Audit and Risk Committee, a Remuneration Committee and a Nominating Committee. Each committee formed has written terms of reference which clearly set out the authority and duties of the committee.

Independent Directors

We have five (5) Directors on our Board of Directors, of whom three (3) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors and/or our Substantial Shareholders, save as disclosed within this section of the Offer Document. Our Independent Directors are also not related to our other Directors and/ or our Substantial Shareholders.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

AUDIT AND RISK COMMITTEE

Our Audit and Risk Committee comprises Mr. Foong Daw Ching, Mr. Ng Tse Meng, and Mr. Christopher Huang. The Chairman of the Audit and Risk Committee is Mr. Foong Daw Ching.

Our Audit and Risk Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit and Risk Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit and Risk Committee will meet periodically to perform the following functions:

(a) having oversight on the controls and safeguards to prevent a recurrence of the non-compliances with the regulatory requirements;

(b) having oversight and monitoring the compliance with the terms, conditions and covenants under the Group's respective banking facilities;

(c) having oversight of the Group's cash management policies and monitoring the compliance therewith;

(d) assist our Board in the discharge of its responsibilities on financial and reporting matters;

(e) review the relevance and consistency of accounting standards, the significant reporting issues, recommendations and judgements made by external auditors so as to ensure the integrity of the financial statements of our Group;

(f) review, with the internal and external auditors, the audit plans, the scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response, and results of our audits compiled by our internal and external auditors, and review at regular intervals with the management on the implementation by our Group of the internal control recommendations made by the internal and external auditors;

(g) review the periodic financial statements and results announcements before submission to our Board for approval, focussing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, significant financial reporting issues and judgements, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to our Board for approval;

(h) review the assurance from our Executive Chairman and CEO and our CFO on the financial records and financial statements of our Group;

(i) review the adequacy, effectiveness and independence of the external audit and internal audit function of our Group;

(j) review the risk management structure and oversight of the risk management process and activities;

(k) review and report to our Board, at least annually, the effectiveness and adequacy of our internal control and procedures (addressing financial, operational, information technology, compliance risks) and risk management systems (such review to be carried out internally or with the assistance of any competent third parties) and discuss issues and concerns, if any, prior to the incorporation of the Directors' comments in annual report;

(l) appraise and report to our Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(m) make recommendations to our Directors on establishing an adequate, effective and independent internal audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation), and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;

(n) recommend to our Board on the proposals to Shareholders on the appointment or re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;

(o) consider the independence of the external auditor, taking into account the non-audit services provided by the external auditor and the fees paid for such non-audit services, if any;

(p) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors;

(q) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including our Audit and Risk Committee and has appropriate standing within our Group;

(r) monitor the use of proceeds under the section "Use of Proceeds and Listing Expenses" of this Offer Document;

(s) given our Group's overseas expansion plans, review and discuss with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations (including overseas jurisdictions) which has or is likely to have a material impact on our Group's operating results or financial position and our management's response, and at appropriate times, report the matter to our Board and to the Sponsor;

(t) review our financial risk areas, with a view to providing an independent oversight of our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;

(u) review the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Board;

(v) review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and ensure that our Group publicly discloses, and clearly communicates, to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;

(w) review and establish procedures for receipt, retention and treatment of complaints received by our Group, among others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group, and ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(x) review and approve transactions falling within the scope of Chapter 9 of the Catalist Rules, including the review of any interested person transactions under the section "Interested Person Transactions and Conflicts of Interest – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions" of this Offer Document;

(y) review any actual or potential conflicts of interest and set out a framework to resolve or mitigate any potential conflict of interest and monitor compliance with such framework;

(z) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any) and to the extent required under Chapter 10 of the Catalist Rules, commissioning independent valuation(s) in connection with any relevant proposed acquisitions;

(aa) review and approve all hedging policies and instruments (if any) to be implemented by our Group and conduct periodic reviews of the hedging policies together with the transactions and hedging activities undertaken by our Group;

(bb) review the recommendations by Mr. Flint Lu (as our Company's representative on the Bugis+ Joint Venture Exco) on all matters relating to the Bugis+ Joint Venture Outlet, including but not limited to, any review of the consultancy fees payable to our Company and Hezong by HF Bugis, and that any decision by Mr. Flint Lu regarding to any matters relating to the Bugis+ Joint Venture Outlet shall be subject to the prior approval of the Audit and Risk Committee;

(cc) reviewing on an annual basis the terms and conditions of the agreements and arrangements entered into with Funtech Solutions;

(dd) reviewing and approving any new or additional agreements or arrangements entered into with Funtech Solutions or any material changes to the terms of the agreements and arrangements with Funtech Solutions;

(ee) proper monitoring of the measures and procedures adopted by our Group in relation to the agreements and arrangements entered into with Funtech Solutions to ensure the effective operations of our Group and our Group's compliance with applicable laws and regulations, including procedures to regulate interested person transactions to ensure that the such agreements and arrangements entered into with Funtech Solutions are on arm's length basis and not prejudicial to the interests of our Group or our minority Shareholders;

(ff) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules and by such amendments made thereto from time to time; and

(gg) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising therefrom and which require the attention of our Audit and Risk Committee.

Apart from the duties listed above, our Audit and Risk Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position. In the event that a member of our Audit and Risk Committee is interested in any matter being considered by our Audit and Risk Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

In addition, all future transactions with related parties shall comply with the requirements of the Catalist Rules. Our Directors shall also abstain from voting in any contract or arrangement or proposed contract/ arrangement in which he has a personal material interest.

Adequacy of Internal Controls

Prior to the Placement, our Company had engaged an internal auditor, Baker Tilly Consultancy (Singapore) Pte. Ltd., to perform the review and test of controls of our Group's processes. Our Audit and Risk Committee has held discussions with our CFO, Mr. Tan Kian, the internal auditor, as well as our Independent Auditor and Reporting Accountant, in relation to our Group's internal controls.

Our Board notes that the internal auditors have confirmed that they are satisfied that the management of our Group has fully and satisfactorily addressed all internal control weaknesses of our Group. Further, the internal auditors have also reviewed, where applicable, the effectiveness of measures put in place and/or enhanced by our Group to mitigate and to the extent possible prevent the recurrence of past non-compliances.

Our Board has also noted that our Independent Auditor and Reporting Accountant, Foo Kon Tan LLP, has not noted any material weakness in internal controls which would have a material impact on the opinion expressed on the consolidated financial statements of our Group for FY2021, FY2022, FY2023 and 3M2024.

Based on the foregoing, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit and Risk Committee, based on the internal controls and risk management framework established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and various Board committees, is of the opinion that our internal controls, including financial, operational, compliance and information technology controls, and our risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks.

Our Group and our Audit and Risk Committee will continue to outsource the internal audit function of our Group. Our Group shall commission an annual internal controls audit until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and SGX-ST the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify our key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit and Risk Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Our Audit and Risk Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our Group's results of operations and/or financial position. Each member of our Audit and Risk Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

Audit and Risk Committee's Opinion on the Suitability of our CFO

Our Audit and Risk Committee, after (a) having conducted an interview with Mr. Tan Kian, our CFO; (b) having considered the qualifications and past working experiences of Mr. Tan Kian (as described in the section entitled "Directors, Executive Officers and Employees – Executive Officers" of this Offer Document); (c) having considered Mr. Tan Kian's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation of the listing of our Company; (d) observing his abilities, familiarity and diligence in relation to the financial matters and information of our Group; (e) having noted the absence of negative feedback on Mr. Tan Kian from the representatives of our Group's Independent Auditor and Reporting Accountant, Foo Kon Tan LLP; (f) conducted their review of the internal audit report and interview with the internal auditor; and (g) made all reasonable inquiries, is of the view that Mr. Tan Kian has the necessary expertise and experience in the discharge of his duties as our CFO.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit and Risk Committee members to cause them to believe that Mr. Tan Kian does not have the competence, character and integrity expected of a CFO of a listed issuer. In addition, Mr. Tan Kian confirms that he is familiar with the business operations, accounting systems and policies and the internal controls of our Group.

Our Sponsor, after having considered the bases and conclusions of our Audit and Risk Committee as stated above, and after having taken into consideration the qualifications and experience of Mr. Tan Kian and his finance and accounting staff, concurs with our Audit and Risk Committee, and is also of the view that Mr. Tan Kian is suitable for the position of CFO of our Group.

Mr. Tan Kian shall be subject to performance appraisal by our Audit and Risk Committee on an annual basis to ensure satisfactory performance.

NOMINATING COMMITTEE

Our Nominating Committee comprises Mr. Ng Tse Meng, Mr. Foong Daw Ching and Mr. Christopher Huang. The Chairman of the Nominating Committee is Mr. Ng Tse Meng.

Our Nominating Committee will be responsible for:

(a) develop and maintain a formal and transparent process for the selection, appointment and re-appointment of Directors, taking into account the need for progressive renewal of our Board;

(b) reviewing and making recommendations to our Board on the appointment and re-appointment of Directors, taking into consideration each Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, his performance as an Independent Director, as well as appraising the qualifications and experience of any proposed new appointments to our Board and recommending to our Board whether the nomination should be supported;

(c) ensure that Directors submit themselves for re-nomination and re-election at least once every three (3) years;

(d) review and approve any new employment of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) and proposed terms of their employment;

(e) ensure that Directors disclose their relationships with our Company, related corporations, Substantial Shareholders or officers, which may affect their independence and review such disclosures to highlight these to our Board;

(f) determine on an annual basis and as and when circumstances require, whether or not a Director is independent, taking into account the circumstances set forth in the Code of Corporate Governance, the Practice Guidance to the Code of Corporate Governance, the Catalist Rules and any other salient factors;

(g) ensuring that new Directors are aware of their duties and obligations, as well as review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director;

(h) in respect of a Director who has multiple board representations on various companies, if any, review and decide, on an annual basis (or more frequently as the Nominating Committee deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments, and establish guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) shall be;

(i) review the training and professional development programmes for our Board, in particular, ensuring that new Directors are aware of their duties and obligations;

(j) review succession plans for Directors and Executive Officers;

(k) review the composition of our Board annually to ensure that our Board and our Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-base experience or knowledge;

(l) develop a process and criteria for evaluation of the performance of our Board as a whole and its committees, and assess the contribution of each Director to the effectiveness of our Board; and

(m) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules and by such amendments made thereto from time to time.

In addition, our Nominating Committee will undertake a formal annual assessment of our Board's effectiveness as a whole and that of each of our Board committees and individual Directors and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of our Board committee separately, as well as the contribution of each individual Director to our Board. The assessment should consider the composition of our Board of Directors (balance of skills, gender, experience, independence, knowledge of our Group, and diversity), board practices and conduct, and how our Board of Directors as a whole adds value to our Group. Our Nominating Committee shall consider the use of peer comparisons and other objective third-party benchmarks. These performance criteria shall not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus shall be on our Board of Directors to justify its decision.

The evaluation of individual Director's performance shall aim to assess whether each Director is willing and able to constructively challenge and contribute effectively to our Board of Directors, and demonstrate commitment to his roles on our Board of Directors (including the roles of the Chairman of our Board of Directors and chairman of a board committee). The Chairman of our Board of Directors shall act on the results of the performance evaluation and, in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors or seek the resignation of Directors.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he/she will abstain from participating in the review and approval process relating to that matter.

Our Nominating Committee is also charged with the review of the suitability and appointment of the CFO, based on feedback from our Audit and Risk Committee.

Our Nominating Committee will recommend a framework for the evaluation of the Board's and individual Director's performance for the approval of the Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Nominating Committee's view on the independence of our Independent Directors

Our Nominating Committee, after having considered the following:

(a) the principal occupation and commitments of our Independent Directors, including the number of listed company board representations that each of them has;

(b) the attendance to date at board meetings of listed companies that each of our Independent Directors serves as independent directors;

(c) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;

(d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Substantial Shareholder of our Company, has no material relationship with our Company, its related corporations or with any directors of these corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interests of our Company;

(e) none of our Independent Directors is or was in the past three (3) financial years employed by our Group;

(f) none of the immediate family members of our Independent Directors is or was in the past three (3) financial years employed by our Group;

(g) the professional experience and expertise of our Independent Directors; and

(h) the composition of our Board,

is of the opinion that each of our Independent Directors (i) are individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as our Independent Directors, and (ii) as a whole, represent a strong and independent element on our Board which is able to exercise objective judgment on corporate affairs independently.

Each member of our Nominating Committee has abstained from participating in the assessment of his/her own suitability as an Independent Director.

Nominating Committee's views on the suitability of Mr. Flint Lu as CEO and Executive Chairman

Our Nominating Committee and our Board (excluding Mr. Flint Lu) are of the view that Mr. Flint Lu remains suitable to be appointed as the CEO and Executive Chairman of our Company and possesses the character and integrity expected of a director of a listed issuer, in compliance with Catalist Rule 406(3)(b), after having considered, *inter alia*, that:

(a) the liquidation of HF Serangoon (of which Mr. Flint Lu was a director at the material time) was a one-off event brought about by the COVID-19 pandemic and the landlord's reluctance to extend COVID-19 rental rebates to HF Serangoon; and

(b) aside from the outlet at NEX, the other four (4) HaveFun Family Karaoke outlets which were opened in 2019 (i.e., the same year when HF Serangoon was opened) had successfully survived the Circuit Breaker Measures and remain operational to-date; and

(c) after the gradual easing of the Circuit Breaker Measures, our Group managed to open two (2) new HaveFun Family Karaoke outlets in June and September 2022, respectively.

See the section entitled "General and Statutory Information – Information on Directors and Executive Officers – Disclosure in relation to Mr. Flint Lu" of this Offer Document" for the specific disclosure in relation to the liquidation of HF Serangoon.

Nominating Committee's views on the suitability of Mr. Thang Teck Jong as Vice-Chairman and Non-Executive Director

Our Nominating Committee and our Board (excluding Mr. Thang Teck Jong) are of the view that Mr. Thang Teck Jong remains suitable to be appointed as a non-executive director of our Company and possesses the character and integrity expected of a director of a listed issuer, in compliance with Catalist Rule 406(3)(b), after having considered, *inter alia*, that:

(a) the Authority has not taken any further action against Mr. Thang Teck Jong after issuing a supervisory warning in September 2009; and

(b) Mr. Thang Teck Jong has not received any further supervisory warnings from the Authority after September 2009.

The specific disclosure in relation to the supervisory warning received by Mr. Thang Teck Jong is set out in the section entitled "General and Statutory Information – Information on Directors and Executive Officers – Disclosure in relation to Mr. Thang Teck Jong" of this Offer Document.

Nominating Committee's views on the suitability of Mr. Christopher Huang as independent director

Mr. Christopher Huang, our Independent Director, is a partner at CHP Law LLC. CHP Law LLC provided legal services to Mr. Flint Lu (in his personal capacity) in 2023. The amount payable by Mr. Flint Lu to Mr. Christopher Huang for the provision of legal services is less than S$6,000.

Notwithstanding the above, our Nominating Committee and our Board (excluding Mr. Christopher Huang) has assessed the independence of Mr. Christopher Huang and determined that he is independent for the following reasons:

(a) in accordance with Catalist Rule 406(3)(d), he is considered independent as: (i) he has not been employed by our Group or its related corporations for the current or any of the past three (3) financial years, (ii) he does not have any immediate family members who are employed or have been employed by our Group or its related corporations for the current or any of the past three (3) financial years, and (iii) he has not been a Director for an aggregate period of more than nine (9) years;

(b) the services provided by CHP Law LLC to Mr. Flint Lu was a one-off transaction unrelated to the Group and the fees were not borne by any Group Company. The amount received by CHP Law LLC was S$6,000, which is below the guide amount of S$200,000 under Practice Guidance 2 of the Code of Corporate Governance 2018 to be deemed as 'significant'; and

(c) in accordance with the Code of Corporate Governance 2018, in particular Guideline 2.1 and Practice Guidance 2, he has no existing relationship with our Group that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of our Company.

Accordingly, our Nominating Committee and our Board (other than Mr. Christopher Huang) are of the view that the proposed appointment of Mr. Christopher Huang as an Independent Director is in compliance with Rule 406(3)(d) of the Catalist Rules, and Guideline 2.1 and Practice Guidance 2 of the Code of Corporate Governance 2018.

Nominating Committee's views on the suitability of Mr. Ng Tse Meng as independent director

Our Nominating Committee and our Board (excluding Mr. Ng Tse Meng) are of the view that Mr. Ng Tse Meng is suitable to be appointed as an independent director of our Company and possesses the character and integrity expected of a director of a listed issuer, in compliance with Catalist Rule 406(3)(b), after having considered, inter alia, that:

(a) in accordance with Catalist Rule 406(3)(d), he is considered independent as: (i) he has not been employed by our Group or its related corporations for the current or any of the past three (3) financial years, (ii) he does not have any immediate family members who are employed or have been employed by our Group or its related corporations for the current or any of the past three (3) financial years, and (iii) he has not been a Director for an aggregate period of more than nine (9) years;

(b) he and his immediate family members have not provided to or received from the Company or any of its subsidiaries any significant payments or material services nor is he and his immediate family members are or were not a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services;

(c) he is not directly or indirectly associated with the substantial shareholders, executive officers or other directors of our Company; and

(d) he has experience in relation to management of listed companies as he is the Chief Executive Officer and Chairman of RF Acquisition Corp. and RF Acquisition Corp II, Nasdaq listed special purpose acquisition company, since January 2021 and February 2024.

Accordingly, our Nominating Committee and our Board (other than Ng Tse Meng) are of the view that the proposed appointment of Ng Tse Meng as an Independent Director is in compliance with Rule 406(3)(d) of the Catalist Rules, and Guideline 2.1 and Practice Guidance 2 of the Code of Corporate Governance 2018.

Nominating Committee's views on the suitability of Mr. Foong Daw Ching as independent director

Our Nominating Committee and our Board (excluding Mr. Foong Daw Ching) are of the view that Mr. Foong Daw Ching remains suitable to be appointed as an independent director of our Company and possesses the character and integrity expected of a director of a listed issuer, in compliance with Catalist Rule 406(3)(b), after having considered, *inter alia*, that:

(a) in relation to Ayondo Ltd., Mr. Foong Daw Ching had cooperated with the relevant investigative authorities when he attended an interview with them in September 2020, and he had not attended any further interviews and no restrictions or conditions have been imposed and charges have been made against him;

(b) in relation to Medi-Flex Limited, Mr. Foong Daw Ching was not a subject of investigation or proceeding by any authority or regulatory body, nor involved or implicated in, investigated or penalised or sanctioned by any authority or regulatory body, in respect of any allegations brought against Medi-Flex; and

(c) as an independent director of Ayondo Ltd. and Medi-Flex Limited, Mr. Foong Daw Ching was not involved in the day-to-day affairs and management of these entities.

The specific disclosures in relation to the investigations brought against Ayondo Ltd. and Medi-Flex Limited are set out in the section entitled "General and Statutory Information – Information on Directors and Executive Officers – Disclosure in relation to Mr. Foong Daw Ching" of this Offer Document.

REMUNERATION COMMITTEE

Our Remuneration Committee comprises Mr. Christopher Huang, Mr. Foong Daw Ching, and Mr. Ng Tse Meng. The Chairman of the Remuneration Committee is Mr. Christopher Huang.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers and determine specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Director(s) and Executive Officers will be subject to the recommendation of our Remuneration Committee and the approval of our Board.

The recommendations of our Remuneration Committee should be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, CEO or Substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility. Other responsibilities of our Remuneration Committee include:

(a) review and recommend to our Board for approval a framework of remuneration for our Directors and Executive Officers, as well as specific remuneration packages for each Executive Director and Executive Officer, ensuring that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments shall be covered, with the aim to be fair and avoid rewarding poor performance;

(b) review annually the remuneration, bonuses, pay increase and/or promotions of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(c) ensure that the remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities;

(d) review and approve any new employment of related employees (being employees that are related to our Directors, Executive Officers and/or Substantial Shareholders) and the proposed terms of their employment, and reviewing and recommending to our board of Directors, for endorsement, the specific remuneration packages for each of the Directors and the Executive Officers;

(e) proposing, for adoption by our Board, measurable, appropriate and meaningful performance targets for assessing the performance of our key management personnel, individual Directors and of our Board as a whole;

(f) ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group;

(g) considering all aspects of remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments), including termination terms, to ensure they are fair;

(h) review our Group's obligations arising in the event of termination of service contracts entered into between our Group and the Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous;

(i) reviewing the terms of performance-related remuneration scheme or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such scheme;

(j) if necessary, seek expert advice within and/or outside our Group on remuneration matters, ensuring that existing relationships, if any, between our Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(k) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules and by such amendments made thereto from time to time.

Each member of our Remuneration Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of his/her remuneration package. In the event that any member of our Remuneration Committee has an interest in a matter being deliberated upon by our Remuneration Committee, such member will abstain from participating in the review and approval process relating to that matter.

BOARD PRACTICES

Our Directors have no fixed term of office. Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. All of our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he/she retires. Further details on the appointment and retirement of Directors can be found in Appendix E entitled "Summary of Our Constitution" to this Offer Document.

According to the Code of Corporate Governance, the chairman of the board and the chief executive officer should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the board of directors of the company for independent decision making.

Our Board, Audit and Risk Committee, Nominating Committee and Remuneration Committee are all chaired by Independent Directors. Our Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by our Directors is independent and based on collective decision-making without our Executive Chairman and CEO being able to exercise considerable power or influence.

ARRANGEMENTS OR UNDERSTANDINGS

None of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S$75.00. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in SGD and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholders has:

   (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two (2) years from the date he ceased to be a partner;

   (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction 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 two (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;

   (c) any unsatisfied judgments against him;

   (d) 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;

   (e) 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;

   (f) at any time during the last 10 years, judgment entered against him in any civil proceeding 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 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;

   (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) 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;

   (i) 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;

   (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (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;

      (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(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 the period when he was so concerned with the entity or business trust; and

(k) ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosure in relation to Mr. Flint Lu

Mr. Flint Lu, is the director of HF Serangoon, a subsidiary of the Group which is currently in the process of creditors' voluntary winding up.

HF Serangoon operates the outlet in NEX, which commenced in 2019. Shortly after its opening, the Circuit Breaker Measures was implemented, and all entertainment venues and non-essential services (including food and beverage establishments) had to cease operations from 27 March 2020. As a result, the outlet in NEX is unable to operate during the entirety of the first phase of the Circuit Breaker Measures and HF Serangoon experienced zero revenue.

Following the end of the rental relief period between April 2020 to July 2020, the Company had entered into various rounds of discussions with the landlord on possible rental assistance. Despite some rental assistance offered by the Landlord, HF Serangoon faced difficulties in the payment of rental, resulting in the outlet in NEX ceasing operation in January 2022 as the lease was terminated by the landlord and the landlord effected re-entry and repossession of the premise.

HF Serangoon received a letter of claim dated 15 July 2022 whereby the former landlord demanded a sum of S$821,029 pursuant to rent in arrears, loss and damages and other amounts owing pursuant to the breach of the lease agreement. Such other amount owing which includes calculation of gross turnover rent based on the statement generated by the landlord, interests, reinstatement costs and legal costs for the issuance of the letter of claim.

The Company was placed under provisional liquidation on 7 May 2024, in accordance with Section 161 of the Insolvency, Restructuring, and Dissolution Act 2018. Subsequently, the provisional liquidation transitioned to a voluntary liquidation on 21 May 2024, following resolutions passed at the extraordinary general meeting and the creditors' meeting held on the same date. Ellyn Tan Huixian has been appointed as the sole Liquidator.

Since the appointment of the Liquidator, the affairs of HF Serangoon have been managed entirely by the Liquidator to the exclusion of the Company's management team, with the aim of recovering and realising any available assets in the most advantageous manner. As at the Latest Practicable Date, the only available assets consist of monies in a bank account in the name of HF Serangoon and there are no assets to be realised. HF Serangoon is in the process of fulfilling and resolving tax obligations imposed by the Income Tax Act 1947 on the Liquidator before the completion of the liquidation process.

For further details, please refer to the section entitled "Our Group Structure", "General Information on our Group – Impact of COVID-19 on our Business" and "Management's Discussion and Analysis of Financial Position and Results of Operations – Capital Expenditures, Commitments and Contingent Liabilities – Contingent Liabilities" of this Offer Document.

Disclosure in relation to Mr. Thang Teck Jong

Mr. Thang Teck Jong is the executive chairman of Travelite Holdings Ltd.. In September 2009, he received a supervisory warning from the Authority for a breach of Section 137 of the SFA in connection with the failure to make timely disclosure of a change in his interest in the voting shares of the Travelite Holdings Ltd. within two (2) business days of such change. The Authority issued a supervisory warning to him to comply with the applicable laws and regulatory requirements at all times, and there was no further regulatory action in this regard.

Disclosure in relation to Mr. Foong Daw Ching

Ayondo Ltd.

Mr. Foong was previously an independent director of Ayondo Ltd. The trading of Ayondo Ltd's shares was suspended on 1 February 2019, over Ayondo Ltd.'s financial situation, business viability issues, and concerns raised over its compliance requirements in the United Kingdom.

Between April 2020 and September 2021, Ayondo Ltd attempted to complete a reverse take-over of Rich Glory International Investment Limited but was unable to complete the take-over within the timelines prescribed by the SGX.

In or around September 2020, in his capacity as an independent director of Ayondo Ltd, Mr. Foong attended an interview conducted by the Market Conduct Investigations (Enforcement Department) of the Authority in conjunction with the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into a possible offence under the Securities and Futures Act 2001. Mr. Foong has confirmed that he has not attended any further interviews following that and no restrictions or conditions were imposed on him. As of the Latest Practicable Date, no charges have been made against Mr. Foong.

On 20 September 2021, Ayondo Ltd announced that it had received a notification of delisting from the Official List of the SGX-ST. Ayondo Ltd was subsequently delisted on 24 December 2021. On 7 January 2021, the independent directors of Ayondo Ltd (including Mr. Foong) filed an application to wind up Ayondo Ltd, which was granted on 28 January 2022. Ayondo Ltd was dissolved pursuant to an order of the High Court of Singapore dated 1 July 2024.

Medi-Flex Limited

Mr. Foong was previously an independent director of Medi-Flex Limited ("**Medi-Flex**") from 15 September 2004 to 2 May 2014.

On 14 April 2011, the SGX-ST reprimanded Medi-Flex and two of its former executive directors for breaches of the Listing Rules and failures of corporate governance in connection with the purchase of a factory equipment by a subsidiary of Medi-Flex in 2005. The Exchange noted that there were several irregularities in the conduct of the said purchase, namely, the failure to verify the existence of the supplier of the equipment and irregularities in payments made for the equipment. The Exchange found that, in breach of Listing Rules 103(5) and 720, these two directors had failed in their obligations to act in the interest of Medi-Flex's shareholders as a whole and had not demonstrated the character and integrity expected of a director of a listed issuer. Furthermore, in breach of Listing Rules 905 and 906, they did not obtain authorisation from the board of directors of Medi-Flex and did not seek approval from shareholders to carry out the said transactions. It was also highlighted that there were failures of corporate governance in the previous management due to the absence of internal controls in payment processes.

As an independent director, Mr. Foong was not involved in the day-to-day affairs and management of Medi-Flex when the said transactions took place. Mr. Foong was also not a subject of any investigation or proceeding by any authority or regulatory body, nor involved or implicated in, investigated or penalised or sanctioned by any authority or regulatory body, in respect of any allegations brought against Medi-Flex.

SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company, being ordinary shares in the share capital of our Company. There is no founder, management or deferred share. Our existing Shares do not carry voting rights which are different from the Placement Shares. The rights and privileges attached to our Shares are stated in our Constitution. A summary of the Constitution of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in Appendix E to this Offer Document.

3. Save as disclosed below and in the section entitled "Share Capital" and "Our Restructuring Exercise and Further Developments" of this Offer Document, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries and associated company within the three (3) years preceding the date of this Offer Document.

Date of issuance	Number of shares issued	Issue price per share	Purpose of issuance	Resultant issued and paid-up share capital
Our Company				
23 February 2021	20,904	S$99.98	Issue of Shares pursuant to the settlement of amount owing to Silver Sky Resources Pte. Ltd(1)	S$3,390,000
25 November 2022	169,673	S$14.32	Issue of Shares pursuant to the MK Repayment Deed(2)	S$5,820,000
15 December 2023	177,051	S$6.08	Issue of Shares pursuant to the Share Swap(3)	S$6,895,953
15 December 2023	200,000	S$10.00	Issue of Shares pursuant to the Capitalisation of the GIH2023 Loan(4)	S$8,895,953
Cookease				
5 April 2024	50,000	S$1.00	Incorporation	S$50,000
HF Bugis				
20 December 2021	1,000	S$1.00	Incorporation	S$1,000
31 March 2022	1,500	S$266.67	Increase in share capital pursuant to the investment by Victoria Sun(5)	S$401,000
31 March 2022	1	S$99,000	Increase in share capital pursuant to the capitalisation of Loan by our Company(6)	S$500,000
24 January 2024	3,000 Class B Ordinary Shares	S$1,000	Issuance of the first tranche of Class B Ordinary Shares pursuant to the HF Bugis JVA(7)	S$3,500,000
12 March 2024	3,000 Class B Ordinary Shares	S$1,000	Issuance of the second tranche of Class B Ordinary Shares pursuant to the HF Bugis JVA(8)	S$6,500,000
HF Bugis Plus				
31 January 2024	10,000	S$1.00	Incorporation	S$10,000
5 April 2024	40,000	S$1.00	Increase in share capital	S$50,000

Date of issuance	Number of shares issued	Issue price per share	Purpose of issuance	Resultant issued and paid-up share capital
HF Cineleisure				
10 February 2023	300,000	S$1.00	Incorporation	S$300,000
HF Chinatown				
28 February 2022	163,636	S$1.83	Increase in share capital pursuant to the investment by Liu Cheng	S$500,000
14 April 2022	136,364	S$1.83	Increase in share capital pursuant to the investment by Tian Yongbin and Ji Fang	S$750,000
Yakitori One (formerly, HF Liveshow)				
31 January 2023	300,000	S$1.00	Incorporation	S$300,000 (9)
HF Lite				
13 February 2023	200,000	S$1.00	Incorporation	S$200,000 (10)
HF Pasir Ris				
6 July 2023	150,000	S$1.00	Incorporation	S$150,000 (11)
HF Suntec				
31 January 2023	100,000	S$1.00	Incorporation	S$100,000
HF Thomson				
1 August 2022	821,429	S$0.12	Increase in share capital	S$850,000
Goodwill Entertainment Malaysia				
28 November 2023	10,000	RM1.00	Incorporation	RM10,000
Open Menu Marketing				
2 April 2024	10,000	S$1.00	Incorporation	S$10,000

Notes:

(1) Pursuant to the loan granted by Silver Sky Resources Pte. Ltd., our Company allotted and issued 20,904 Shares to Silver Sky Resources Pte. Ltd. on 23 February 2021 for the settlement of the amount owing. The loan owing to Silver Sky Resources Pte. Ltd. has been fully settled by the allotment and issuance of the 20,904 shares in the capital of the Company on 23 February 2021. The 20,904 Shares held by Silver Sky Resources Pte. Ltd. were transferred to Victoria Sun on 25 November 2022. Victoria Sun, due to personal economic reasons, has since transferred her shares to Liu Baofeng and Wang Guangwu on 18 April 2023 and 24 January 2024, who each hold 11,289 shares and 9,615 shares respectively. Liu Baofeng and Wang Guangwu are unrelated to our Directors, Executive Officers, Substantial Shareholders and/or their respective associates.

(2) Pursuant to the MK Repayment Deed, our Company allotted and issued 169,673 Shares to Mengkim on 25 November 2022 for the full settlement loans amounting to S$2,430,000 owing by the Company to Mengkim.

(3) Pursuant to the Share Swap, our Company allotted and issued 177,051 Shares to GIH2023 on 15 December 2023 for a total consideration of S$1,075,953. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise – Share Swap" of this Offer Document for more details.

(4) Pursuant to the Capitalisation of the GIH2023 Loan, our Company allotted and issued 200,000 Shares to GIH2023 on 15 December 2023 pursuant to the capitalization of an outstanding loan in the amount of S$2,000,000 provided by GIH2023 to the Company. Please refer to the section entitled "Our Restructuring Exercise and Further Developments – Restructuring Exercise – Capitalisation of the GIH2023 Loan" of this Offer Document for more details.

(5) Victoria Sun has since transferred her shares to the Company and GIH2023 on 18 January 2023 and 23 May 2023, in lots of 750 shares respectively. GIH2023 has since transferred the 750 shares to the Company on 15 December 2023, pursuant to the Restructuring Exercise.

(6) The monies owing to the Company by HF Bugis is related to costs incurred from renovation works, purchasing fixtures and equipment and payment of salaries.

(7) On 24 January 2024, pursuant to the HF Bugis JVA, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively.

(8) On 12 March 2024, 2,100 and 900 Class B Ordinary Shares were allotted and issued to our Company and Hezong, respectively.

(9) The return of allotment made on the respective allotment date stated the paid-up capital is S$1.00. Pursuant to the directors' resolution passed on 25 April 2024, the share capital is fully paid-up - S$300,000.

(10) The return of allotment made on the respective allotment date stated the paid-up capital is S$1.00. Pursuant to the directors' resolution passed on 25 April 2024, the share capital is fully paid-up - S$200,000.

(11) The return of allotment made on the respective allotment date stated the paid-up capital is S$1.00. Pursuant to the directors' resolution passed on 25 April 2024, the share capital is fully paid-up - S$150,000.

4. Save as disclosed in the section entitled "Share Capital" and "Our Restructuring Exercise and Further Developments" of this Offer Document, no shares in, or debentures of, our Company or any of our Subsidiaries and associated company have been issued, or are proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three (3) years preceding the date of this Offer Document.

5. As at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any securities or securities-based derivatives contracts of our Company or any of our Subsidiaries and associated company.

MATERIAL CONTRACTS

6. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by us within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:

   (a) the MK Repayment Deed;

   (b) the GIH2023 Loan, as described in the section entitled "Interested Person Transaction – Present and On-Going Interested Person Transactions"

   (c) The HF Bugis JVA, as described in the section entitled "General Information on our Group – History";

   (d) the Management and Sponsorship Agreement referred to in the section entitled "Management, Sponsorship and Placement Arrangements – Management and Sponsorship Agreement" of this Offer Document;

   (e) the Placement Agreement referred to in the section entitled "Management, Sponsorship and Placement Arrangements – Placement Agreement" of this Offer Document;

   (f) the moratorium undertakings referred to in the section entitled "*Shareholders – Moratorium*" of this Offer Document; and

   (g) the Service Agreement between our Group and Mr. Flint Lu dated 1 October 2024, as described in the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document.

LITIGATION

7. From time to time our Group companies may be party to litigation, arbitration or administrative proceedings. Our Group was not engaged in any legal or arbitration proceedings in the last 12 months before the date of the lodgement of this Offer Document, as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Placement and our Directors have no knowledge of any proceedings pending or threatened against our Company or any member of our Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or profitability of our Group.

MISCELLANEOUS

8. There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of shares of another corporation or units of a business trust, which has occurred between the beginning of FY2023 and the Latest Practicable Date.

9. Save as disclosed in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing for and/or purchasing or agreeing to subscribe for and/or purchase or procuring or agreeing to procure subscriptions for and/or purchase of any shares in or debentures of our Company or any of our Subsidiaries.

10. No amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

11. No expert employed on a contingent basis by our Company or any of our Subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our Subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

12. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

13. Save as disclosed in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Position and Results of Operations" and "General Information on our Group   Trend Information" this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on revenues or operating income.

14. Save as disclosed in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Position and Results of Operations" and "General Information on our Group – Trend Information" of this Offer Document, our Directors are not aware of any event which has occurred between the end of 3M2024 and the Latest Practicable Date, which may have a material effect on the financial position and results of operations of our Group or the financial information provided in this Offer Document.

15. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company for the Period Under Review are as follows:

Name / Address	Membership in a Professional body	Partner-in-charge / Professional qualification
Foo Kon Tan LLP 1 Raffles Place #04-61/62 One Raffles Place Tower 2 Singapore 048616	Institute of Singapore Chartered Accountants	Mr. Cheong Wenjie (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing our auditors after the admission to, and listing of, our Company on Catalist.

CONSENTS

16. Foo Kon Tan LLP, named as the Independent Auditor and Reporting Accountant has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of, and all references to, (a) its name and the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024", as set out in Appendices A and B to this Offer Document respectively, which were prepared as at the date of this Offer Document for the purpose of incorporation in this Offer Document, and (b) certain statements attributable to it in the sections entitled "Corporate Governance – Audit and Risk Committee – Adequacy of Internal Controls" and "Corporate Governance – Audit and Risk Committee – Audit and Risk Committee's Opinion on the Suitability of our CFO" of this Offer Document which were prepared for the purpose of incorporation in this Offer Document in the form and context in which they are included and appear in this Offer Document and to act in such capacity in relation to this Offer Document, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document. The above-mentioned reports were prepared for the purpose of incorporation in this Offer Document.

17. ECA, named as the Sponsor and Issue Manager and a Joint Placement Agent, has given and have not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its names and references thereto, and certain statements attributable to it in the sections entitled "Dividend Policy", "Management's Discussion and Analysis of Financial Position and Results of Operations – Liquidity and Capital Resources" and "Corporate Governance – Audit and Risk Committee – Audit and Risk Committee's Opinion on the Suitability of our CFO", which were prepared for the purpose of incorporation in this Offer Document, in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.

18. HTI, as the Joint Placement Agent, has given and have not withdrawn is written consent to the issue of this Offer Document with the inclusion herein of its names and references in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.

19. The Solicitors to our Company as to Singapore law has given and has not withdrawn its written consent to the issuance of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

20. The Solicitors to our Sponsor and Issue Manager and Joint Placement Agents as to Singapore law has given and has not withdrawn its written consent to the issuance of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.

21. Baker Tilly Consultancy (Singapore) Pte. Ltd., our internal auditors, has given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto, and certain statements attributable to it in the sections entitled "Risk Factors - We may be subject to fines and/or other penalties for past non-compliance with laws and regulations", "General Information –- PROCUREMENT – Procurement Process", "Corporate Governance – Audit and Risk Committee – Adequacy of Internal Controls", and "Corporate Governance – Audit and Risk Committee – Audit and Risk Committee's Opinion on the Suitability of our CFO" which were prepared for the purpose of incorporation in this Offer Document, in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.

22. Each of the Share Registrar and the Receiving Bank do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

23. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

RESPONSIBILITY STATEMENT BY THE VENDOR

24. The Vendor accepts full responsibility for the accuracy of the information given in this Offer Document and confirms, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries, and the Vendor is not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

25. The following documents or copies thereof may be inspected at the registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority:

(a) the Constitution of our Company;

(b) the "Independent Auditor's Report and the Consolidated Financial Statements for the Financial Years Ended 31 December 2021, 2022 and 2023" as set out in Appendix A to this Offer Document;

(c) the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2024" as set out in Appendix B to this Offer Document;

(d) the material contracts referred to in the section entitled "General and Statutory Information – Material Contracts" of this Offer Document;

(e) the letters of consent referred to in the section entitled "General and Statutory Information – Consents" of this Offer Document; and

(f) the Service Agreement referred to in the section entitled "Directors, Executive Officers and Employees – Service Agreement" of this Offer Document.

Consolidated Financial Statements
Goodwill Entertainment Holding Limited and its subsidiaries

For the financial years ended 31 December 2021, 2022 and 2023

INDEPENDENT AUDITOR'S REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

Goodwill Entertainment Holding Limited and its subsidiaries
Directors' statement
for the financial years ended 31 December 2021, 2022 and 2023

We submit the consolidated financial statements of Goodwill Entertainment Holding Limited (the "Company") and its subsidiaries (the "Group") for the financial years ended 31 December 2021, 2022 and 2023.

In our opinion:

(a) the accompanying consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (International) so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 31 December 2022 and 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023; and

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

On behalf of the Directors

____
Lu Mang

____
Thang Teck Jong

Dated: 30 October 2024

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

Goodwill Entertainment Holding Limited and its subsidiaries
Independent auditor's report on the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

The Board of Directors
Goodwill Entertainment Holding Limited
33 Ubi Avenue 3
#05-16
Vertex
Singapore 408868

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Goodwill Entertainment Holding Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2021, 31 December 2022 and 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with 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 as at 31 December 2021, 31 December 2022 and 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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 consolidated 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.

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with 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.

Goodwill Entertainment Holding Limited and its subsidiaries
Independent auditor's report on the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

Responsibilities of Management and Directors for the Consolidated Financial Statements (Cont'd)

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Goodwill Entertainment Holding Limited and its subsidiaries
Independent auditor's report on the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- 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.

Restriction on Distribution and Use

This report has been prepared solely to you as a body and for inclusion in the Offer Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Catalist of the Singapore Exchange Securities Trading Limited.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

Cheong Wenjie
Partner-in-charge

30 October 2024

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of financial position
as at 31 December 2021, 2022 and 2023

	Note	2021 S$	2022 S$	2023 S$
ASSETS				
Non-Current Assets				
Plant and equipment	3	4,055,152	4,050,106	13,515,777
Right-of-use assets	4	2,136,652	6,369,420	16,629,321
Intangible assets	5	7,801	6,159	4,517
Deferred tax assets	6	693,446	239,543	231,093
Associate	7	24,062	–	–
		6,917,113	10,665,228	30,380,708
Current Assets				
Inventories	8	118,692	206,077	430,727
Trade and other receivables	9	971,829	1,381,303	4,876,996
Prepayments	10	53,640	60,990	461,705
Cash and bank deposits	11	708,484	2,509,438	2,843,023
		1,852,645	4,157,808	8,612,451
Total assets		8,769,758	14,823,036	38,993,159
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	12	3,390,000	5,820,000	8,895,953
Other reserves	13	369,068	1,253,129	760,321
Accumulated losses		(5,994,411)	(4,848,739)	(1,944,554)
Equity attributable to owners of the Company		(2,235,343)	2,224,390	7,711,720
Non-controlling interests		203,851	1,124,843	442,752
Total equity		(2,031,492)	3,349,233	8,154,472
Non-Current Liabilities				
Deferred tax liabilities	6	–	49,906	19,136
Lease liabilities	14	897,769	4,901,128	12,528,072
Borrowings	15	437,120	27,078	1,770,407
Provision for restoration costs	16	293,546	347,839	899,389
		1,628,435	5,325,951	15,217,004
Current Liabilities				
Lease liabilities	14	3,023,376	1,738,313	5,520,662
Borrowings	15	4,485,664	1,458,777	3,387,236
Provision for restoration costs	16	90,898	123,174	–
Trade and other payables	17	1,572,877	2,608,022	6,196,266
Current tax payable		–	219,566	517,519
		9,172,815	6,147,852	15,621,683
Total liabilities		10,801,250	11,473,803	30,838,687
Total equity and liabilities		8,769,758	14,823,036	38,993,159

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income
for the financial years ended 31 December 2021, 2022 and 2023

	Note	2021 S$	2022 S$	2023 S$
Revenue	18	930,476	16,486,792	23,930,574
Other income	19	1,418,570	1,012,288	561,402
Purchases and related costs		(434,098)	(3,294,370)	(3,764,105)
Depreciation of plant and equipment	3	(1,282,513)	(1,185,396)	(1,714,160)
Depreciation of right-of-use assets	4	(1,341,180)	(1,505,150)	(3,741,745)
Staff costs	20	(1,898,520)	(4,549,018)	(6,340,081)
Operating lease expenses		(40,754)	(227,272)	(804,303)
Other operating expenses	21	(448,246)	(3,497,445)	(3,616,962)
Share of results of associate, net of tax	7	(190,599)	(24,062)	–
Finance costs	22	(506,255)	(440,608)	(825,288)
(Loss)/Profit before taxation		(3,793,119)	2,775,759	3,685,332
Taxation	23	402,515	(723,375)	(446,101)
(Loss)/Profit for the year		(3,390,604)	2,052,384	3,239,231
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences on consolidation		–	–	7
Other comprehensive income for the year, net of tax of nil		–	–	7
Total comprehensive (loss)/income for the year		(3,390,604)	2,052,384	3,239,238
(Loss)/Profit attributable to:				
Owners of the Company		(3,307,183)	1,145,672	2,904,185
Non-controlling interests		(83,421)	906,712	335,046
		(3,390,604)	2,052,384	3,239,231
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(3,307,183)	1,145,672	2,904,192
Non-controlling interests		(83,421)	906,712	335,046
		(3,390,604)	2,052,384	3,239,238
(Loss)/Earnings per share (Singapore cents)				
- Basic and diluted	24	(2.22)	0.73	1.32

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of changes in equity
for the financial years ended 31 December 2021, 2022 and 2023

	Share capital	Capital reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$
Balance at 1 January 2021	1,300,000	369,068	(2,687,228)	(1,018,160)	287,272	(730,888)
Loss for the year, representing total comprehensive loss for the year	–	–	(3,307,183)	(3,307,183)	(83,421)	(3,390,604)
Contributions by and distributions to owners						
- Issuance of ordinary shares (Note 12)	2,090,000	–	–	2,090,000	–	2,090,000
Transactions with owners in their capacity as owners	2,090,000	–	–	2,090,000	–	2,090,000
Balance at 31 December 2021	3,390,000	369,068	(5,994,411)	(2,235,343)	203,851	(2,031,492)
Balance at 1 January 2022	3,390,000	369,068	(5,994,411)	(2,235,343)	203,851	(2,031,492)
Profit for the year, representing total comprehensive income for the year	–	–	1,145,672	1,145,672	906,712	2,052,384
Contributions by and distributions to owners						
Issuance of ordinary shares (Note 12)	2,430,000	–	–	2,430,000	–	2,430,000
Changes in ownership interests in subsidiaries						
Dilution of interests in subsidiaries without loss of control (Note 32(i))	–	214,494	–	214,494	735,506	950,000
Acquisition of non-controlling interests in a subsidiary without change in control (Note 32(ii))	–	(358,624)	–	(358,624)	(191,376)	(550,000)
Disposal of interests in subsidiaries without loss of control (Note 32(iii))	–	1,028,191	–	1,028,191	(428,191)	600,000
Acquisition of a subsidiary (Note 32(iv))	–	–	–	–	(101,659)	(101,659)
Transactions with owners in their capacity as owners	2,430,000	884,061	–	3,314,061	14,280	3,328,341
Balance at 31 December 2022	5,820,000	1,253,129	(4,848,739)	2,224,390	1,124,843	3,349,233

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of changes in equity
for the financial years ended 31 December 2021, 2022 and 2023

	Share capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2023	5,820,000	1,253,129	–	(4,848,739)	2,224,390	1,124,843	3,349,233
Profit for the year	–	–	–	2,904,185	2,904,185	335,046	3,239,231
Other comprehensive income for the year	–	–	7	–	7	–	7
Total comprehensive income for the year	–	–	7	2,904,185	2,904,192	335,046	3,239,238
Contributions by and distributions to owners							
Issuance of ordinary shares (Note 12)	2,000,000	–	–	–	2,000,000	–	2,000,000
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests in subsidiaries without change in control (Note 32(ii))	1,075,953	(492,815)	–	–	583,138	(983,138)	(400,000)
Incorporation of subsidiaries with non-controlling interests (Note 32(v))	–	–	–	–	–	196,001	196,001
Dividend by a subsidiary to a non-controlling interest	–	–	–	–	–	(230,000)	(230,000)
Transactions with owners in their capacity as owners	3,075,953	(492,815)	–	–	2,583,138	(1,017,137)	1,566,001
Balance at 31 December 2023	8,895,953	760,314	7	(1,944,554)	7,711,720	442,752	8,154,472

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of cash flows
for the financial years ended 31 December 2021, 2022 and 2023

	Note	2021 S$	2022 S$	2023 S$
Cash Flows from Operating Activities				
(Loss)/Profit before taxation		(3,793,119)	2,775,759	3,685,332
Adjustments for:				
Amortisation of intangible assets	5	1,642	1,642	1,642
Depreciation of plant and equipment	3	1,282,513	1,185,396	1,714,160
Depreciation of right-of-use assets	4	1,341,180	1,505,150	3,741,745
Fair value gain on associate	19	–	(69,565)	–
Gain on change in interest in associate	7	(14,661)	–	–
Gain on lease termination	19	–	(263,622)	–
Impairment loss on goodwill	5	–	358,360	–
Interest expense	22	506,255	440,608	825,288
Interest income	19	–	(6,005)	(163)
Loss on disposal of plant and equipment	21	–	84,744	–
Plant and equipment written off	21	–	778,934	33,489
Reversal of provision for restoration costs	19	–	(65,266)	–
Share of results of associate	7	190,599	24,062	–
Waiver of interest on loan from a third party	19	–	(108,356)	–
Operating (loss)/profit before working capital changes		(485,591)	6,641,841	10,001,493
Changes in inventories		15,644	(65,743)	(224,650)
Changes in trade and other receivables		281,643	(528,432)	(3,338,677)
Changes in prepayments		(13,860)	(7,350)	(400,715)
Changes in trade and other payables		127,820	149,663	1,550,109
Changes in provision		(9,384)	136,684	410,300
Cash (used in)/generated from operations		(83,728)	6,326,663	7,997,860
Income taxes paid		–	–	(170,468)
Interest received		–	6,005	163
Net cash (used in)/generated from operating activities		(83,728)	6,332,668	7,827,555
Cash Flows from Investing Activities				
Acquisition of a subsidiary	32(iv)	–	73,277	–
Acquisition of non-controlling interests in subsidiaries without change in control	32(ii)	–	(550,000)	(400,000)
Advances repaid from/(made to) related companies		65,333	249,704	(157,016)
Capital contributions by non-controlling interests in subsidiaries	32(i)	–	950,000	–
Disposal of interests in subsidiaries without loss of control	32(iii)	–	600,000	–
Incorporation of subsidiaries with non-controlling interests	32(v)	–	–	196,001
Investment deposit received	17	–	–	900,000
Proceeds from disposal of plant and equipment		–	117,755	–
Purchase of plant and equipment	3	(346,295)	(1,804,298)	(11,213,320)
Net cash used in investing activities		(280,962)	(363,562)	(10,674,335)

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of cash flows
for the financial years ended 31 December 2021, 2022 and 2023

	Note	2021 S$	2022 S$	2023 S$
Cash Flows from Financing Activities				
Advances from related parties		193,873	73,218	908,142
Fixed deposits with maturity of more than three months or pledged		–	(169,005)	369,005
Interest paid		(419,851)	(342,101)	(807,212)
Payment of lease liabilities		(1,072,767)	(2,756,000)	(2,592,353)
Proceeds from borrowings		2,040,000	–	6,520,000
Repayment of borrowings		(304,338)	(1,143,269)	(848,212)
Net cash generated from/(used in) financing activities		436,917	(4,337,157)	3,549,370
Net increase in cash and cash equivalents		72,227	1,631,949	702,590
Cash and cash equivalents at beginning of year		436,257	508,484	2,140,433
Cash and cash equivalents at end of year	11	508,484	2,140,433	2,843,023

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of cash flows
for the financial years ended 31 December 2021, 2022 and 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities (Note 14)	Bank loans (Note 15)	Loan from a related company (Note 15)	Loans from third parties (Note 15)	Bank overdraft	Non-trade amount due to a director (Note 17)	Non-trade amounts due to related companies (Note 17)	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2021	5,121,578	2,162,122	–	3,048,000	1,625	20,766	1,000,446	11,354,537
Changes from financing cash flows								
- Advances from related parties	–	–	–	–	–	–	193,873	193,873
- Interest paid	(172,392)	(63,428)	(9,031)	(175,000)	–	–	–	(419,851)
- Payment of lease liabilities	(1,072,767)	–	–	–	–	–	–	(1,072,767)
- Proceeds from borrowings	–	–	540,000	1,500,000	–	–	–	2,040,000
- Repayment of borrowings	–	(290,370)	(13,968)	–	–	–	–	(304,338)
Total changes from financing cash flows	(1,245,159)	(353,798)	517,001	1,325,000	–	–	193,873	436,917
Other changes								
- Changes in bank overdraft	–	–	–	–	(1,625)	–	–	(1,625)
- Issuance of ordinary shares	–	–	–	(2,090,000)	–	–	–	(2,090,000)
- Interest expense	172,392	63,428	9,031	242,000	–	–	–	486,851
- Lease modifications	(127,666)	–	–	–	–	–	–	(127,666)
Total liability-related other changes	44,726	63,428	9,031	(1,848,000)	(1,625)	–	–	(1,732,440)
Balance at 31 December 2021	3,921,145	1,871,752	526,032	2,525,000	–	20,766	1,194,319	10,059,014

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of cash flows
for the financial years ended 31 December 2021, 2022 and 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Lease liabilities (Note 14)	Bank loans (Note 15)	Loan from a related company (Note 15)	Loans from third parties (Note 15)	Non-trade amount due to a director (Note 17)	Non-trade amounts due to non-controlling interests (Note 17)	Non-trade amounts due to related companies (Note 17)	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2022	3,921,145	1,871,752	526,032	2,525,000	20,766	-	1,194,319	10,059,014
Changes from financing cash flows								
- Advances from/(repaid to) related parties	–	–	–	–	280,819	63,181	(270,782)	73,218
- Interest paid	(236,577)	(49,473)	(49,088)	(6,963)	–	–	–	(342,101)
- Payment of lease liabilities	(2,756,000)	–	–	–	–	–	–	(2,756,000)
- Repayment of borrowings	–	(507,052)	(526,032)	(110,185)	–	–	–	(1,143,269)
Total changes from financing cash flows	(2,992,577)	(556,525)	(575,120)	(117,148)	280,819	63,181	(270,782)	(4,168,152)
Other changes								
- Acquisition of a subsidiary	132,333	–	–	161,340	–	–	–	293,673
- Issuance of ordinary shares	–	–	–	(2,430,000)	–	–	–	(2,430,000)
- Interest expense	236,577	49,473	49,088	90,319	–	–	–	425,457
- Lease modifications	2,037,623	–	–	–	–	–	–	2,037,623
- Lease termination	(903,910)	–	–	–	–	–	–	(903,910)
- New leases	4,208,250	–	–	–	–	–	–	4,208,250
- Waiver of interest on loan from a third party	–	–	–	(108,356)	–	–	–	(108,356)
Total liability-related other changes	5,710,873	49,473	49,088	(2,286,697)	–	–	–	3,522,737
Balance at 31 December 2022	6,639,441	1,364,700	–	121,155	301,585	63,181	923,537	9,413,599

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Consolidated statements of cash flows
for the financial years ended 31 December 2021, 2022 and 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Lease liabilities (Note 14)	Bank loans (Note 15)	Loans from third parties (Note 15)	Loans from shareholders (Note 15)	Non-trade amount due to a director (Note 17)	Non-trade amounts due to non-controlling interests (Note 17)	Non-trade amounts due to related companies (Note 17)	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2023	6,639,441	1,364,700	121,155	–	301,585	63,181	923,537	9,413,599
Changes from financing cash flows								
- Advances (repaid to)/from related parties	–	–	–	–	(155,166)	234,400	828,908	908,142
- Interest paid	(657,725)	(138,564)	(6,756)	(4,167)	–	–	–	(807,212)
- Payment of lease liabilities	(2,592,353)	–	–	–	–	–	–	(2,592,353)
- Proceeds from borrowings	–	2,540,000	–	3,980,000	–	–	–	6,520,000
- Repayment of borrowings	–	(754,135)	(94,077)	–	–	–	–	(848,212)
Total changes from financing cash flows	(3,250,078)	1,647,301	(100,833)	3,975,833	(155,166)	234,400	828,908	3,180,365
Other changes								
- Interest expense	657,725	138,564	6,756	4,167	–	–	–	807,212
- Issuance of ordinary shares	–	–	–	(2,000,000)	–	–	–	(2,000,000)
- Lease modifications	19,829	–	–	–	–	–	–	19,829
- New leases	13,981,817	–	–	–	–	–	–	13,981,817
Total liability-related other changes	14,659,371	138,564	6,756	(1,995,833)	–	–	–	12,808,858
Balance at 31 December 2023	18,048,734	3,150,565	27,078	1,980,000	146,419	297,581	1,752,445	25,402,822

The annexed notes form an integral part of and should be read in conjunction with these consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

1 General information

Goodwill Entertainment Holding Pte. Ltd. (the "Company") was incorporated as a private company limited by shares and domiciled in the Republic of Singapore on 12 December 2016. On 25 October 2024, the Company was converted to a public limited company and the Company's name was changed to Goodwill Entertainment Holding Limited.

The registered office and principal place of business of the Company is located at 33 Ubi Avenue 3, #05-16 Vertex, Singapore 408868.

The principal activities of the Company are those of investment holding and wholesale of liquor and beverages. The principal activities of the subsidiaries are disclosed in Note 32 to the consolidated financial statements.

The controlling shareholders of the Company are Goodwill Investment Holdings 2023 Pte. Ltd. and Lu Mang.

The consolidated financial statements have been prepared solely in connection with the proposed listing of the Company on the Catalist of the Singapore Exchange Securities Trading Limited.

The consolidated financial statements of the Company and its subsidiaries (the "Group") are authorised for issue by the directors of the Company on 30 October 2024.

2(a) Basis of preparation

The consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The consolidated financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The consolidated financial statements are presented in Singapore dollar ("S$") which is the Company's functional currency. All financial information has been presented in Singapore dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with SFRS(I)s requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies

Going concern

The Group had net current liabilities of S$7,009,232 as at 31 December 2023. Notwithstanding this, the Group generated net profit and net operating cash inflows of S$3,239,231 and S$7,827,555, respectively, for the financial year ended 31 December 2023. The Group also had net assets of S$8,154,472 as at 31 December 2023. Subsequent to the end of the reporting period, the Group continues to generate net profit and net operating cash inflows, and reduced its working capital deficiency, driven by the strong financial performance of its operations. In addition, the Group's current liabilities comprised a loan from a shareholder, which the controlling shareholder of the Company is able and has committed to manage the payment obligation when the need arises. Accordingly, the directors believe that the Group has sufficient working capital and financial resources to enable it to meet its liabilities as and when they fall due and continue as a going concern for at least 12 months from the end of the reporting period. Consequently, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, and there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that would be required if the going concern basis is found to be inappropriate.

De facto power over certain subsidiaries

The Group determines if it has control, or not, over an investee based on whether the Group has the practical ability to direct the relevant activities unilaterally that significantly affect the investee's returns. As at 31 December 2022 and during the financial year then ended, although the Group owned less than half of the equity interests and voting rights in Have Fun TPY Pte. Ltd., Have Fun Yishun Pte. Ltd. and Have Fun Bugis Pte. Ltd., management has determined that the Group has control over these investee companies in view that their majority shareholder, who is the Chief Operating Officer and a shareholder of the Company, has assigned control to direct the relevant activities of the investee companies to the Company. The sole director of the investee companies is the Executive Director and Chief Executive Officer of the Company. During the financial year ended 31 December 2022, although the Group owned less than half of the equity interest and voting rights in HF Chinatown Pte. Ltd., management has determined that the Group has control over the investee company in view that the other unrelated shareholders have all assigned control to direct the relevant activities of the investee company to the Company.

Income taxes

Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the current tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of deferred taxation at the end of the reporting period and income taxes for the year are disclosed in Note 6 and Note 23, respectively, to the consolidated financial statements.

2(a) Basis of preparation (cont'd)

Significant accounting estimates and assumptions used in applying accounting policies

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

The costs of plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets or based on the shorter period of lease term and useful life of the right-of-use asset. The Group's business is capital intensive and the annual depreciation of plant and equipment and right-of-use assets form a significant component of total costs charged to profit or loss. Management estimates the useful lives of plant and equipment and right-of-use assets to be 3 to 10 years and 2 to 10 years, respectively. The carrying amount of the Group's plant and equipment and right-of-use assets at the end of the reporting period is disclosed in Note 3 and Note 4, respectively, to the consolidated financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's plant and equipment increases/decreases by 10% from management's estimates, the Group's results for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 will decrease/increase by S$128,251, S$118,540 and S$171,416, respectively. If depreciation on the Group's right-of-use assets increases/decreases by 10% from management's estimates, the Group's results for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 will decrease/increase by S$134,118, S$150,515 and S$374,175, respectively.

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

Plant and equipment and right-of-use assets are assessed at the end of each reporting period whether there is any indication of impairment or that an impairment loss recognised in prior periods no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's plant and equipment and right-of-use assets as at 31 December 2021, 2022 and 2023 and the basis used to determine value in use and fair value less costs of disposal are disclosed in Note 3 and Note 4, respectively, to the financial statements.

2(a) Basis of preparation (cont'd)

Significant accounting estimates and assumptions used in applying accounting policies (cont'd)

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period and applies judgement and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8 to the consolidated financial statements. If the net realisable values of inventories decrease by 10% below cost from management's estimates, the Group's results for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 will decrease by S$11,869, S$20,608 and S$43,073, respectively.

Allowance for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group applies the 3-stage general approach to determine ECLs for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group considers qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's trade and other receivables is disclosed in Note 29.1. If the loss rates on trade and other receivables increase by 10% from management's estimates, the Group's results for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 will decrease by S$93,866, S$136,089 and S$411,459, respectively.

Estimation of incremental borrowing rate

For the purpose of calculating right-of-use asset and lease liability, the Group applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the Group uses its incremental borrowing rate ("IBR") applicable to the lease asset. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amounts of the Group's right-of-use assets and lease liabilities are disclosed in Note 4 and Note 14, respectively, to the financial statements. As at 31 December 2021, 31 December 2022 and 31 December 2023, an increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Group's right-of-use assets by S$10,683, S$31,847 and S$83,147, respectively, and the Group's lease liabilities by S$19,606, S$33,197 and S$90,244, respectively.

2(b) Adoption of new or amended standards

The Group has adopted all applicable new or amended SFRS(I)s under which the relevant accounting policies have been consistently applied to the Group's consolidated financial statements throughout the periods, except for any new or amended standards or interpretations that are not yet effective for the reporting period beginning 1 January 2023.

2(c) New or amended standards in issue but not yet effective

The following are the new or amended SFRS(I)s issued that are not yet effective but may be early adopted. However, the Group has not early adopted the new or amended SFRS(I)s in preparing these consolidated financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1	Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21	Lack of Exchangeability	1 January 2025
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to SFRS(I) 9 and SFRS(I) 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to SFRS(I)s – Volume 11		
- Amendments to SFRS(I) 1	Hedge Accounting by a First-Time Adopter	1 January 2026
- Amendments to SFRS(I) 7	Gain or Loss on Derecognition	1 January 2026
- Amendments to SFRS(I) 7	Disclosure of Deferred Difference between Fair Value and Transaction Price	1 January 2026
- Amendments to SFRS(I) 7	Introduction and Credit Risk Disclosures	1 January 2026
- Amendments to SFRS(I) 9	Derecognition of Lease Liabilities	1 January 2026
- Amendments to SFRS(I) 9	Transaction Price	1 January 2026
- Amendments to SFRS(I) 10	Determination of a 'De Facto Agent'	1 January 2026
- Amendments to SFRS(I) 1-7	Cost Method	1 January 2026

Management does not anticipate that the adoption of the above new or amended SFRS(I)s in future periods will have a material impact on the consolidated financial statements of the Group in the period of their initial adoption.

2(c) New or amended standards in issue but not yet effective (cont'd)

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants*

The amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within 12 months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within 12 months of the reporting period, including:

(a) the carrying amount of the liability;
(b) information about the covenants; and
(c) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

2(d) Material accounting policy information

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive losses are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if, and only if, the Group has all of the following:

(i) power over the investee;
(ii) exposure, or rights or variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable SFRS(I)s).

2(d) Material accounting policy information (cont'd)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if the interests were disposed of.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, as follows:

Renovations	3 to 6 years
Furniture and equipment	5 to 10 years
Computers	5 years

No depreciation is provided for construction-in-progress.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the period in which it is incurred.

For acquisitions and disposals during the period, depreciation is recognised in profit or loss from the month that the plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated plant and equipment are retained in the accounts until they are no longer in use.

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.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

2(d) Material accounting policy information (cont'd)

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss under research and development expenses, consistent with the function of the intangible assets. Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the asset is derecognised.

Computer software

The costs relating to software acquired, which are not an integral part of the related hardware, are capitalised and amortised on a straight-line basis over their estimated useful lives of ten years.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest (if any) in the entity, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2(d) Material accounting policy information (cont'd)

Intangible assets (cont'd)

Goodwill (cont'd)

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Associate

An associate is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of the associate, based on the associate's most recent available financial statements after any adjustments to align the accounting policies with those of the Group, is included in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gain on transactions between the Group and its associate is eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed, for example, in the form of loans. When the associate 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.

The Group's share of the net assets and post-acquisition retained earnings and reserves of associate is reflected in the carrying amount of the investment in the consolidated statements of financial position.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2(d) Material accounting policy information (cont'd)

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the financial instruments. Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs. Trade receivables are measured at the amount of 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 party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group does not hold any financial assets at FVOCI or financial assets at FVTPL.

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

2(d) Material accounting policy information (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at amortised cost (debt instruments) (cont'd)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables (excluding net input taxes) and cash and bank deposits.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their businesses and financial conditions.

2(d) Material accounting policy information (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise lease liabilities, borrowings and trade and other payables (excluding advances from customers, government grants payable and net output taxes).

2(d) Material accounting policy information (cont'd)

Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Borrowings

Borrowings which are due to be settled more than 12 months after the reporting period are included in current borrowings in the statements of financial position if the loan facility agreements include an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan agreement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed after the reporting period and before the authorisation of the financial statements for issue not to demand payment as a consequent of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least 12 months after that date. Other borrowings due to be settled more than 12 months after the reporting period are included in non-current borrowings in the consolidated statements of financial position.

Derecognition

A financial liability is derecognised when the obligation under the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks. Cash equivalents are short-term (generally with maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

2(d) Material accounting policy information (cont'd)

Cash and cash equivalents (cont'd)

For the purpose of the consolidated statements of cash flows, cash and cash equivalents exclude fixed deposits with maturity of more than three months or pledged.

Share capital

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

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Provision

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provision.

Provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

<u>Provision for restoration costs</u>

A provision for restoration is recognised when the Group is legally obligated to dismantle physical installations and to restore to its original state a property owned by external parties following decommissioning of the Group's operating facilities at the property. The costs of dismantling and restoration are capitalised as part of the Group's acquisition costs of the installations and are depreciated over their useful lives. The provision is initially recognised as the present value of the aggregate future costs. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement and restoration costs are adjusted against the cost of the related installations, unless the decrease in the provision exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such a case, the excess of the decrease over the carrying amount of the asset, or the changes in the provision, is recognised in profit or loss immediately.

2(d) Material accounting policy information (cont'd)

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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 recognises these lease payments in profit or loss in the periods that trigger these lease payments.

The lease liabilities are presented as a separate line item in the consolidated statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2(d) Material accounting policy information (cont'd)

Leases (cont'd)

<u>The Group as a lessee (cont'd)</u>

Lease liabilities (cont'd)

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and any impairment loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Outlets	Lease term of 2 to 6 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated from the commencement date of the lease over the useful life of the underlying asset, as follows:

Motor vehicle	10 years

2(d) Material accounting policy information (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Right-of-use assets (cont'd)

The right-of-use assets are presented as a separate line item in the consolidated statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

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 end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 or taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of the reporting period, 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, except to the extent that the tax arises from a transaction which is recognised in other comprehensive income or directly in equity.

2(d) Material accounting policy information (cont'd)

Value-added taxes

Revenues, expenses and assets are recognised net of the amount of value-added tax ("VAT"), except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables as net input taxes or net output taxes, respectively, in the consolidated statements of financial position.

Employee benefits

Defined contribution plan

The Group and Company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to CPF are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

2(d) Material accounting policy information (cont'd)

Related parties (cont'd)

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain management executives are considered key management personnel of the Group.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist or may have decreased.

2(d) Material accounting policy information (cont'd)

Impairment of non-financial assets (cont'd)

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there is an indication that the impairment loss previously recognised for an asset may no longer exist or may have decreased, and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset's or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue from contracts with customers

Revenue from the sale of goods and rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised over time or at a point in time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the progress of completion towards the complete satisfaction of that PO.

Food and beverages

Revenue from the sale of food and beverages is recognised at a point in time when control has been transferred to customers upon delivery of the food and beverages.

Karaoke room charges

Revenue from karaoke rooms is recognised at a point in time upon the usage of the karaoke rooms by customers.

Service charges

Revenue from the rendering of services is recognised at a point in time when the services have been rendered.

2(d) Material accounting policy information (cont'd)

Management fee income

Income from the rendering of management services is recognised at a point in time when the services have been rendered.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grants are recognised as a receivable at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants received 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.

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The consolidated financial statements of the Group are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

<u>Transactions and balances</u>

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 the transactions. Currency translation differences 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 end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

<u>Group entities</u>

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group 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 end of each reporting period;

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2(d) Material accounting policy information (cont'd)

Conversion of foreign currencies (cont'd)

Group entities (cont'd)

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's Executive Director and Chief Executive Officer, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 28 to the consolidated financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment and right-of-use assets.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholder of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period adjusted for own shares held, for the effects of any dilutive potential ordinary shares.

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3 Plant and equipment

	Renovations	Furniture and equipment	Computers	Construction-in-progress	Total
	S$	S$	S$	S$	S$
Cost					
At 1 January 2021	5,624,061	1,906,710	165,597	–	7,696,368
Additions	134,758	96,550	114,987	–	346,295
At 31 December 2021	5,758,819	2,003,260	280,584	–	8,042,663
Additions	836,023	932,985	35,290	–	1,804,298
Acquisition of a subsidiary (Note 32(iv))	254,986	99,510	2,989	–	357,485
Disposals	–	(316,157)	–	–	(316,157)
Write-offs	(995,502)	(34,425)	(4,800)	–	(1,034,727)
At 31 December 2022	5,854,326	2,685,173	314,063	–	8,853,562
Additions	7,233,565	2,022,571	9,730	1,947,454	11,213,320
Write-offs	–	–	(74,790)	–	(74,790)
At 31 December 2023	13,087,891	4,707,744	249,003	1,947,454	19,992,092
Accumulated depreciation					
At 1 January 2021	1,715,346	875,623	114,029	–	2,704,998
Depreciation	972,578	278,918	31,017	–	1,282,513
At 31 December 2021	2,687,924	1,154,541	145,046	–	3,987,511
Depreciation	812,412	333,701	39,283	–	1,185,396
Disposals	–	(113,658)	–	–	(113,658)
Write-offs	(246,031)	(8,692)	(1,070)	–	(255,793)
At 31 December 2022	3,254,305	1,365,892	183,259	–	4,803,456
Depreciation	1,190,038	477,022	47,100	–	1,714,160
Write-offs	–	–	(41,301)	–	(41,301)
At 31 December 2023	4,444,343	1,842,914	189,058	–	6,476,315
Carrying amount					
At 31 December 2021	3,070,895	848,719	135,538	–	4,055,152
At 31 December 2022	2,600,021	1,319,281	130,804	–	4,050,106
At 31 December 2023	8,643,548	2,864,830	59,945	1,947,454	13,515,777

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

In view of the losses incurred by the Group for the financial year ended 31 December 2021, management has assessed that there were indications of impairment of the Group's plant and equipment and right-of-use assets. Accordingly, the assets were tested for impairment.

The recoverable amounts of the plant and equipment and right-of-use assets were based on the higher of value in use and fair value less costs of disposal. As the recoverable amounts of the assets exceed their carrying amounts as at 31 December 2021, no impairment losses were recognised for the financial year ended 31 December 2021.

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4 Right-of-use assets

	Outlets	Motor vehicle	Total
	S$	S$	S$
Cost			
At 1 January 2021	5,657,447	72,400	5,729,847
Lease modifications	(127,666)	–	(127,666)
At 31 December 2021	5,529,781	72,400	5,602,181
Additions	4,208,250	–	4,208,250
Acquisition of a subsidiary (Note 32(iv))	132,333	–	132,333
Derecognition	(456,327)	–	(456,327)
Lease modifications	2,037,623	–	2,037,623
Lease termination	(3,050,679)	–	(3,050,679)
At 31 December 2022	8,400,981	72,400	8,473,381
Additions	13,981,817	–	13,981,817
Derecognition	(637,202)	–	(637,202)
Lease modifications	19,829	–	19,829
At 31 December 2023	21,765,425	72,400	21,837,825
Accumulated depreciation			
At 1 January 2021	2,107,457	16,892	2,124,349
Depreciation	1,333,940	7,240	1,341,180
At 31 December 2021	3,441,397	24,132	3,465,529
Depreciation	1,497,910	7,240	1,505,150
Derecognition	(456,327)	–	(456,327)
Lease termination	(2,410,391)	–	(2,410,391)
At 31 December 2022	2,072,589	31,372	2,103,961
Depreciation	3,734,505	7,240	3,741,745
Derecognition	(637,202)	–	(637,202)
At 31 December 2023	5,169,892	38,612	5,208,504
Carrying amount			
At 31 December 2021	2,088,384	48,268	2,136,652
At 31 December 2022	6,328,392	41,028	6,369,420
At 31 December 2023	16,595,533	33,788	16,629,321

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5 Intangible assets

	Software	Goodwill	Total
	S$	S$	S$
Cost			
At 1 January 2021 and 31 December 2021	16,427	–	16,427
Acquisition of a subsidiary (Note 32(iv))	–	358,360	358,360
At 31 December 2022 and 31 December 2023	16,427	358,360	374,787
Accumulated amortisation and impairment loss			
At 1 January 2021	6,984	–	6,984
Amortisation (Note 21)	1,642	–	1,642
At 31 December 2021	8,626	–	8,626
Amortisation (Note 21)	1,642	–	1,642
Impairment loss (Note 21)	–	358,360	358,360
At 31 December 2022	10,268	358,360	368,628
Amortisation (Note 21)	1,642	–	1,642
At 31 December 2023	11,910	358,360	370,270
Carrying amount			
At 31 December 2021	7,801	–	7,801
At 31 December 2022	6,159	–	6,159
At 31 December 2023	4,517	–	4,517

Software

Software is used to enhance the functionalities and user interface for the Group's karaoke equipment.

Impairment testing on cash-generating unit containing goodwill

As at 31 December 2022, the carrying amount of goodwill was attributable to the cash-generating unit ("CGU") comprising Have Fun Thomson Pte. Ltd. The subsidiary has been incurring losses and additional shares were issued to the Company during the financial year ended 31 December 2022 for proceeds to be used as working capital for the outlet to continue to operate and sustain its business.

The recoverable amount of the CGU was determined based on value in use which was estimated to be lower than its carrying amount. The value in use calculations applied a discounted cash flow model using cash flow projections based on financial budget and forecasts prepared by management covering a five-year period with terminal value. Cash flows beyond the forecasted period were extrapolated using the estimated terminal growth rate. The growth rate used did not exceed the long-term average growth rate in which the CGU operates.

Based on the above, the Group fully impaired the goodwill and recognised an impairment loss of S$358,360 (Note 21) in profit or loss for the financial year ended 31 December 2022 as the recoverable amount of the CGU was lower than the carrying amount as at 31 December 2022.

6 Deferred taxation

	2021	2022	2023
	S$	S$	S$
At 1 January	290,931	693,446	189,637
Recognised in profit or loss (Note 23)	402,515	(503,809)	22,320
At 31 December	693,446	189,637	211,957

Deferred taxation comprises the following:

	2021	2022	2023
	S$	S$	S$
Deferred tax assets	693,446	239,543	231,093
Deferred tax liabilities	–	(49,906)	(19,136)
	693,446	189,637	211,957

Deferred tax assets are attributable to the following:

	Unused tax losses	Lease liabilities	Total
	S$	S$	S$
At 1 January 2021	266,313	559,940	826,253
Recognised in profit or loss	300,731	(96,635)	204,096
At 31 December 2021	567,044	463,305	1,030,349
Recognised in profit or loss	(346,671)	378,438	31,767
At 31 December 2022	220,373	841,743	1,062,116
Recognised in profit or loss	(139,425)	1,317,240	1,177,815
At 31 December 2023	80,948	2,158,983	2,239,931

Deferred tax liabilities are attributable to the following:

	Plant and equipment	Right-of-use assets	Total
	S$	S$	S$
At 1 January 2021	147,546	387,776	535,322
Recognised in profit or loss	(52,546)	(145,873)	(198,419)
At 31 December 2021	95,000	241,903	336,903
Recognised in profit or loss	(18,726)	554,302	535,576
At 31 December 2022	76,274	796,205	872,479
Recognised in profit or loss	(628)	1,156,123	1,155,495
At 31 December 2023	75,646	1,952,328	2,027,974

7 Associate

	2021	2022	2023
	S$	S$	S$
Unquoted equity investment, at cost			
At 1 January	200,000	200,000	–
Acquisition as a subsidiary	–	(200,000)	–
At 31 December	200,000	–	–
Share of post-acquisition reserve			
At 1 January	–	(175,938)	–
Gain on change in interest in associate (Note 19)	14,661	–	–
Share of results of associate	(190,599)	(24,062)	–
Acquisition as a subsidiary	–	200,000	–
At 31 December	(175,938)	–	–
Carrying amount	24,062	–	–

Details of the associate are as follows:

Name	Country of incorporation/ Principal place of business	Percentage of equity interest			Principal activities
		2021	2022	2023	
		%	%	%	
Held by the Company					
Have Fun Thomson Pte. Ltd.	Singapore	27	*	*	Cabarets, night clubs, discotheques and karaoke

* Transferred to subsidiary during the financial year ended 31 December 2022 (Note 32(iv))

During the financial year ended 31 December 2021, the associate, Have Fun Thomson Pte. Ltd. ("Have Fun Thomson"), issued additional 250,000 new ordinary shares to a new shareholder for a total cash consideration of S$250,000. Accordingly, the Company's equity interest in the associate decreased from 40% to 27%, and a gain of S$14,661 (Note 19) was recognised in profit or loss for the financial year ended 31 December 2021.

7 Associate (cont'd)

The loss and total comprehensive loss of the associate, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2021 S$	2022 S$	2023 S$
Loss and total comprehensive loss for the year	(659,766)	(340,561)	–

The Group has not recognised losses relating to its associate where its share of losses has exceeded the Group's interest in the associate. The Group did not recognise S$67,544 of its share of losses during the financial year ended 31 December 2022. The Group has no obligation in respect of these losses.

No dividend income was recognised for the financial years ended 31 December 2021 and 31 December 2022.

During the financial year ended 31 December 2022, the Company acquired additional 38% equity interest in Have Fun Thomson through the issuance of 821,429 new ordinary shares in the capital of Have Fun Thomson to the Company for a cash consideration of S$100,000. Accordingly, the Company's equity interest in Have Fun Thomson increased from 27% to 65% and control of Have Fun Thomson was obtained, and the associate became a subsidiary of the Company (Note 32(iv)).

The financial information of the associate is summarised below.

Summarised statement of financial position

	2021 S$
Assets and liabilities	
Current assets	209,726
Non-current assets	727,285
Total assets	937,011
Current liabilities	944,296
Non-current liabilities	76,140
Total liabilities	1,020,436
Net liabilities	(83,425)
The Group's share of net liabilities	(22,525)

7 Associate (cont'd)

Summarised statement of profit or loss and other comprehensive income

	2021	2022
	S$	S$
Revenue	334,645	374,326
Loss for the year, representing total comprehensive loss for the year	(659,766)	(339,281)
The Group's share of post-tax losses	(190,599)	(91,606)

Reconciliation of summarised financial information presented to the carrying amount of the Group's investment in the associate is as follows:

	2021
	S$
Net liabilities of the associate	(83,425)
Proportion of the Group's ownership in the associate	27%
The Group's share of net liabilities of the associate	(22,525)
Gain on change in interest in associate	14,661
Goodwill recognised in prior years	31,926
Carrying amount	24,062

8 Inventories

	2021	2022	2023
	S$	S$	S$
Beverages and liquors, at cost	118,692	206,077	430,727

9 Trade and other receivables

	2021	2022	2023
	S$	S$	S$
Trade receivables			
- Third parties	5,513	297,433	751,693
- Related companies	76,532	59,963	–
	82,045	357,396	751,693
Amounts due from related companies (non-trade)	261,646	11,942	168,958
Deposits	554,587	983,966	3,127,095
Other receivables	40,382	7,590	66,841
Financial assets at amortised cost	938,660	1,360,894	4,114,587
Net input taxes	33,169	20,409	762,409
Total trade and other receivables	971,829	1,381,303	4,876,996

9 Trade and other receivables (cont'd)

Trade receivables are unsecured and non-interest bearing. Due to the nature of the business, the Group generally does not extend credit period to customers, except for certain corporate customers for which credit period of 30 days is given. Amounts are deemed to be collectible on issuance of invoices. The Group actively reviews the trade receivable balances and follows up on outstanding debts with the customers.

The ageing analysis of trade receivables from third parties is as follows:

	2021	2022	2023
	S$	S$	S$
Not past due	–	32,804	25,841
Past due 1 to 30 days	5,513	264,629	725,852
	5,513	297,433	751,693

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables as they mainly arise from customers that have a good credit record with the Group.

The related companies are companies of which the Executive Director and Chief Executive Officer of the Company is a director and shareholder.

The non-trade amounts due from related companies, which represent advances to and payments on behalf of the related companies, are unsecured, interest-free and repayable on demand.

Deposits mainly relate to rental deposits for outlets.

Trade and other receivables (excluding net input taxes) are denominated in Singapore dollar.

10 Prepayments

	2021	2022	2023
	S$	S$	S$
Advances to suppliers	26,498	30,137	318,419
Advertising fees	–	–	60,736
Insurance premiums	12,413	16,950	41,944
License fees	4,892	–	15,553
Other prepayments	9,837	13,903	25,053
	53,640	60,990	461,705

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11 Cash and bank deposits

	2021	2022	2023
	S$	S$	S$
Cash on hand	8,477	17,357	20,419
Cash at banks	500,007	2,123,076	2,822,604
Fixed deposits	200,000	369,005	–
	708,484	2,509,438	2,843,023

Cash at banks is held in current accounts and is non-interest bearing.

Fixed deposits were placed for a tenure of three years and one to three years as at 31 December 2021 and 31 December 2022, respectively. The fixed deposits bore interest at 1% and 0.1% per annum as at 31 December 2021 and 31 December 2022, respectively. The fixed deposits as at 31 December 2022 were pledged as security for rental deposits.

For the purpose of the consolidated statements of cash flows, cash and bank deposits comprise the following:

	2021	2022	2023
	S$	S$	S$
Cash on hand	8,477	17,357	20,419
Cash at banks	500,007	2,123,076	2,822,604
Fixed deposits	200,000	369,005	–
	708,484	2,509,438	2,843,023
Less: Fixed deposits with maturity of more than three months or pledged	(200,000)	(369,005)	–
	508,484	2,140,433	2,843,023

Cash and bank deposits are denominated in Singapore dollar.

12 Share capital

	2021	2022	2023	2021	2022	2023
	Number of ordinary shares			S$	S$	S$
Issued and fully paid, with no par value						
At 1 January	375,000	395,904	565,577	1,300,000	3,390,000	5,820,000
Issuance of ordinary shares	20,904	169,673	377,051	2,090,000	2,430,000	3,075,953
At 31 December	395,904	565,577	942,628	3,390,000	5,820,000	8,895,953

On 23 February 2021, the Company issued 20,904 new ordinary shares for a total consideration of S$2,090,000. The consideration was received through offsetting of a loan from a third party.

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12 Share capital (cont'd)

On 25 November 2022, the Company issued 169,673 new ordinary shares for a total consideration of S$2,430,000 which was satisfied through the offsetting of a loan from a third party.

On 15 December 2023, the Company issued 177,051 new ordinary shares for the acquisition of shares held by non-controlling interests in certain subsidiaries for a total consideration of S$1,075,953 (Note 32(ii)). On 15 December 2023, the Company also issued 200,000 new ordinary shares for a total consideration of S$2,000,000 which was satisfied through the offsetting of a loan from a shareholder.

On 25 October 2024, the Company conducted a share split. Under the share split, 942,628 ordinary shares in the capital of the Company were sub-divided into 356,750,000 ordinary shares. Pursuant to the share split, the issued and paid-up share capital of the Group remained at S$8,895,953, comprising 356,750,000 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

13 Other reserves

	2021	2022	2023
	S$	S$	S$
Capital reserve	369,068	1,253,129	760,314
Foreign currency translation reserve	–	–	7
	369,068	1,253,129	760,321

Capital reserve

Capital reserve represents the effects of changes in ownership interests in subsidiaries where there is no change in control.

Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

14 Lease liabilities

	2021	2022	2023
	S$	S$	S$
Undiscounted lease payments due:			
- Year 1	3,156,406	2,034,062	6,300,128
- Year 2	657,106	2,005,261	6,564,034
- Year 3	183,852	1,856,888	4,455,913
- Year 4	93,970	728,814	1,282,724
- Year 5	–	542,527	983,790
- Year 6 and onwards	–	219,257	63,880
	4,091,334	7,386,809	19,650,469
Less: Unearned interest cost	(170,189)	(747,368)	(1,601,735)
	3,921,145	6,639,441	18,048,734
Represented by:			
- Non-current	897,769	4,901,128	12,528,072
- Current	3,023,376	1,738,313	5,520,662
	3,921,145	6,639,441	18,048,734

The lease liabilities relate to the Group's outlets and motor vehicle, which are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of S$172,392, S$236,577 and S$657,725 is recognised in profit or loss for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively, under finance costs (Note 22).

Lease payments not included in the measurement of lease liabilities but recognised within operating lease expenses in profit or loss are set out below:

	2021	2022	2023
	S$	S$	S$
Short-term leases	35,380	39,350	57,600
Variable lease payments	5,374	187,922	746,703

The leases for certain outlets contain variable lease payments that are based on a percentage of sales generated by the outlets, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs for newly established outlets. Such variable lease payments are recognised in profit or loss when incurred.

Total cash outflow for leases amounted to S$1,245,159, S$2,992,577 and S$3,250,078 for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively.

Lease liabilities are denominated in Singapore dollar.

15 Borrowings

	2021	2022	2023
	S$	S$	S$
Non-current			
Bank loans	–	–	1,770,407
Loan from a related company	437,120	–	–
Loan from a third party	–	27,078	–
	437,120	27,078	1,770,407
Current			
Bank loans	1,871,752	1,364,700	1,380,158
Loan from a related company	88,912	–	–
Loans from shareholders	–	–	1,980,000
Loans from third parties	2,525,000	94,077	27,078
	4,485,664	1,458,777	3,387,236
	4,922,784	1,485,855	5,157,643

The terms and conditions of borrowings at the end of the reporting period are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount S$
2021				
Bank loans	SGD	3%	2025	1,871,752
Loan from a third party	SGD	10%	2022	2,525,000
Loan from a related company	SGD	10%	2026	526,032
				4,922,784
2022				
Bank loans	SGD	3%	2025	1,364,700
Loan from a third party	SGD	10%	2024	121,155
				1,485,855
2023				
Bank loans	SGD	3% - 8%	2025 - 2028	3,150,565
Loans from shareholders	SGD	0% - 10%	2024	1,980,000
Loan from a third party	SGD	10%	2024	27,078
				5,157,643

Bank loans

The bank loans are secured by corporate guarantees from the Company and personal guarantees from the Executive Director and Chief Executive Officer of the Company.

15 Borrowings (cont'd)

Bank loans (cont'd)

The Group breached certain financial covenants in respect of its bank loans amounting to S$1,871,752, S$1,364,700 and S$858,972 as at 31 December 2021, 31 December 2022 and 31 December 2023, respectively. Accordingly, the bank loans became repayable on demand and were classified as current at the end of the reporting period.

Loan from a related company

During the financial year ended 31 December 2021, loan of S$540,000 was obtained by the Company from a related company. The related company is a company of which the Executive Director and Chief Executive Officer of the Company is a director and shareholder. The loan was unsecured, bore interest at 10% per annum, and was repayable on a monthly basis over a period of five years. During the financial year ended 31 December 2022, the loan was fully repaid by the Company.

Loans from shareholders

During the financial year ended 31 December 2023, a loan of S$3,480,000 was obtained by the Company from a shareholder of the Company. The loan was unsecured, interest-free and repayable on demand. On 15 December 2023, the loan was partially settled by S$2,000,000 through the issuance of 200,000 new ordinary shares in the capital of the Company to the shareholder.

During the financial year ended 31 December 2023, a loan of S$500,000 was obtained by the Company from another shareholder of the Company. The loan was unsecured, bore interest at 10% per annum, and was repayable on a monthly basis over a period of three months. The loan was fully repaid by the Company on 28 February 2024.

Loans from third parties

During the financial year ended 31 December 2019, a loan of S$2,000,000 was obtained from a third party. The loan bore interest at 9% per annum. The loan was for a period of 18 months and was repayable in full upon maturity. The loan was secured by a personal guarantee from the Executive Director and Chief Executive Officer of the Company. On 23 February 2021, the outstanding loan of S$2,000,000, together with an outstanding interest of S$90,000, were fully repaid through the issuance of 20,904 ordinary shares of the Company (Note 12).

During the financial year ended 31 December 2020, a loan of S$1,000,000 was obtained from a third party. The loan bore interest at 10% per annum. The loan was for a period of one year and was repayable in full upon maturity. The loan was secured by a personal guarantee from the Executive Director and Chief Executive Officer of the Company. During the financial year ended 31 December 2021, an additional loan of S$1,500,000 was obtained from the third party, and the two loans were consolidated into one loan. The consolidated loan bore interest at 10% per annum, was repayable on demand, and was secured by a personal guarantee from the Executive Director and Chief Executive Officer of the Company. During the financial year ended 31 December 2022, the Company made repayments of S$70,000 towards the consolidated loan. In addition, the outstanding interest of S$108,356 was waived (Note 19). On 25 November 2022, the outstanding loan of S$2,430,000 was fully repaid through the issuance of 169,673 new ordinary shares of the Company (Note 12). Thereafter, the third party became a shareholder of the Company and a related company of the Group.

15 Borrowings (cont'd)

Loans from third parties (cont'd)

During the financial year ended 31 December 2022, a loan of S$200,000 was obtained from a third party. The loan bore interest at 9% per annum. The loan was repayable through 24 monthly instalments of S$9,167. The loan was secured by personal guarantees from the Executive Director and Chief Executive Officer of the Company and of a subsidiary. The loan was fully repaid on 1 March 2024.

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

	Carrying amount	Fair value
	S$	S$
2021		
Loan from a related company	526,032	587,971
2022		
Loan from a third party	121,155	132,805
2023		
Bank loans	2,291,593	2,416,974

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the directors expect would be available to the Group at the end of the reporting period, as follows:

	2021	2022	2023
	%	%	%
Bank loans	–	–	5.25
Loan from a related company	5.25	–	–
Loan from a third party	–	5.25	–

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16 Provision for restoration costs

	2021	2022	2023
	S$	S$	S$
At 1 January	374,424	384,444	471,013
Provision made	–	136,684	410,300
Provision reversed (Note 19)	–	(65,266)	–
Provision utilised	(9,384)	–	–
Unwinding of discount (Note 22)	19,404	15,151	18,076
At 31 December	384,444	471,013	899,389
Represented by:			
- Non-current	293,546	347,839	899,389
- Current	90,898	123,174	–
	384,444	471,013	899,389

The provision for restoration costs relates to the present value of the estimated cost of reinstating the leased outlets to their original condition upon termination of the leases.

17 Trade and other payables

	2021	2022	2023
	S$	S$	S$
Trade payables to third parties	57,078	332,432	981,388
Amount due to a director (non-trade)	20,766	301,585	146,419
Amounts due to non-controlling interests (non-trade)	–	63,181	297,581
Amounts due to related companies (non-trade)	1,194,319	923,537	1,752,445
Accrued expenses	164,283	572,445	1,423,377
Deposits received	–	–	901,508
Dividend payable to a non-controlling interest	–	–	230,000
Other payables	80,834	88,783	216,769
Financial liabilities at amortised cost	1,517,280	2,281,963	5,949,487
Advances from customers	–	60,144	46,940
Government grants payable	51,353	–	–
Net output taxes	4,244	265,915	199,839
Total trade and other payables	1,572,877	2,608,022	6,196,266

17 Trade and other payables (cont'd)

The credit period in respect of trade payables is mainly 30 to 60 days.

The related companies are companies of which the Executive Director and Chief Executive Officer or the Vice Chairman and Non-Executive Director of the Company is a director or controlling shareholder.

The non-trade amounts due to a director, non-controlling interests and related companies, which represent advances from and payments on behalf by the director, non-controlling interests and related companies, are unsecured, interest-free and repayable on demand.

Deposits received as at 31 December 2023 comprised an amount of S$900,000 received from a third party, Hezong Pte. Ltd., for the purpose of investing in a live performance venue to be operated by the Group. The deposit has been fully utilised subsequent to 31 December 2023.

As at 31 December 2021, the Group had government grants payable of S$51,353 due to excess amounts received, which were subsequently refunded by the Group during the financial year ended 31 December 2022.

Trade and other payables (excluding advances from customers, government grants payable and net output taxes) are denominated in Singapore dollar.

18 Revenue

	2021	2022	2023
	S$	S$	S$
Revenue from contracts with customers			
- Sale of food and beverages	844,427	10,591,360	13,124,486
- Karaoke room charges	21,124	4,561,435	8,632,283
- Service charges	64,925	1,333,997	2,173,805
	930,476	16,486,792	23,930,574
Timing of transfer of goods and services in respect of revenue from contracts with customers			
At a point in time	930,476	16,486,792	23,930,574

19 Other income

	2021	2022	2023
	S$	S$	S$
Bad debts recovered	84,720	–	–
Fair value gain on associate (Note 32(iv))	–	69,565	–
Gain on change in interest in associate (Note 7)	14,661	–	–
Gain on lease termination	–	263,622	–
Government grants	780,844	269,295	230,095
Insurance claims received	757	–	143,553
Interest income on fixed deposits	–	6,005	163
Liquidated damages (Note 25)	–	–	169,252
Management fee income	90,119	8,735	–
Miscellaneous income	32,591	32,089	18,339
Rental rebates	414,878	189,355	–
Reversal of provision for restoration costs (Note 16)	–	65,266	–
Waiver of interest on loan from a third party	–	108,356	–
	1,418,570	1,012,288	561,402

Included in government grants are Jobs Support Scheme ("JSS") grants of S$329,368 and S$22,359 for the financial years ended 31 December 2021 and 31 December 2022, respectively, from the Singapore Government to help employees to retain their local employees during the period of economic uncertainty as a result of the Covid-19 pandemic. JSS grant income is allocated over the period to match the related staff costs for which the grants are intended to compensate. Other government grants include Wage Credit Scheme, CPF Transition Offset Scheme, Jobs Growth Incentive Scheme and Senior Employment Credit grants.

20 Staff costs

	2021	2022	2023
	S$	S$	S$
Director's remuneration			
- Salaries and other related costs	175,200	429,162	507,954
- Contributions to defined contribution plan	15,096	20,705	18,292
	190,296	449,867	526,246
Key management personnel (other than directors)			
- Salaries and other related costs	–	–	116,065
- Contributions to defined contribution plan	–	–	13,816
	–	–	129,881
Total key management personnel compensation	190,296	449,867	656,127
Other than key management personnel			
- Salaries and other related costs	1,563,642	3,742,481	5,185,182
- Contributions to defined contribution plan	144,582	356,670	498,772
	1,708,224	4,099,151	5,683,954
Total staff costs	1,898,520	4,549,018	6,340,081

21 Other operating expenses

Other operating expenses include the following items:

	2021	2022	2023
	S$	S$	S$
Advertising expenses	7,720	7,500	11,601
Amortisation of intangible assets (Note 5)	1,642	1,642	1,642
Call centre expenses	–	47,910	–
Credit card and payment service fees	8,357	353,380	478,255
Entertainment expenses	6,510	58,236	49,855
Fines and penalties	22,186	15,083	–
Freight charges	–	74,232	9,703
General expenses	56,462	55,921	15,985
Impairment loss on goodwill (Note 5)	–	358,360	–
Internet and networking charges	25,102	20,134	42,144
Legal and professional fees	28,519	63,065	444,143
Licensing fees	8,122	83,177	210,253
Loss on disposal of plant and equipment	–	84,744	–
Marketing expenses	12,573	221,014	285,079
Plant and equipment written off	–	778,934	33,489
Repairs and maintenance expenses	71,864	546,078	576,126
Travel expenses	7,610	120,000	262,570
Upkeep of motor vehicle	6,821	16,765	8,295
Utilities	92,742	338,505	607,336

22 Finance costs

	2021	2022	2023
	S$	S$	S$
Interest expense on:			
- lease liabilities (Note 14)	172,392	236,577	657,725
- bank loans	63,428	49,473	138,564
- loan from a related company	9,031	49,088	–
- loans from shareholders	–	–	4,167
- loans from third parties	242,000	90,319	6,756
	486,851	425,457	807,212
Unwinding of discount on provision for restoration costs (Note 16)	19,404	15,151	18,076
	506,255	440,608	825,288

23 Taxation

	2021	2022	2023
	S$	S$	S$
Current taxation			
- Current year	–	219,566	468,421
Deferred taxation (Note 6)			
- Origination and reversal of temporary differences	(402,515)	503,809	(22,320)
	(402,515)	723,375	446,101

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on (loss)/profit before taxation as a result of the following:

	2021	2022	2023
	S$	S$	S$
(Loss)/Profit before taxation	(3,793,119)	2,775,759	3,685,332
Tax at Singapore statutory rate of 17%	(644,830)	471,879	626,507
Effect of different tax rates in foreign jurisdictions	–	–	(65)
Tax effect on non-deductible expenses	189,573	325,107	136,152
Tax effect on non-taxable income	(55,930)	(19,100)	–
Tax exemptions and rebates	–	(62,685)	(371,212)
Deferred tax assets on temporary differences not recognised	108,672	8,917	61,397
Others	–	(743)	(6,678)
	(402,515)	723,375	446,101

Singapore

The corporate income tax rate applicable to the Company and its Singapore-incorporated subsidiaries is 17% for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

Non-deductible expenses mainly relate to depreciation of non-qualifying plant and equipment. Non-taxable income mainly relates to government grants under the Jobs Support Scheme.

As at 31 December 2021, 31 December 2022 and 31 December 2023, the Group has unused tax losses of approximately S$2,812,778, S$3,482,219 and S$2,807,589, respectively, which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the tax authority and compliance with the applicable tax regulations in Singapore in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits. The unused tax losses have no expiry date.

24 (Loss)/Earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the profit or loss attributable to ordinary shareholders, as follows:

	2021 S$	2022 S$	2023 S$
(Loss)/Profit attributable to ordinary shareholders	(3,307,183)	1,145,672	2,904,185

Weighted average number of ordinary shares (basic and diluted)

The weighted average number of ordinary shares outstanding during the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 was adjusted for the effect of the sub-division of ordinary shares, as disclosed in Note 12 to the financial statements.

	2021	2022	2023
Issued ordinary shares at beginning of year	141,923,696	149,835,091	214,050,076
Effect of ordinary shares issued during the year	6,740,942	6,333,533	6,255,339
Weighted average number of ordinary shares	148,664,638	156,168,624	220,305,415

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the Group does not have dilutive potential ordinary shares during the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

25 Significant related party transactions

Other than as disclosed elsewhere in the consolidated financial statements, transactions with related parties based on terms agreed between parties are as follows:

	2021 S$	2022 S$	2023 S$
Sale of goods to related companies	33,525	148,728	3,360
Purchase of goods and services from related companies	(154,677)	(718,551)	(85,482)
Disposal of plant and equipment to a related company	–	117,755	–
Liquidated damages from a related company (Note 19)	–	–	169,252
Purchase of plant and equipment from related companies	(264,259)	(1,161,587)	–
Management fees charged to related companies	79,500	8,735	–
Rental expenses paid/payable to a related company	(35,380)	(39,350)	(51,600)

The related companies are companies of which the Executive Director and Chief Executive Officer of the Company was a director and shareholder.

The directors are of the opinion that the related party transactions have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

26 Contingent liabilities

On 1 December 2021, Have Fun Serangoon Pte. Ltd. ("Have Fun Serangoon"), a subsidiary of the Company, received a letter of claim from its former landlord against the subsidiary pursuant to rent in arrears and other amounts owing. Follow-up letters were received by the subsidiary on 6 January 2022, 13 January 2022, 21 January 2022 and 15 July 2022. Based on the letter of claim dated 15 July 2022, the former landlord has demanded a sum of S$821,029 pursuant to rent in arrears, loss and damages and other amounts owing pursuant to the breach of lease agreement. The subsidiary has vacated the premises since 21 January 2022. Up to the date of authorisation of the consolidated financial statements, no payment has been made by the subsidiary or the Group pursuant to the letter of claim, and no further letters have been received by the subsidiary or the Group from the former landlord. Management has assessed that no provision is required as it is not probable that any significant outflow of resources embodying economic benefits will be required to settle the obligation, due to the significant net liabilities and lack of funds of the subsidiary. As disclosed in Note 33 to the consolidated financial statements, the Company appointed liquidators and commenced a creditors' voluntary winding-up of the subsidiary on 21 May 2024.

27 Leases

Where the Group is the lessee,

The Group leases outlets for the purpose of operation of karaoke lounges and live performance venues. The leases typically run for a period of two to six years, with option to renew the leases. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements. The Group also leases a motor vehicle under hire purchase arrangement with a lease period of seven years.

Information about leases for which the Group is a lessee is presented in Note 4 and Note 14 to the consolidated financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 *Leases* are as follows:

	2021	2022	2023
	S$	S$	S$
Interest expense on lease liabilities (Note 22)	172,392	236,577	657,725

28 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies.

For each of the strategic business unit, the Company's Executive Director and Chief Executive Officer, who is the chief operating decision maker, monitors the operating results for the purpose of making decisions about resource allocation and performance assessment. The Company's Executive Director and Chief Executive Officer reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Karaoke segment comprises the operation of karaoke lounges and multi-entertainment venues, which includes karaoke room and service charges and related sale of food and beverages.

(ii) Live show segment comprises the operation of multi-entertainment concept of mega live performance venue.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Other operations relate to general corporate activities and others.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit or loss (before taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Company's Executive Director and Chief Executive Officer, which in certain respects, as explained in the following tables, is different from profit or loss in the consolidated financial statements. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group's income taxes are not allocated to operating segments.

28 Operating segments (cont'd)

	Karaoke			Live show			Others			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
External revenue	930,476	16,486,792	23,930,574	–	–	–	–	–	–	930,476	16,486,792	23,930,574
Total revenue	930,476	16,486,792	23,930,574	–	–	–	–	–	–	930,476	16,486,792	23,930,574
Segment (loss)/profit before taxation	(3,478,660)	2,964,639	3,945,327	–	–	(125,339)	(314,459)	(188,880)	(134,656)	(3,793,119)	2,775,759	3,685,332
Interest expense	191,796	251,728	664,002	–	–	26,630	314,459	188,880	134,656	506,255	440,608	825,288
Amortisation of intangible assets (Note 5)	1,642	1,642	1,642	–	–	–	–	–	–	1,642	1,642	1,642
Depreciation of plant and equipment (Note 3)	1,282,513	1,185,396	1,714,160	–	–	–	–	–	–	1,282,513	1,185,396	1,714,160
Depreciation of right-of-use assets (Note 4)	1,341,180	1,505,150	3,643,036	–	–	98,709	–	–	–	1,341,180	1,505,150	3,741,745
Segment assets	8,076,312	14,583,493	33,803,988	–	–	4,958,078	693,446	239,543	231,093	8,769,758	14,823,036	38,993,159
Additions to non-current assets *	346,295	6,012,548	20,138,350	–	–	5,056,787	–	–	–	346,295	6,012,548	25,195,137
Segment liabilities	5,878,466	9,718,476	22,008,426	–	–	3,135,963	4,922,784	1,755,327	5,694,298	10,801,250	11,473,803	30,838,687

* Comprise plant and equipment and right-of-use assets, and exclude deferred tax assets and goodwill

28 Operating segments (cont'd)

Reconciliation of segment amounts to consolidated financial statements

	2021 S$	2022 S$	2023 S$
Revenue			
Total revenue for reportable segments	930,476	16,486,792	23,930,574
Consolidated revenue	930,476	16,486,792	23,930,574
Profit or loss before taxation			
Total (loss)/profit before taxation for reportable segments	(3,478,660)	2,964,639	3,819,988
Other corporate expenses	(314,459)	(188,880)	(134,656)
Consolidated (loss)/profit before taxation	(3,793,119)	2,775,759	3,685,332
Assets			
Total assets for reportable segments	8,076,312	14,583,493	38,762,066
Other unallocated assets	693,446	239,543	231,093
Consolidated total assets	8,769,758	14,823,036	38,993,159
Liabilities			
Total liabilities for reportable segments	5,878,466	9,718,476	25,144,389
Unallocated borrowings	4,922,784	1,485,855	5,157,643
Other unallocated liabilities	–	269,472	536,655
Consolidated total liabilities	10,801,250	11,473,803	30,838,687

Geographical information

The Group's revenue arises from external customers located in Singapore. The Group carries out its operations primarily in Singapore and all of the Group's non-current assets are located in Singapore.

Major customers

Due to the diverse base of individual customers to which the Group sells products and renders services in each reporting period, the Group is not reliant on any customer for its revenue and no single customer has accounted for ten percent or more of the Group's total revenue for each reporting period.

29 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

29 Financial risk management objectives and policies (cont'd)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 29.3) and foreign currency risk (Note 29.4).

The Group does not hold or issue derivative financial instruments for trading purposes.

29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the director. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

The Group has trade and other receivables and cash and bank deposits that are subject to impairment under the expected credit loss ("ECL") model. While other receivables and cash and bank deposits are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*, the identified impairment loss is insignificant.

29 Financial risk management objectives and policies (cont'd)

29.1 Credit risk (cont'd)

Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring ECLs which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the gross domestic product of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to the payment history and track record of the counterparties, their businesses and financial condition where information is available, and knowledge of any events or circumstances impeding recovery of the amount, and assessment of the current and future wider economic condition and outlook of the industry in which the counterparty operates. At the end of the reporting period, no loss allowance for other receivables is required.

Cash and bank deposits

Bank deposits are held with banks which are regulated. Impairment on cash and bank deposits has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and bank deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank deposits is negligible.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statements of financial position.

The Group's major classes of financial assets are trade and other receivables (excluding net input taxes) and cash and bank deposits. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 9.

29 Financial risk management objectives and policies (cont'd)

29.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	S$	S$	S$	S$	S$
2021					
Non-derivative financial liabilities					
Lease liabilities (Note 14)	3,921,145	4,091,334	3,156,406	934,928	–
Borrowings (Note 15)	4,922,784	5,192,811	4,663,811	529,000	–
Trade and other payables * (Note 17)	1,517,280	1,517,280	1,517,280	–	–
	10,361,209	10,801,425	9,337,497	1,463,928	–
2022					
Non-derivative financial liabilities					
Lease liabilities (Note 14)	6,639,441	7,386,809	2,034,062	5,133,490	219,257
Borrowings (Note 15)	1,485,855	1,523,569	1,496,069	27,500	–
Trade and other payables * (Note 17)	2,281,963	2,281,963	2,281,963	–	–
	10,407,259	11,192,341	5,812,094	5,160,990	219,257
2023					
Non-derivative financial liabilities					
Lease liabilities (Note 14)	18,048,734	19,650,469	6,300,128	13,286,461	63,880
Borrowings (Note 15)	5,157,643	5,563,073	3,554,152	2,008,921	–
Trade and other payables * (Note 17)	5,949,487	5,949,487	5,949,487	–	–
	29,155,864	31,163,029	15,803,767	15,295,382	63,880

* Excluding advances from customers, government grants payable and net output taxes

29 Financial risk management objectives and policies (cont'd)

29.2 Liquidity risk (cont'd)

It is not expected that the cash flows included in the maturity analysis of the Group could occur significantly earlier, or at significantly different amounts.

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient levels of cash and bank deposits, has available amount of committed credit facilities from banks, and obtains adequate financial support from its shareholders and other lenders to meet its working capital requirements.

29.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Lease liabilities and certain borrowings bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	2021	2022	2023
	S$	S$	S$
Fixed rate instruments			
Financial liabilities			
- lease liabilities	(3,921,145)	(6,639,441)	(18,048,734)
- borrowings	(4,922,784)	(1,485,855)	(3,677,643)
	(8,843,929)	(8,125,296)	(21,726,377)

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets or liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

29.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

As there are no significant transactions that are denominated in a currency other than the functional currency of the Group and the Company, Singapore dollar, the Group is not exposed to any significant foreign currency risk.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

29 Financial risk management objectives and policies (cont'd)

29.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

30 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capability; and
(d) To provide an adequate return to the shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial years.

The Group is not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises lease liabilities, borrowings and trade and other payables, less cash and bank deposits. Total capital represents equity attributable to owners of the Company.

	2021	2022	2023
	S$	S$	S$
Lease liabilities (Note 14)	3,921,145	6,639,441	18,048,734
Borrowings (Note 15)	4,922,784	1,485,855	5,157,643
Trade and other payables (Note 17)	1,572,877	2,608,022	6,196,266
Total debt	10,416,806	10,733,318	29,402,643
Less: Cash and bank deposits (Note 11)	(708,484)	(2,509,438)	(2,843,023)
Net debt	9,708,322	8,223,880	26,559,620
Equity attributable to owners of the Company	(2,235,343)	2,224,390	7,711,720
Total capital and net debt	7,472,979	10,448,270	34,271,340
Gearing ratio	N.M.	79%	77%

N.M.: Not meaningful due to net liabilities position

31 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised cost S$	Other financial liabilities at amortised cost S$	Total S$
2021			
Financial assets			
Trade and other receivables * (Note 9)	938,660	–	938,660
Cash and bank deposits (Note 11)	708,484	–	708,484
	1,647,144	–	1,647,144
Financial liabilities			
Lease liabilities (Note 14)	–	3,921,145	3,921,145
Borrowings (Note 15)	–	4,922,784	4,922,784
Trade and other payables # (Note 17)	–	1,517,280	1,517,280
	–	10,361,209	10,361,209
2022			
Financial assets			
Trade and other receivables * (Note 9)	1,360,894	–	1,360,894
Cash and bank deposits (Note 11)	2,509,438	–	2,509,438
	3,870,332	–	3,870,332
Financial liabilities			
Lease liabilities (Note 14)	–	6,639,441	6,639,441
Borrowings (Note 15)	–	1,485,855	1,485,855
Trade and other payables # (Note 17)	–	2,281,963	2,281,963
	–	10,407,259	10,407,259
2023			
Financial assets			
Trade and other receivables * (Note 9)	4,114,587	–	4,114,587
Cash and bank deposits (Note 11)	2,843,023	–	2,843,023
	6,957,610	–	6,957,610
Financial liabilities			
Lease liabilities (Note 14)	–	18,048,734	18,048,734
Borrowings (Note 15)	–	5,157,643	5,157,643
Trade and other payables # (Note 17)	–	5,949,487	5,949,487
	–	29,155,864	29,155,864

* Excluding net input taxes
\# Excluding advances from customers, government grants payable and net output taxes

31 Financial instruments (cont'd)

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding net input taxes), cash and bank deposits, lease liabilities, borrowings (which are short-term or repayable on demand), and trade and other payables (excluding advances from customers, government grants payable and net output taxes), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The fair value disclosure of lease liabilities is not required.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities not measured at fair value but for which fair values are disclosed *

	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
2021				
Loan from a related company	–	587,971	–	587,971
2022				
Loan from a third party	–	132,805	–	132,805
2023				
Bank loans	–	2,416,974	–	2,416,974

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

32 Subsidiaries

Details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Percentage of equity interest			Principal activities
		2021	2022	2023	
		%	%	%	
Held by the Company					
7-24 Entertainment Pte. Ltd. [(a)]	Singapore	77	77	77	Cabarets, night clubs, discotheques and karaoke
Have Fun Orchard Pte. Ltd. [(a)]	Singapore	100	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Serangoon Pte. Ltd. [(a)]	Singapore	100	100	100	Cabarets, night clubs, discotheques and karaoke (under liquidation as at 21 May 2024)
Have Fun DTE Pte. Ltd. [(a)]	Singapore	100	100	100	Cabarets, night clubs, discotheques and karaoke
HF Chinatown Pte. Ltd. [(a)] (formerly known as Have Fun Jurong (W) Pte. Ltd.)	Singapore	100	70	70	Cabarets, night clubs, discotheques and karaoke
Have Fun TPY Pte. Ltd. [(a)]	Singapore	100	40	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Yishun Pte. Ltd. [(a)]	Singapore	100	40	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Thomson Pte. Ltd. [(a)]	Singapore	*	65	65	Cabarets, night clubs, discotheques and karaoke
Have Fun Bugis Pte. Ltd. [(a)]	Singapore	100	40.02	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Cineleisure Pte. Ltd. [(a)]	Singapore	–	–	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Suntec Pte. Ltd. [(a)]	Singapore	–	–	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Pasir Ris Pte. Ltd. [(a)]	Singapore	–	–	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 December 2023)

32 Subsidiaries (cont'd)

Name	Country of incorporation/ Principal place of business	Percentage of equity interest			Principal activities
		2021	2022	2023	
		%	%	%	
Held by the Company					
Have Fun Lite Pte. Ltd. [(a)]	Singapore	–	–	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 December 2023)
Yakitori One Pte. Ltd. [(a)] (formerly known as Have Fun Liveshow Pte. Ltd. and Have Fun PLQ Pte. Ltd.)	Singapore	–	–	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 December 2023)
Goodwill Entertainment Malaysia Sdn. Bhd. [(b)]	Malaysia	–	–	100	Cabarets, night clubs, discotheques and karaoke (dormant as at 31 December 2023)

* Transferred from associate during the financial year ended 31 December 2022 (Note 7)

(a) The statutory auditor is JP Audit PAC. The independent auditor and reporting accountant for the purpose of the consolidated financial statements is Foo Kon Tan LLP.

(b) Not required to be audited

(i) Dilution of interests in subsidiaries without loss of control

HF Chinatown Pte. Ltd.

During the financial year ended 31 December 2022, the subsidiary issued 163,636 new ordinary shares to a new shareholder for a cash consideration of S$300,000. Accordingly, the Company's equity interest in the subsidiary decreased from 100% to 55%. The financial effects are summarised as follows:

	2022
	S$
Consideration paid by non-controlling interest	300,000
Less: Carrying amount of non-controlling interest	(218,713)
Increase in equity attributable to owners of the Company	81,287

32 Subsidiaries (cont'd)

(i) Dilution of interests in subsidiaries without loss of control (cont'd)

HF Chinatown Pte. Ltd. (cont'd)

During the financial year ended 31 December 2022 and following the first issuance of shares, the subsidiary issued 136,364 new ordinary shares to two new shareholders for a total cash consideration of S$250,000. Accordingly, the Company's equity interest in the subsidiary decreased from 55% to 40%. As disclosed in Note 2(a) to the consolidated financial statements, the Company retains control in the subsidiary. The financial effects are summarised as follows:

	2022
	S$
Consideration paid by non-controlling interests	250,000
Less: Carrying amount of non-controlling interests	(222,831)
Increase in equity attributable to owners of the Company	27,169

Have Fun Bugis Pte. Ltd.

During the financial year ended 31 December 2022, the subsidiary issued 1,501 new ordinary shares to the Company and a new shareholder for a cash consideration of S$99,000 and S$400,000, respectively, amounting to S$499,000 in total. Accordingly, the Company's equity interest in the subsidiary decreased from 100% to 40%. As disclosed in Note 2(a) to the consolidated financial statements, the Company retains control in the subsidiary. The financial effects are summarised as follows:

	2022
	S$
Consideration paid by non-controlling interest	400,000
Less: Carrying amount of non-controlling interest	(293,962)
Increase in equity attributable to owners of the Company	106,038

(ii) Acquisition of non-controlling interests in subsidiaries without change in control

HF Chinatown Pte. Ltd.

During the financial year ended 31 December 2022 and following the first and second issuance of shares, the Company acquired additional 30% equity interest in the subsidiary partially from three existing shareholders for a total cash consideration of S$550,000. Accordingly, the Company's equity interest in the subsidiary increased from 40% to 70%. The financial effects are summarised as follows:

	2022
	S$
Carrying amount of non-controlling interests acquired	191,376
Consideration paid to non-controlling interests	(550,000)
Decrease in equity attributable to owners of the Company	(358,624)

32 Subsidiaries (cont'd)

(ii) Acquisition of non-controlling interests in subsidiaries without change in control (cont'd)

Have Fun Bugis Pte. Ltd.

During the financial year ended 31 December 2023, the Company acquired additional 30% equity interest in the subsidiary partially from an existing shareholder for a cash consideration of S$400,000. Accordingly, the Company's equity interest in the subsidiary increased from 40% to 70%. The financial effects are summarised as follows:

	2023
	S$
Carrying amount of non-controlling interest acquired	245,856
Consideration paid to non-controlling interest	(400,000)
Decrease in equity attributable to owners of the Company	(154,144)

Share swap exercise

During the financial year ended 31 December 2023, the Company acquired additional equity interests in certain subsidiaries through a share swap exercise, for a total consideration of S$1,075,953 which was satisfied through the issuance of 177,051 new ordinary shares in the capital of the Company to the shareholders of the subsidiaries. The non-controlling interests acquired are as follows:

Name	Equity interest acquired
	%
Have Fun TPY Pte. Ltd.	60
Have Fun Yishun Pte. Ltd.	60
Have Fun Bugis Pte. Ltd.	30
Have Fun Pasir Ris Pte. Ltd.	60
Have Fun Cineleisure Pte. Ltd.	49
Have Fun Suntec Pte. Ltd.	49
Have Fun Lite Pte. Ltd.	49
Yakitori One Pte. Ltd. (formerly known as Have Fun Liveshow Pte. Ltd. and Have Fun PLQ Pte. Ltd.)	49

The financial effects are summarised as follows:

	2023
	S$
Carrying amount of non-controlling interests acquired	737,282
Consideration paid to non-controlling interests	(1,075,953)
Decrease in equity attributable to owners of the Company	(338,671)

32 Subsidiaries (cont'd)

(iii) Disposal of interests in subsidiaries without loss of control

Have Fun TPY Pte. Ltd.

During the financial year ended 31 December 2022, the Company disposed of 60% equity interest in the subsidiary to a new shareholder for a cash consideration of S$300,000. Accordingly, the Company's equity interest in the subsidiary decreased from 100% to 40%. As disclosed in Note 2(a) to the consolidated financial statements, the Company retains control in the subsidiary. The financial effects are summarised as follows:

	2022 S$
Consideration paid by non-controlling interest	300,000
Less: Carrying amount of non-controlling interest	195,651
Increase in equity attributable to owners of the Company	495,651

As further disclosed in Note 32(ii) above, the Company's equity interest in the subsidiary increased from 40% to 100% through the share swap exercise conducted during the financial year ended 31 December 2023.

Have Fun Yishun Pte. Ltd.

During the financial year ended 31 December 2022, the Company disposed of 60% equity interest in the subsidiary to a new shareholder for a cash consideration of S$300,000. Accordingly, the Company's equity interest in the subsidiary decreased from 100% to 40%. As disclosed in Note 2(a) to the consolidated financial statements, the Company retains control in the subsidiary. The financial effects are summarised as follows:

	2022 S$
Consideration paid by non-controlling interest	300,000
Less: Carrying amount of non-controlling interest	232,540
Increase in equity attributable to owners of the Company	532,540

As further disclosed in Note 32(ii) above, the Company's equity interest in the subsidiary increased from 40% to 100% through the share swap exercise conducted during the financial year ended 31 December 2023.

(iv) Acquisition of a subsidiary

During the financial year ended 31 December 2022, the Company acquired additional 38% equity interest in Have Fun Thomson Pte. Ltd. ("Have Fun Thomson"), which was an associate of the Company prior to the acquisition (Note 7), through the issuance of 821,429 new ordinary shares in the capital of Have Fun Thomson to the Company for a cash consideration of S$100,000. Accordingly, the Company's equity interest in Have Fun Thomson increased from 27% to 65% and control of Have Fun Thomson was obtained, and the associate became a subsidiary of the Company.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

32 Subsidiaries (cont'd)

(iv) Acquisition of a subsidiary (cont'd)

The following summarises the recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

	2022 S$
Plant and equipment (Note 3)	357,485
Right-of-use assets (Note 4)	132,333
Inventories	21,642
Trade and other receivables	130,746
Cash and bank deposits	173,277
Lease liabilities	(132,333)
Borrowings	(161,340)
Trade and other payables	(812,264)
Total net identifiable liabilities	(290,454)
Less: Non-controlling interests	101,659
Net liabilities acquired	(188,795)
Cash consideration	(100,000)
Fair value of previously held interest (Note 19)	(69,565)
Goodwill on acquisition (Note 5)	(358,360)

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share in the recognised amounts of the subsidiary's net identifiable assets or liabilities.

The fair value of the previously held interest was determined based on the cash consideration for the interest acquired, adjusted for the proportionate interest in the associate.

The following summarises the effect on cash flows of the Group:

	2022 S$
Cash and bank deposits in subsidiary acquired	173,277
Less: Cash consideration	(100,000)
Net cash inflow from the acquisition	73,277

The Group did not incur any acquisition-related costs in respect of the acquisition of the subsidiary.

Included in the Group for the financial year ended 31 December 2022 attributable to the acquisition of the subsidiary was revenue of S$417,193 and net loss of S$260,092. If the acquisition had occurred on 1 January 2022, the contribution by the subsidiary to the Group for the financial year ended 31 December 2022 would have been revenue of S$791,519 and net loss of S$599,373.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

32 Subsidiaries (cont'd)

(v) Incorporation of subsidiaries with non-controlling interests

During the financial year ended 31 December 2023, the Company incorporated Have Fun Cineleisure Pte. Ltd., Have Fun Suntec Pte. Ltd., Have Fun Lite Pte. Ltd. and Yakitori One Pte. Ltd. (then known as Have Fun PLQ Pte. Ltd.), holding 51% equity interest in each of the subsidiaries. The subsidiaries were incorporated with an aggregate share capital of S$400,002, with S$196,001 contributed by non-controlling interests.

(vi) Subsidiaries with material non-controlling interests

The following summarises the financial information of each of the Company's subsidiaries with material non-controlling interests based on their respective financial statements prepared in accordance with SFRS(I)s. The information is before intra-group eliminations. The subsidiaries with material non-controlling interests are as follows:

Name	Proportion of effective interests held by non-controlling interests		
	2021	2022	2023
	%	%	%
7-24 Entertainment Pte. Ltd. ("7-24")	23	23	23
HF Chinatown Pte. Ltd. ("Chinatown")	–	30	30
Have Fun TPY Pte. Ltd. ("TPY")	–	60	–
Have Fun Yishun Pte. Ltd. ("Yishun")	–	60	–
Have Fun Thomson Pte. Ltd. ("Thomson")	–	35	35
Have Fun Bugis Pte. Ltd. ("Bugis")	–	59.98	–

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the consolidated financial statements
for the financial years ended 31 December 2021, 2022 and 2023

32 Subsidiaries (cont'd)

(vi) Subsidiaries with material non-controlling interests (cont'd)

Summarised statements of financial position

	7-24			Chinatown		TPY	Yishun	Thomson		Bugis	Total		
	2021	2022	2023	2022	2023	2022	2022	2022	2023	2022	2021	2022	2023
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Assets and liabilities													
Current assets	2,690,090	3,922,991	4,685,760	647,166	954,222	395,126	314,044	232,162	361,379	583,774	2,690,090	6,095,263	6,001,361
Non-current assets	636,018	81,728	2,890,993	1,499,285	1,061,490	1,349,537	2,148,828	1,193,559	728,481	2,969,743	636,018	9,242,680	4,680,964
Total assets	3,326,108	4,004,719	7,576,753	2,146,451	2,015,712	1,744,663	2,462,872	1,425,721	1,089,860	3,553,517	3,326,108	15,337,943	10,682,325
Current liabilities	2,439,799	1,879,075	3,503,771	864,150	595,081	716,614	1,607,195	1,287,770	1,804,854	693,766	2,439,799	7,048,570	5,903,706
Non-current liabilities	–	5,889	2,016,175	552,650	251,569	659,294	1,025,132	740,994	426,164	2,040,234	–	5,024,193	2,693,908
Total liabilities	2,439,799	1,884,964	5,519,946	1,416,800	846,650	1,375,908	2,632,327	2,028,764	2,231,018	2,734,000	2,439,799	12,072,763	8,597,614
Net assets/(liabilities)	886,309	2,119,755	2,056,807	729,651	1,169,062	368,755	(169,455)	(603,043)	(1,141,158)	819,517	886,309	3,265,180	2,084,711
Net assets/(liabilities) attributable to non-controlling interests	203,851	487,544	473,066	218,895	350,718	221,253	(101,673)	(192,722)	(381,032)	491,546	203,851	1,124,843	442,752

Summarised statements of profit or loss and other comprehensive income

	7-24			Chinatown		TPY	Yishun	Thomson		Bugis	Total		
	2021	2022	2023	2022	2023	2022	2022	2022	2023	2022	2021	2022	2023
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Revenue	255,432	4,722,072	4,605,919	573,531	1,849,661	2,075,014	1,957,074	417,193	979,799	1,919,533	255,432	11,664,417	7,435,379
Expenses	(618,130)	(3,488,626)	(3,668,867)	(580,098)	(1,410,250)	(1,601,612)	(1,987,252)	(677,285)	(1,517,914)	(1,600,010)	(618,130)	(9,934,883)	(6,597,031)
Profit/(Loss) for the year	(362,698)	1,233,446	937,052	(6,567)	439,411	473,402	(30,178)	(260,092)	(538,115)	319,523	(362,698)	1,729,534	838,348
Profit/(Loss) and total comprehensive income/(loss) attributable to non-controlling interests	(83,421)	283,693	215,522	(31,272)	131,823	416,904	130,867	(91,032)	(188,340)	197,552	(83,421)	906,712	159,005
Other subsidiaries											–	–	176,041
											(83,421)	906,712	335,046

32 Subsidiaries (cont'd)

Summarised statements of cash flows

	7-24			Chinatown		TPY	Yishun	Thomson		Bugis	Total		
	2021	2022	2023	2022	2023	2022	2022	2022	2023	2022	2021	2022	2023
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Cash flows from:													
- operating activities	621,297	1,607,939	284,085	468,261	507,153	415,662	416,968	47,748	443,573	709,862	621,297	3,666,440	1,234,811
- investing activities	(36,130)	(9,700)	(2,900)	(763,593)	(6,000)	(2,500)	(53,500)	(10,300)	(5,950)	(824,450)	(36,130)	(1,664,043)	(14,850)
- financing activities	(549,944)	(877,304)	(826,206)	434,600	(294,095)	(275,452)	(354,332)	(80,285)	(382,688)	288,528	(549,944)	(864,245)	(1,502,989)
	35,223	720,935	(545,021)	139,268	207,058	137,710	9,136	(42,837)	54,935	173,940	35,223	1,138,152	(283,028)

33 Events after the reporting period

On 31 January 2024, Have Fun Bugis Plus Pte. Ltd. was incorporated with an issued and paid-up capital of S$10,000, comprising 10,000 ordinary shares of S$1 each, with 10,000 ordinary shares held by the Company, representing 100% equity interest.

On 2 April 2024, Open Menu Marketing Pte. Ltd. was incorporated with an issued and paid-up capital of S$10,000, comprising 10,000 ordinary shares of S$1 each, with 5,000 ordinary shares held by the Company, representing 50% equity interest. The remaining 5,000 ordinary shares are held by a third party.

On 5 April 2024, Cookease Pte. Ltd. was incorporated with an issued and paid-up capital of S$50,000, comprising 50,000 ordinary shares of S$1 each, with 50,000 ordinary shares held by the Company, representing 100% equity interest.

On 30 April 2024, the Company acquired additional 8% equity interest in 7-24 Entertainment Pte. Ltd., comprising 8,000 ordinary shares of S$25 each, from an existing shareholder for a cash consideration of S$200,000. Accordingly, the Company's equity interest in the subsidiary increased from 77% to 85%.

On 21 May 2024, the Company appointed liquidators and commenced a creditors' voluntary winding-up of Have Fun Serangoon Pte. Ltd.

On 25 October 2024, the Company conducted a share split. Under the share split, 942,628 ordinary shares in the capital of the Company were sub-divided into 356,750,000 ordinary shares. Pursuant to the share split, the issued and paid-up share capital of the Group remained at S$8,895,953, comprising 356,750,000 ordinary shares.

Unaudited Interim Condensed Consolidated Financial Statements

Goodwill Entertainment Holding Limited and its subsidiaries

For the three-month period ended 31 March 2024

Goodwill Entertainment Holding Limited and its subsidiaries
Directors' statement
for the three-month period ended 31 March 2024

We submit the unaudited interim condensed consolidated financial statements of Goodwill Entertainment Holding Limited (the "Company") and its subsidiaries (the "Group") for the three-month period ended 31 March 2024. The unaudited interim condensed consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*.

In our opinion:

(a) the accompanying unaudited interim condensed consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (International) to present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the three-month period ended 31 March 2024; and

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

On behalf of the Directors

Lu Mang

Thang Teck Jong

Dated: 30 October 2024

Goodwill Entertainment Holding Limited and its subsidiaries
Independent auditor's review report on the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024

The Board of Directors
Goodwill Entertainment Holding Limited
33 Ubi Avenue 3
#05-16
Vertex
Singapore 408868

Report on the Review of Unaudited Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated financial statements of Goodwill Entertainment Holding Limited (the "Company") and its subsidiaries (the "Group"), which comprise the unaudited interim condensed consolidated statement of financial position of the Group as at 31 March 2024, and the related unaudited interim condensed consolidated statement of profit or loss and other comprehensive income, unaudited interim condensed consolidated statement of changes in equity and unaudited interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2024, and material accounting policy information and other explanatory notes (the "unaudited interim financial information"). Management is responsible for the preparation and fair presentation of the unaudited interim financial information in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the three-month period ended 31 March 2024 in accordance with SFRS(I) 1-34.

Other matter

Other than the Group's consolidated statement of financial position as at 31 December 2023 which has been audited, all corresponding figures have not been audited or reviewed. The unaudited interim financial information for the corresponding three-month period ended 31 March 2023 is the responsibility of management.

Goodwill Entertainment Holding Limited and its subsidiaries
Independent auditor's review report on the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024

Report on the Review of Unaudited Interim Condensed Consolidated Financial Statements (Cont'd)

Restriction on Distribution and Use

This report has been prepared solely to you as a body and for inclusion in the Offer Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Catalist of the Singapore Exchange Securities Trading Limited.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

Cheong Wenjie
Partner-in-charge

30 October 2024

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statements of financial position
as at 31 December 2023 and 31 March 2024

	Note	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
ASSETS			
Non-Current Assets			
Plant and equipment	3	13,515,777	15,593,455
Right-of-use assets	4	16,629,321	16,034,418
Intangible assets	5	4,517	4,106
Deferred tax assets	6	231,093	273,997
		30,380,708	31,905,976
Current Assets			
Inventories	7	430,727	804,051
Trade and other receivables	8	4,876,996	4,917,574
Prepayments	9	461,705	149,773
Cash and bank deposits	10	2,843,023	9,082,414
		8,612,451	14,953,812
Total assets		38,993,159	46,859,788
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	11	8,895,953	8,895,953
Other reserves	12	760,321	650,439
Accumulated losses		(1,944,554)	(1,558,082)
Equity attributable to owners of the Company		7,711,720	7,988,310
Non-controlling interests		442,752	2,264,561
Total equity		8,154,472	10,252,871
Non-Current Liabilities			
Deferred tax liabilities	6	19,136	88,992
Lease liabilities	13	12,528,072	11,456,772
Borrowings	14	1,770,407	8,703,109
Provision for restoration costs	15	899,389	961,744
Derivative financial instrument	16	–	109,902
		15,217,004	21,320,519
Current Liabilities			
Lease liabilities	13	5,520,662	6,088,786
Borrowings	14	3,387,236	2,958,098
Trade and other payables	17	6,196,266	5,732,132
Current tax payable		517,519	507,382
		15,621,683	15,286,398
Total liabilities		30,838,687	36,606,917
Total equity and liabilities		38,993,159	46,859,788

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024

	Note	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Revenue	18	5,070,534	8,925,897
Other income	19	201,102	187,239
Purchases and related costs		(739,724)	(1,669,276)
Depreciation of plant and equipment	3	(336,396)	(842,605)
Depreciation of right-of-use assets	4	(485,354)	(1,636,447)
Staff costs	20	(1,245,913)	(2,350,179)
Operating lease expenses		(221,330)	(233,577)
Other operating expenses	21	(694,050)	(1,557,084)
Finance costs	22	(130,505)	(313,867)
Profit before taxation		1,418,364	510,101
Taxation	23	(195,856)	(101,820)
Profit for the period		1,222,508	408,281
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on derivative financial instrument		–	(109,902)
Foreign currency translation differences on consolidation		–	20
Other comprehensive loss for the period, net of tax of nil		–	(109,882)
Total comprehensive income for the period		1,222,508	298,399
Profit attributable to:			
Owners of the Company		1,012,709	386,472
Non-controlling interests		209,799	21,809
		1,222,508	408,281
Total comprehensive income attributable to:			
Owners of the Company		1,012,709	276,590
Non-controlling interests		209,799	21,809
		1,222,508	298,399
Earnings per share (Singapore cent)			
- Basic and diluted	24	0.47	0.11

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2024

	Share capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2023 (Audited)	5,820,000	1,253,129	–	(4,848,739)	2,224,390	1,124,843	3,349,233
Profit for the period, representing total comprehensive income for the period	–	–	–	1,012,709	1,012,709	209,799	1,222,508
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest in a subsidiary without change in control (Note 32(i))	–	(154,144)	–	–	(154,144)	(245,856)	(400,000)
Incorporation of subsidiaries with non-controlling interests (Note 32(ii))	–	–	–	–	–	196,001	196,001
Transactions with owners in their capacity as owners	–	(154,144)	–	–	(154,144)	(49,855)	(203,999)
Balance at 31 March 2023 (Unaudited)	5,820,000	1,098,985	–	(3,836,030)	3,082,955	1,284,787	4,367,742

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2024

	Share capital	Capital reserve	Foreign currency translation reserve	Hedging reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2024 (Audited)	8,895,953	760,314	7	–	(1,944,554)	7,711,720	442,752	8,154,472
Profit for the period	–	–	–	–	386,472	386,472	21,809	408,281
Other comprehensive income/ (loss) for the period	–	–	20	(109,902)	–	(109,882)	–	(109,882)
Total comprehensive income/ (loss) for the period	–	–	20	(109,902)	386,472	276,590	21,809	298,399
Changes in ownership interests in subsidiaries								
Capital contribution by non-controlling interest in a subsidiary (Note 32(iii))	–	–	–	–	–	–	1,800,000	1,800,000
Transactions with owners in their capacity as owners	–	–	–	–	–	–	1,800,000	1,800,000
Balance at 31 March 2024 (Unaudited)	8,895,953	760,314	27	(109,902)	(1,558,082)	7,988,310	2,264,561	10,252,871

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of cash flows
for the three-month period ended 31 March 2024

	Note	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Cash Flows from Operating Activities			
Profit before taxation		1,418,364	510,101
Adjustments for:			
Amortisation of intangible assets		411	411
Depreciation of plant and equipment		336,396	842,605
Depreciation of right-of-use assets		485,354	1,636,447
Interest expense	22	130,505	313,867
Plant and equipment written off	21	33,489	–
Operating profit before working capital changes		2,404,519	3,303,431
Changes in inventories		(14,314)	(373,324)
Changes in trade and other receivables		(1,729,565)	(40,578)
Changes in prepayments		(251,543)	311,932
Changes in trade and other payables		(798,035)	1,021,912
Changes in provision		124	50,617
Cash (used in)/generated from operations		(388,814)	4,273,990
Income taxes paid		–	(85,005)
Net cash (used in)/generated from operating activities		(388,814)	4,188,985
Cash Flows from Investing Activities			
Acquisition of non-controlling interest in a subsidiary without change in control	32(i)	(400,000)	–
Capital contribution by non-controlling interest in a subsidiary	32(iii)	–	900,000
Incorporation of subsidiaries with non-controlling interests	32(ii)	196,001	–
Purchase of plant and equipment		(64,974)	(2,920,283)
Net cash used in investing activities		(268,973)	(2,020,283)
Cash Flows from Financing Activities			
Advances made by related parties		–	(356,026)
Bank deposit pledged		–	(450,000)
Dividend paid to a non-controlling interest		–	(230,000)
Interest paid		(127,182)	(302,129)
Payment of lease liabilities		(299,181)	(1,544,720)
Proceeds from borrowings		–	7,340,000
Repayment of borrowings		(154,112)	(836,436)
Net cash (used in)/generated from financing activities		(580,475)	3,620,689
Net (decrease)/increase in cash and cash equivalents		(1,238,262)	5,789,391
Cash and cash equivalents at beginning of period		2,140,433	2,843,023
Cash and cash equivalents at end of period	10	902,171	8,632,414

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of cash flows
for the three-month period ended 31 March 2024

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities (Note 13)	Bank loans (Note 14)	Loans from third parties (Note 14)	Non-trade amount due to a director (Note 17)	Non-trade amounts due to non-controlling interests (Note 17)	Non-trade amounts due to related companies (Note 17)	Total
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2023 (Audited)	6,639,441	1,364,700	121,155	301,585	63,181	923,537	9,413,599
Changes from financing cash flows							
- Interest paid	(114,901)	(9,649)	(2,632)	–	–	–	(127,182)
- Payment of lease liabilities	(299,181)	–	–	–	–	–	(299,181)
- Repayment of borrowings	–	(129,244)	(24,868)	–	–	–	(154,112)
Total changes from financing cash flows	(414,082)	(138,893)	(27,500)	–	–	–	(580,475)
Other changes							
- Interest expense	114,901	9,649	2,632	–	–	–	127,182
- New leases	913,260	–	–	–	–	–	913,260
Total liability-related other changes	1,028,161	9,649	2,632	–	–	–	1,040,442
Balance at 31 March 2023 (Unaudited)	7,253,520	1,235,456	96,287	301,585	63,181	923,537	9,873,566

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Interim condensed consolidated statement of cash flows
for the three-month period ended 31 March 2024

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Lease liabilities (Note 13)	Bank loans (Note 14)	Loans from third parties (Note 14)	Loans from shareholders (Note 14)	Non-trade amount due to a director (Note 17)	Non-trade amounts due to non-controlling interests (Note 17)	Non-trade amounts due to related companies (Note 17)	Total
	S$	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2024 (Audited)	18,048,734	3,150,565	27,078	1,980,000	146,419	297,581	1,752,445	25,402,822
Changes from financing cash flows								
- Advances made by related parties	–	–	–	–	(1,533)	–	(354,493)	(356,026)
- Interest paid	(200,460)	(92,914)	(422)	(8,333)	–	–	–	(302,129)
- Payment of lease liabilities	(1,544,720)	–	–	–	–	–	–	(1,544,720)
- Proceeds from borrowings	–	7,340,000	–	–	–	–	–	7,340,000
- Repayment of borrowings	–	(309,358)	(27,078)	(500,000)	–	–	–	(836,436)
Total changes from financing cash flows	(1,745,180)	6,937,728	(27,500)	(508,333)	(1,533)	–	(354,493)	4,300,689
Other changes								
- Interest expense	200,460	92,914	422	8,333	–	–	–	302,129
- New leases	1,041,544	–	–	–	–	–	–	1,041,544
Total liability-related other changes	1,242,004	92,914	422	8,333	–	–	–	1,343,673
Balance at 31 March 2024 (Unaudited)	17,545,558	10,181,207	–	1,480,000	144,886	297,581	1,397,952	31,047,184

The annexed notes form an integral part of and should be read in conjunction with these unaudited interim condensed consolidated financial statements.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the unaudited interim condensed consolidated financial statements
for the three-month period ended 31 March 2024

1 General information

Goodwill Entertainment Holding Pte. Ltd. (the "Company") was incorporated as a private company limited by shares and domiciled in the Republic of Singapore on 12 December 2016. On 25 October 2024, the Company was converted to a public limited company and the Company's name was changed to Goodwill Entertainment Holding Limited.

The registered office and principal place of business of the Company is located at 33 Ubi Avenue 3, #05-16 Vertex, Singapore 408868.

The principal activities of the Company are those of investment holding and wholesale of liquor and beverages. The principal activities of the subsidiaries are disclosed in Note 32 to the unaudited interim condensed consolidated financial statements.

The controlling shareholders of the Company are Goodwill Investment Holdings 2023 Pte. Ltd. and Lu Mang.

The unaudited interim condensed consolidated financial statements have been prepared solely in connection with the proposed listing of the Company on the Catalist of the Singapore Exchange Securities Trading Limited.

The unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the "Group") are authorised for issue by the directors of the Company on 30 October 2024.

2(a) Basis of preparation

The unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

The unaudited interim condensed consolidated financial statements are presented in Singapore dollar ("S$") which is the Company's functional currency. All interim financial information has been presented in Singapore dollar, unless otherwise stated.

<u>Significant accounting estimates and judgements</u>

The significant accounting estimates and judgements made by management in respect of the Group's audited consolidated financial statements for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 remain unchanged.

2(b) Material accounting policy information

The material accounting policy information is consistent with those applied in the preparation of the Group's audited consolidated financial statements for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023.

Derivative financial instrument and hedge accounting

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value change on derivative that is not designated or does not qualify for hedge accounting is recognised in profit or loss when the change arises.

The Group documents at the inception of the transaction the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategies for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9 *Financial Instruments*.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

<u>Cash flow hedge</u>

The Group enters into an interest rate swap that is a cash flow hedge for the Group's exposure to interest rate risk on its borrowing. The contract entitles the Group to receive interest at floating rate on a notional principal amount and obliges the Group to pay interest at fixed rate on the same notional principal amount, thus allowing the Group to raise borrowing at floating rate and swap it into fixed rate.

The fair value change on the effective portion of interest rate swap designated as cash flow hedge is recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowing is recognised in profit or loss under finance costs. The fair value change on the ineffective portion of interest rate swap is recognised immediately in profit or loss.

Goodwill Entertainment Holding Limited and its subsidiaries
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3 Plant and equipment

	Renovations	Furniture and equipment	Computers	Construction -in-progress	Total
	S$	S$	S$	S$	S$
Cost					
At 1 January 2023 (Audited)	5,854,326	2,685,173	314,063	–	8,853,562
Additions	7,233,565	2,022,571	9,730	1,947,454	11,213,320
Write-offs	–	–	(74,790)	–	(74,790)
At 31 December 2023 (Audited)	13,087,891	4,707,744	249,003	1,947,454	19,992,092
Additions	355,473	2,541,221	23,589	–	2,920,283
Transfers	1,947,454	–	–	(1,947,454)	–
At 31 March 2024 (Unaudited)	15,390,818	7,248,965	272,592	–	22,912,375
Accumulated depreciation					
At 1 January 2023 (Audited)	3,254,305	1,365,892	183,259	–	4,803,456
Depreciation	1,190,038	477,022	47,100	–	1,714,160
Write-offs	–	–	(41,301)	–	(41,301)
At 31 December 2023 (Audited)	4,444,343	1,842,914	189,058	–	6,476,315
Depreciation	560,730	274,829	7,046	–	842,605
At 31 March 2024 (Unaudited)	5,005,073	2,117,743	196,104	–	7,318,920
Carrying amount					
At 31 December 2023 (Audited)	8,643,548	2,864,830	59,945	1,947,454	13,515,777
At 31 March 2024 (Unaudited)	10,385,745	5,131,222	76,488	–	15,593,455

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the unaudited interim condensed consolidated financial statements
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4 Right-of-use assets

	Outlets	Motor vehicle	Total
	S$	S$	S$
Cost			
At 1 January 2023 (Audited)	8,400,981	72,400	8,473,381
Additions	13,981,817	–	13,981,817
Derecognition	(637,202)	–	(637,202)
Lease modifications	19,829	–	19,829
At 31 December 2023 (Audited)	21,765,425	72,400	21,837,825
Additions	1,041,544	–	1,041,544
At 31 March 2024 (Unaudited)	22,806,969	72,400	22,879,369
Accumulated depreciation			
At 1 January 2023 (Audited)	2,072,589	31,372	2,103,961
Depreciation	3,734,505	7,240	3,741,745
Derecognition	(637,202)	–	(637,202)
At 31 December 2023 (Audited)	5,169,892	38,612	5,208,504
Depreciation	1,634,637	1,810	1,636,447
At 31 March 2024 (Unaudited)	6,804,529	40,422	6,844,951
Carrying amount			
At 31 December 2023 (Audited)	16,595,533	33,788	16,629,321
At 31 March 2024 (Unaudited)	16,002,440	31,978	16,034,418

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Notes to the unaudited interim condensed consolidated financial statements
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5 Intangible assets

	Software	Goodwill	Total
	S$	S$	S$
Cost			
At 1 January 2023 (Audited), 31 December 2023 (Audited) and 31 March 2024 (Unaudited)	16,427	358,360	374,787
Accumulated amortisation and impairment loss			
At 1 January 2023 (Audited)	10,268	358,360	368,628
Amortisation	1,642	–	1,642
At 31 December 2023 (Audited)	11,910	358,360	370,270
Amortisation	411	–	411
At 31 March 2024 (Unaudited)	12,321	358,360	370,681
Carrying amount			
At 31 December 2023 (Audited)	4,517	–	4,517
At 31 March 2024 (Unaudited)	4,106	–	4,106

Software

Software is used to enhance the functionalities and user interface for the Group's karaoke equipment.

6 Deferred taxation

	31 December 2023	31 March 2024
	(Audited)	(Unaudited)
	S$	S$
At beginning of year/period	189,637	211,957
Recognised in profit or loss	22,320	(26,952)
At end of year/period	211,957	185,005

Deferred taxation comprises the following:

	31 December 2023	31 March 2024
	(Audited)	(Unaudited)
	S$	S$
Deferred tax assets	231,093	273,997
Deferred tax liabilities	(19,136)	(88,992)
	211,957	185,005

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6 Deferred taxation (cont'd)

Deferred tax assets are attributable to the following:

	Unused tax losses	Lease liabilities	Total
	S$	S$	S$
At 1 January 2023 (Audited)	220,373	841,743	1,062,116
Recognised in profit or loss	(139,425)	1,317,240	1,177,815
At 31 December 2023 (Audited)	80,948	2,158,983	2,239,931
Recognised in profit or loss	170,097	(93,734)	76,363
At 31 March 2024 (Unaudited)	251,045	2,065,249	2,316,294

Deferred tax liabilities are attributable to the following:

	Plant and equipment	Right-of-use assets	Total
	S$	S$	S$
At 1 January 2023 (Audited)	76,274	796,205	872,479
Recognised in profit or loss	(628)	1,156,123	1,155,495
At 31 December 2023 (Audited)	75,646	1,952,328	2,027,974
Recognised in profit or loss	169,958	(66,643)	103,315
At 31 March 2024 (Unaudited)	245,604	1,885,685	2,131,289

7 Inventories

	31 December 2023	31 March 2024
	(Audited)	(Unaudited)
	S$	S$
Beverages and liquors, at cost	430,727	804,051

8 Trade and other receivables

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Trade receivables from third parties	751,693	1,285,180
Amount due from a related company (non-trade)	168,958	168,958
Deposits	3,127,095	3,193,058
Other receivables	66,841	47,952
Financial assets at amortised cost	4,114,587	4,695,148
Net input taxes	762,409	222,426
Total trade and other receivables	4,876,996	4,917,574

Trade receivables are unsecured and non-interest bearing. Due to the nature of the business, the Group generally does not extend credit period to customers, except for certain corporate customers for which credit period of 30 days is given. Amounts are deemed to be collectible on issuance of invoices. The Group actively reviews the trade receivable balances and follows up on outstanding debts with the customers.

The ageing analysis of trade receivables from third parties is as follows:

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Not past due	25,841	–
Past due 1 to 30 days	725,852	1,285,180
	751,693	1,285,180

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables as they mainly arise from customers that have a good credit record with the Group.

The related company is a company of which the Executive Director and Chief Executive Officer of the Company was a director and shareholder.

The non-trade amount due from a related company, which represents advances to and payments on behalf of the related company, is unsecured, interest-free and repayable on demand.

Deposits mainly relate to rental deposits for outlets.

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8 Trade and other receivables (cont'd)

Trade and other receivables (excluding net input taxes) are denominated in the following currencies:

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Singapore dollar	4,114,587	4,693,654
Malaysian ringgit	–	1,494
	4,114,587	4,695,148

9 Prepayments

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Advances to suppliers	318,419	131,555
Advertising fees	60,736	–
Insurance premiums	41,944	6,479
License fees	15,553	–
Other prepayments	25,053	11,739
	461,705	149,773

10 Cash and bank deposits

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Cash on hand	20,419	21,010
Cash at banks	2,822,604	9,061,404
	2,843,023	9,082,414

Cash at banks is held in current accounts and is non-interest bearing.

10 Cash and bank deposits (cont'd)

For the purpose of the unaudited interim condensed consolidated statement of cash flows, cash and bank deposits comprise the following:

	31 December 2023	31 March 2024
	(Audited)	(Unaudited)
	S$	S$
Cash on hand	20,419	21,010
Cash at banks	2,822,604	9,061,404
	2,843,023	9,082,414
Less: Bank deposit pledged	–	(450,000)
	2,843,023	8,632,414

As at 31 March 2024, bank deposit pledged relates to a bank loan obtained by the Company.

Cash and bank deposits are denominated in Singapore dollar.

11 Share capital

	31 December 2023	31 March 2024	31 December 2023	31 March 2024
	(Audited)	(Unaudited)	(Audited)	(Unaudited)
	Number of ordinary shares		S$	S$
Issued and fully paid, with no par value				
At beginning of year/period	565,577	942,628	5,820,000	8,895,953
Issuance of shares	377,051	–	3,075,953	–
At end of year/period	942,628	942,628	8,895,953	8,895,953

On 15 December 2023, the Company issued 177,051 new ordinary shares for the acquisition of shares held by non-controlling interests in its subsidiaries for a total consideration of S$1,075,953. On 15 December 2023, the Company also issued 200,000 new ordinary shares for a total consideration of S$2,000,000 which was satisfied through the offsetting of a loan from a shareholder.

On 25 October 2024, the Company conducted a share split. Under the share split, 942,628 ordinary shares in the capital of the Company were sub-divided into 356,750,000 ordinary shares. Pursuant to the share split, the issued and paid-up share capital of the Group remained at S$8,895,953, comprising 356,750,000 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

12 Other reserves

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Capital reserve	760,314	760,314
Foreign currency translation reserve	7	27
Hedging reserve	–	(109,902)
	760,321	650,439

Capital reserve

Capital reserve represents the effects of changes in ownership interests in subsidiaries where there is no change in control.

Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the unaudited interim financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

Hedging reserve

Hedging reserve arises from the fair value gain or loss on derivative financial instrument.

13 Lease liabilities

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Undiscounted lease payments due:		
- Year 1	6,300,128	6,866,486
- Year 2	6,564,034	6,738,404
- Year 3	4,455,913	3,455,645
- Year 4	1,282,724	1,463,882
- Year 5	983,790	752,956
- Year 6 and onwards	63,880	–
	19,650,469	19,277,373
Less: Unearned interest cost	(1,601,735)	(1,731,815)
	18,048,734	17,545,558
Represented by:		
- Non-current	12,528,072	11,456,772
- Current	5,520,662	6,088,786
	18,048,734	17,545,558

13 Lease liabilities (cont'd)

The lease liabilities relate to the Group's outlets and motor vehicle, which are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of S$114,901 and S$200,460 is recognised in profit or loss for the three-month period ended 31 March 2023 and 31 March 2024, respectively, under finance costs (Note 22).

Lease payments not included in the measurement of lease liabilities but recognised within operating lease expenses in profit or loss are set out below:

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Short-term leases	11,400	14,350
Variable lease payments	209,930	219,227

The leases for certain outlets contain variable lease payments that are based on a percentage of sales generated by the outlets, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs for newly established outlets. Such variable lease payments are recognised in profit or loss when incurred.

Total cash outflow for leases amounted to S$414,082 and S$1,745,180 for the three-month period ended 31 March 2023 and 31 March 2024, respectively.

Lease liabilities are denominated in Singapore dollar.

14 Borrowings

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Non-current		
Bank loans	1,770,407	8,703,109
Current		
Bank loans	1,380,158	1,478,098
Loans from shareholders	1,980,000	1,480,000
Loan from a third party	27,078	–
	3,387,236	2,958,098
	5,157,643	11,661,207

14 Borrowings (cont'd)

The terms and conditions of borrowings at the end of the reporting period are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount S$
31 December 2023 (Audited)				
Bank loans	SGD	3% - 8%	2025 - 2028	3,150,565
Loans from shareholders	SGD	0% - 10%	2024	1,980,000
Loan from a third party	SGD	10%	2024	27,078
				5,157,643
31 March 2024 (Unaudited)				
Bank loans	SGD	3% - 8.25%	2025 - 2029	5,181,207
Bank loan	SGD	SORA + 1.75%	2027	5,000,000
Loans from shareholders	SGD	0%	2024	1,480,000
				11,661,207

Bank loans

The bank loans are secured by corporate guarantees from the Company and certain subsidiaries, joint and several personal guarantees from the Executive Director and Chief Executive Officer and the Vice Chairman and Non-Executive Director of the Company, and a life policy held by the Executive Director and Chief Executive Officer of the Company.

The Group breached certain financial covenants in respect of its bank loans amounting to S$858,972 and S$709,176 as at 31 December 2023 and 31 March 2024, respectively. Accordingly, the bank loans became repayable on demand and were classified as current at the end of the reporting period.

As part of its interest rate risk management, the Group entered into an interest rate swap contract on its bank loan of S$5,000,000 to exchange floating interest rate for fixed interest rate. The notional principal amount of the outstanding interest rate swap and its corresponding fair value are disclosed in Note 16.

Loans from shareholders

During the financial year ended 31 December 2023, a loan of S$3,480,000 was obtained by the Company from a shareholder of the Company. The loan was unsecured, interest-free and repayable on demand. On 15 December 2023, the loan was partially settled by S$2,000,000 through the issuance of 200,000 new ordinary shares in the capital of the Company to the shareholder.

During the financial year ended 31 December 2023, a loan of S$500,000 was obtained by the Company from another shareholder of the Company. The loan was unsecured, bore interest at 10% per annum, and was repayable on a monthly basis over a period of three months. The loan was fully repaid by the Company on 28 February 2024.

14 Borrowings (cont'd)

Loan from a third party

During the financial year ended 31 December 2022, a loan of S$200,000 was obtained from a third party. The loan bore interest at 9% per annum. The loan was repayable through 24 monthly instalments of S$9,167. The loan was secured by personal guarantees from the Executive Director and Chief Executive Officer of the Company and other shareholders of a subsidiary. The loan was fully repaid on 1 March 2024.

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

	Carrying amount	Fair value
	S$	S$
31 December 2023 (Audited)		
Bank loans	2,291,593	2,416,974
31 March 2024 (Unaudited)		
Bank loans	9,472,031	9,169,497

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the directors expect would be available to the Group at the end of the reporting period, as follows:

	31 December 2023 (Audited)	31 March 2024 (Unaudited)
	%	%
Bank loans	5.25	5.25

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15 Provision for restoration costs

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
At beginning of year/period	471,013	899,389
Provision made	410,300	50,617
Unwinding of discount	18,076	11,738
At end of year/period	899,389	961,744
Represented by:		
- Non-current	899,389	961,744

The provision for restoration costs relates to the present value of the estimated cost of reinstating the leased outlets to their original condition upon termination of the leases.

16 Derivative financial instrument

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
At beginning of year/period	–	–
Fair value loss recognised in other comprehensive income	–	109,902
At end of year/period	–	109,902
Represented by:		
- Non-current	–	109,902

The interest rate swap is designated as a cash flow hedge in respect of the Group's bank loan (Note 14).

The fair value of the derivation financial instrument is as follows:

	Contractual notional amount S$	Fair value S$
31 March 2024 (Unaudited)		
Cash flow hedge		
- Interest rate swap	5,000,000	109,902
Represented by:		
- Non-current	5,000,000	109,902

Derivative financial instrument is denominated in Singapore dollar.

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17 Trade and other payables

	31 December 2023	31 March 2024
	(Audited)	(Unaudited)
	S$	S$
Trade payables to third parties	981,388	1,680,810
Amount due to a director (non-trade)	146,419	144,886
Amounts due to non-controlling interests (non-trade)	297,581	297,581
Amounts due to related companies (non-trade)	1,752,445	1,397,952
Accrued expenses	1,423,377	1,550,441
Deposits received	901,508	–
Dividend payable to a non-controlling interest	230,000	–
Other payables	216,769	382,013
Financial liabilities at amortised cost	5,949,487	5,453,683
Advances from customers	46,940	37,958
Net output taxes	199,839	240,491
Total trade and other payables	6,196,266	5,732,132

The credit period in respect of trade payables is mainly 30 to 60 days.

The related companies are companies of which the Executive Director and Chief Executive Officer or the Vice Chairman and Non-Executive Director of the Company was a director or controlling shareholder.

The non-trade amounts due to a director, non-controlling interests and related companies, which represent advances from and payments on behalf by the director, non-controlling interests and related companies, are unsecured, interest-free and repayable on demand.

Deposits received as at 31 December 2023 comprised an amount of S$900,000 received from a third party, Hezong Pte. Ltd., for the purpose of investing in a live performance venue to be operated by the Group. The deposit received, along with the remaining S$900,000 of the initial investment in the live performance venue, amounting to S$1,800,000, was transferred to non-controlling interest upon the establishment of the live performance venue during the three-month period ended 31 March 2024 (Note 32(iii)).

Other payables mainly relate to professional fees.

17 Trade and other payables (cont'd)

Trade and other payables (excluding advances from customers and net output tax) are denominated in the following currencies:

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Singapore dollar	5,949,487	5,451,424
Malaysian ringgit	–	2,259
	5,949,487	5,453,683

18 Revenue

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Revenue from contracts with customers		
- Sale of food and beverages	3,149,208	5,425,955
- Karaoke room charges	1,460,892	2,357,156
- Service charges	460,434	779,433
- Rendering of live performance services	–	363,353
	5,070,534	8,925,897
Timing of transfer of goods and services in respect of revenue from contracts with customers		
At a point in time	5,070,534	8,925,897

19 Other income

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Government grants	201,055	180,293
Miscellaneous income	47	6,946
	201,102	187,239

20 Staff costs

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Director's remuneration		
- Salaries and other related costs	82,500	82,797
- Contributions to defined contribution plan	3,785	6,936
	86,285	89,733
Key management personnel (other than directors)		
- Salaries and other related costs	–	86,468
- Contributions to defined contribution plan	–	9,941
	–	96,409
Total key management personnel compensation	86,285	186,142
Other than key management personnel		
- Salaries and other related costs	1,055,205	2,017,324
- Contributions to defined contribution plan	104,423	146,713
	1,159,628	2,164,037
Total staff costs	1,245,913	2,350,179

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21 Other operating expenses

Other operating expenses include the following items:

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Advertising expenses	500	3,500
Amortisation of intangible assets	411	411
Credit card and payment service fees	115,575	187,336
Entertainment expenses	16,740	33,923
Fines and penalties	–	750
Freight charges	5,908	29,886
General expenses	400	23,677
Internet and networking charges	2,826	975
Legal and professional fees	11,257	216,103
Licensing fees	16,691	282,381
Marketing expenses	50,422	111,127
Plant and equipment written off	33,489	–
Repairs and maintenance expenses	189,401	227,323
Travel expenses	28,478	81,325
Upkeep of motor vehicle	1,840	1,623
Utilities	110,499	313,281

22 Finance costs

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Interest expense on:		
- lease liabilities (Note 13)	114,901	200,460
- bank loans	9,649	92,914
- loans from shareholders	–	8,333
- loan from a third party	2,632	422
	127,182	302,129
Unwinding of discount on provision for restoration costs	3,323	11,738
	130,505	313,867

23 Taxation

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Current taxation		
- Current period	60,329	74,868
Deferred taxation		
- Origination and reversal of temporary differences	135,527	26,952
	195,856	101,820

The tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profit before taxation as a result of the following:

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Profit before taxation	1,418,364	510,101
Tax at Singapore statutory rate of 17%	241,122	86,717
Effect of different tax rates in foreign jurisdictions	–	(54)
Tax effect on non-deductible expenses	19,127	44,613
Tax exemptions and rebates	(99,848)	(35,519)
Deferred tax assets on temporary differences not recognised	35,455	6,063
	195,856	101,820

<u>Singapore</u>

The corporate income tax rate applicable to the Company and its Singapore-incorporated subsidiaries is 17% for the three-month periods ended 31 March 2023 and 31 March 2024.

23 Taxation (cont'd)

<u>Malaysia</u>

The corporate income tax rate applicable to Goodwill Entertainment Malaysia Sdn. Bhd. is 24% for the three-month period ended 31 March 2024.

Non-deductible expenses mainly relate to depreciation of non-qualifying plant and equipment.

As at 31 December 2023 and 31 March 2024, the Group has unused tax losses of approximately S$2,807,589 and S$2,843,254, respectively, which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the tax authority and compliance with the applicable tax regulations in Singapore in which the Company and its subsidiaries operate. The unused tax losses have no expiry date.

24 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company of S$1,012,709 and S$386,472 for the three-month periods ended 31 March 2023 and 31 March 2024, respectively, and the weighted average number of ordinary shares outstanding of 214,050,076 and 356,750,000 for the three-month periods ended 31 March 2023 and 31 March 2024, respectively.

The weighted average number of ordinary shares outstanding during the three-month periods ended 31 March 2023 and 31 March 2024 was adjusted for the effect of the sub-division of ordinary shares, as disclosed in Note 11 to the unaudited interim condensed consolidated financial statements.

The diluted earnings per share is the same as the basic earnings per share as the Group does not have dilutive potential ordinary shares during the three-month periods ended 31 March 2023 and 31 March 2024.

25 Significant related party transactions

Other than as disclosed elsewhere in the unaudited interim condensed consolidated financial statements, transactions with related parties based on terms agreed between parties are as follows:

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Sale of goods to related companies	3,360	–
Purchase of goods and services from related companies	(77,514)	(1,543)
Rental expenses paid/payable to a related company	(11,400)	(13,500)

25 Significant related party transactions (cont'd)

The related companies are companies of which the Executive Director and Chief Executive Officer of the Company is a director and shareholder.

The directors are of the opinion that the related party transactions have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

26 Contingent liabilities

On 1 December 2021, Have Fun Serangoon Pte. Ltd. ("Have Fun Serangoon"), a subsidiary of the Company, received a letter of claim from its former landlord against the subsidiary pursuant to rent in arrears and other amounts owing. Follow-up letters were received by the subsidiary on 6 January 2022, 13 January 2022, 21 January 2022 and 15 July 2022. Based on the letter of claim dated 15 July 2022, the former landlord has demanded a sum of S$821,029 pursuant to rent in arrears, loss and damages and other amounts owing pursuant to the breach of lease agreement. The subsidiary has vacated the premises since 21 January 2022. Up to the date of authorisation of the unaudited interim condensed consolidated financial statements, no payment has been made by the subsidiary or the Group pursuant to the letter of claim, and no further letters have been received by the subsidiary or the Group from the former landlord. Management has assessed that no provision is required as it is not probable that any significant outflow of resources embodying economic benefits will be required to settle the obligation, due to the significant net liabilities and lack of funds of the subsidiary. As disclosed in Note 33 to the unaudited interim condensed consolidated financial statements, the Company appointed liquidators and commenced a creditors' voluntary winding-up of the subsidiary on 21 May 2024.

27 Leases

Where the Group is the lessee,

The Group leases outlets for the purpose of operation of karaoke lounges and live performance venues. The leases typically run for a period of two to six years, with option to renew the leases. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements. The Group also leases a motor vehicle under hire purchase arrangement with a lease period of seven years.

Information about leases for which the Group is a lessee is presented in Note 4 and Note 13 to the unaudited condensed consolidated financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 *Leases* are as follows:

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Interest expense on lease liabilities (Note 22)	114,901	200,460

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28 Operating segments

The Group has two reportable segments, as described below, which is the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies.

For each of the strategic business unit, the Company's Executive Director and Chief Executive Officer, who is the chief operating decision maker, monitors the operating results for the purpose of making decisions about resource allocation and performance assessment. The Company's Executive Director and Chief Executive Officer reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Karaoke segment comprises the operation of karaoke lounges and multi-entertainment venues, which includes karaoke room and service charges and related sale of food and beverages.

(ii) Live show segment comprises the operation of multi-entertainment concept of mega live performance venue.

There are no operating segments that have been aggregated to form the above reportable operating segments.

Other operations relate to general corporate activities and others.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit (before taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Company's Executive Director and Chief Executive Officer, which in certain respects, as explained in the following tables, is different from profit in the unaudited condensed consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group's income taxes are not allocated to operating segments.

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28 Operating segments (cont'd)

	Karaoke		Live show		Others		Total	
	Three-month period ended 31 March 2023	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023	Three-month period ended 31 March 2024	Three-month period ended 31 March 2023	Three-month period ended 31 March 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S$	S$	S$	S$	S$	S$	S$	S$
External revenue	5,070,534	6,604,986	–	2,320,911	–	–	5,070,534	8,925,897
Total revenue	5,070,534	6,604,986	–	2,320,911	–	–	5,070,534	8,925,897
Reportable segment profit/(loss) before taxation	1,430,645	502,983	–	108,787	(12,281)	(101,669)	1,418,364	510,101
Interest expense	118,224	170,776	–	41,422	12,281	101,669	130,505	313,867
Amortisation of intangible assets	411	411	–	–	–	–	411	411
Depreciation of plant and equipment	336,396	693,920	–	148,685	–	–	336,396	842,605
Depreciation of right-of-use assets	485,354	1,485,155	–	151,292	–	–	485,354	1,636,447
	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024
	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
	S$	S$	S$	S$	S$	S$	S$	S$
Reportable segment assets	33,803,988	35,578,696	4,958,078	11,007,095	231,093	273,997	38,993,159	46,859,788
Additions to non-current assets *	20,138,350	1,051,651	5,056,787	2,910,176	–	–	25,195,137	3,961,827
Reportable segment liabilities	22,008,426	19,202,885	3,135,963	5,036,549	5,694,298	12,367,483	30,838,687	36,606,917

* Comprise plant and equipment and right-of-use assets, and exclude deferred tax assets and goodwill

28 Operating segments (cont'd)

Reconciliation of segment amounts to unaudited interim condensed consolidated financial statements

	Three-month period ended 31 March 2023 (Unaudited) S$	Three-month period ended 31 March 2024 (Unaudited) S$
Revenue		
Total revenue for reportable segments	5,070,534	8,925,897
Consolidated revenue	5,070,534	8,925,897
Profit or loss before taxation		
Total profit before taxation for reportable segments	1,430,645	611,770
Other corporate expenses	(12,281)	(101,669)
Consolidated profit before taxation	1,418,364	510,101

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Assets		
Total assets for reportable segments	38,762,066	46,585,791
Other unallocated assets	231,093	273,997
Consolidated total assets	38,993,159	46,859,788
Liabilities		
Total liabilities for reportable segments	25,144,389	24,239,434
Unallocated borrowings	5,157,643	11,661,207
Other unallocated liabilities	536,655	706,276
Consolidated total liabilities	30,838,687	36,606,917

Geographical information

The Group's revenue arises from external customers located in Singapore. The Group carries out its operations in Singapore and all of the Group's non-current assets are located in Singapore.

Major customers

Due to the diverse base of individual customers to which the Group sells products and renders services in each reporting period, the Group is not reliant on any customer for its revenue and no single customer has accounted for ten percent or more of the Group's total revenue for each reporting period.

29 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 29.3) and foreign currency risk (Note 29.4).

The Group does not hold or issue derivative financial instruments for trading purposes.

29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the director. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

29 Financial risk management objectives and policies (cont'd)

29.1 Credit risk (cont'd)

The Group has trade and other receivables and cash and bank deposits that are subject to impairment under the expected credit loss ("ECL") model. While other receivables and cash and bank deposits are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring ECLs which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the gross domestic product of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to the payment history and track record of the counterparties, their businesses and financial condition where information is available, and knowledge of any events or circumstances impeding recovery of the amount, and assessment of the current and future wider economic condition and outlook of the industry in which the counterparty operates. At the end of the reporting period, no loss allowance for other receivables is required.

Cash and bank deposits

Bank deposits are held with banks which are regulated. Impairment on cash and bank deposits has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and bank deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and bank deposits is negligible.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the unaudited interim condensed consolidated statement of financial position.

The Group's major classes of financial assets are trade and other receivables (excluding net input taxes) and cash and bank deposits. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 8.

29 Financial risk management objectives and policies (cont'd)

29.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	S$	S$	S$	S$	S$
31 December 2023 (Audited)					
Non-derivative financial liabilities					
Lease liabilities (Note 13)	18,048,734	19,650,469	6,300,128	13,286,461	63,880
Borrowings (Note 14)	5,157,643	5,563,073	3,554,152	2,008,921	–
Trade and other payables * (Note 17)	5,949,487	5,949,487	5,949,487	–	–
	29,155,864	31,163,029	15,803,767	15,295,382	63,880
31 March 2024 (Unaudited)					
Non-derivative financial liabilities					
Lease liabilities (Note 13)	17,545,558	19,277,373	6,866,486	12,410,887	–
Borrowings (Note 14)	11,661,207	13,039,705	3,553,595	9,486,110	–
Trade and other payables * (Note 17)	5,453,683	5,453,683	5,453,683	–	–
	34,660,448	37,770,761	15,873,764	21,896,997	–

* Excluding advances from customers and net output taxes

It is not expected that the cash flows included in the maturity analysis of the Group could occur significantly earlier, or at significantly different amounts.

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient levels of cash and bank deposits, has available amount of committed credit facilities from banks, and obtains adequate financial support from its shareholders and other lenders to meet its working capital requirements.

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29 Financial risk management objectives and policies (cont'd)

29.2 Liquidity risk (cont'd)

The table below analyses the derivative financial instrument of the Group and its contractual undiscounted cash flows based on the remaining period from the end of the reporting period to the contractual maturity date.

	Between 1 and 5 years S$
31 March 2024 (Unaudited)	
Net settled liability	
Interest rate swap	109,902

29.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from a bank loan at floating rate. The Group manages the interest rate risk using a floating-to-fixed interest rate swap. Lease liabilities and certain borrowings bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Fixed rate instruments		
Financial liabilities		
- lease liabilities	(18,048,734)	(17,545,558)
- borrowings	(3,677,643)	(5,181,207)
	(21,726,377)	(22,726,765)
Variable rate instruments		
Financial liabilities		
- bank loan	–	(5,000,000)

Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial assets or liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

29 Financial risk management objectives and policies (cont'd)

29.3 Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

The Group manages its exposure to change in interest rate on a bank loan by entering into an interest rate swap to exchange the variable interest rate to fixed rate. As at 31 March 2024, the interest rate swap has a contractual notional amount of S$5,000,000, whereby it pays fixed interest and receives variable interest pegged to the SORA. The Group classifies the interest rate swap as a cash flow hedge. The interest rate swap matures in three years. The notional amount and maturity of the interest rate swap are the same as the bank loan.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular, foreign currency rates, remain constant.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

29.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

As there are no significant transactions that are denominated in a currency other than the functional currency of the Group and the Company, Singapore dollar, the Group is not exposed to any significant foreign currency risk.

29.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

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30 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capability; and
(d) To provide an adequate return to the shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial period.

The Group is not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises lease liabilities, borrowings and trade and other payables, less cash and bank deposits. Total capital represents equity attributable to owners of the Company.

	31 December 2023 (Audited) S$	31 March 2024 (Unaudited) S$
Lease liabilities (Note 13)	18,048,734	17,545,558
Borrowings (Note 14)	5,157,643	11,661,207
Trade and other payables (Note 17)	6,196,266	5,732,132
Total debt	29,402,643	34,938,897
Less: Cash and bank deposits (Note 10)	(2,843,023)	(9,082,414)
Net debt	26,559,620	25,856,483
Equity attributable to owners of the Company	7,711,720	7,988,310
Total capital and net debt	34,271,340	33,844,793
Gearing ratio	77%	76%

31 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised cost	Other financial liabilities at amortised cost	Cash flow hedging instrument	Total
	S$	S$	S$	S$
31 December 2023 (Audited)				
Financial assets				
Trade and other receivables * (Note 8)	4,114,587	–	–	4,114,587
Cash and bank deposits (Note 10)	2,843,023	–	–	2,843,023
	6,957,610	–	–	6,957,610
Financial liabilities				
Lease liabilities (Note 13)	–	18,048,734	–	18,048,734
Borrowings (Note 14)	–	5,157,643	–	5,157,643
Trade and other payables # (Note 17)	–	5,949,487	–	5,949,487
	–	29,155,864	–	29,155,864
31 March 2024 (Unaudited)				
Financial assets				
Trade and other receivables * (Note 8)	4,695,148	–	–	4,695,148
Cash and bank deposits (Note 10)	9,082,414	–	–	9,082,414
	13,777,562	–	–	13,777,562
Financial liabilities				
Lease liabilities (Note 13)	–	17,545,558	–	17,545,558
Borrowings (Note 14)	–	11,661,207	–	11,661,207
Derivative financial instrument (Note 16)	–	–	109,902	109,902
Trade and other payables # (Note 17)	–	5,453,683	–	5,453,683
	–	34,660,448	109,902	34,770,350

* Excluding net input taxes
\# Excluding advances from customers and net output taxes

31 Financial instruments (cont'd)

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding net input taxes), cash and bank deposits, lease liabilities, borrowings (which are short-term or repayable on demand), and trade and other payables (excluding advances from customers and net output taxes), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The fair value disclosure of lease liabilities is not required.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

<u>Financial assets and liabilities not measured at fair value but for which fair values are disclosed*</u>

	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
31 December 2023 (Audited)				
Bank loans	–	2,416,974	–	2,416,974
31 March 2024 (Unaudited)				
Bank loans	–	9,169,497	–	9,169,497

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

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32 Subsidiaries

Details of the subsidiaries are as follows:

Name	Country of Incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		31 December 2023 (Audited) %	31 March 2024 (Unaudited) %	
Held by the Company				
7-24 Entertainment Pte. Ltd.	Singapore	77	77	Cabarets, night clubs, discotheques and karaoke
Have Fun Orchard Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Serangoon Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke (under liquidation as at 21 May 2024)
Have Fun DTE Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
HF Chinatown Pte. Ltd. (formerly known as Have Fun Jurong (W) Pte. Ltd.)	Singapore	70	70	Cabarets, night clubs, discotheques and karaoke
Have Fun TPY Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Yishun Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Thomson Pte. Ltd.	Singapore	65	65	Cabarets, night clubs, discotheques and karaoke
Have Fun Bugis Pte. Ltd.	Singapore	100	78.83*	Cabarets, night clubs, discotheques and karaoke
Have Fun Cineleisure Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Suntec Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke
Have Fun Pasir Ris Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 March 2024)

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32 Subsidiaries (cont'd)

Name	Country of Incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		31 December 2023 (Audited) %	31 March 2024 (Unaudited) %	
Held by the Company				
Have Fun Lite Pte. Ltd.	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 March 2024)
Yakitori One Pte. Ltd. (formerly known as Have Fun Liveshow Pte. Ltd. and Have Fun PLQ Pte. Ltd.)	Singapore	100	100	Cabarets, night clubs, discotheques and karaoke (yet to commence operations as at 31 March 2024)
Goodwill Entertainment Malaysia Sdn. Bhd.	Malaysia	100	100	Cabarets, night clubs, discotheques and karaoke (dormant as at 31 March 2024)
Have Fun Bugis Plus Pte. Ltd.	Singapore	–	100	Cabarets, night clubs, discotheques and karaoke

* Included within Have Fun Bugis Pte. Ltd. is a live performance venue of which a non-controlling interest holds 30%.

On 31 January 2024, Have Fun Bugis Plus Pte. Ltd. was incorporated with an issued and paid-up capital of S$10,000, comprising 10,000 ordinary shares of S$1 each, with 10,000 ordinary shares held by the Company, representing 100% equity interest.

32 Subsidiaries (cont'd)

(i) Acquisition of non-controlling interest in a subsidiary without change in control

Have Fun Bugis Pte. Ltd.

During the three-month period ended 31 March 2023, the Company acquired additional 30% equity interest in the subsidiary partially from an existing shareholder for a cash consideration of S$400,000. Accordingly, the Company's equity interest in the subsidiary increased from 40% to 70%. The financial effects are summarised as follows:

	Three-month period ended 31 March 2023 (Unaudited) S$
Carrying amount of non-controlling interest acquired	245,856
Consideration paid to non-controlling interest	(400,000)
Decrease in equity attributable to owners of the Company	(154,144)

(ii) Incorporation of subsidiaries with non-controlling interests

During the three-month period ended 31 March 2023, the Company incorporated Have Fun Cineleisure Pte. Ltd., Have Fun Suntec Pte. Ltd., Have Fun Lite Pte. Ltd. and Yakitori One Pte. Ltd. (then known as Have Fun PLQ Pte. Ltd.), holding 51% equity interest in each of the subsidiaries. The subsidiaries were incorporated with an aggregate share capital of S$400,002, with S$196,001 contributed by non-controlling interests.

(iii) Capital contribution by non-controlling interest in a subsidiary

During the three-month period ended 31 March 2024, a wholly-owned subsidiary of the Company, Have Fun Bugis Pte. Ltd., established a live performance venue with a third party, Hezong Pte. Ltd., for an aggregate investment of S$6,000,000, with S$1,800,000 invested by the non-controlling interest.

32 Subsidiaries (cont'd)

(iv) Subsidiaries with material non-controlling interests

The following summarises the unaudited interim financial information of each of the Company's subsidiaries with material non-controlling interests based on their respective unaudited interim financial statements prepared in accordance with SFRS(I)s. The information is before intra-group eliminations. The subsidiaries with material non-controlling interests are as follows:

Name	Proportion of effective interests held by non-controlling interests	
	31 December 2023 (Audited)	31 March 2024 (Unaudited)
	%	%
7-24 Entertainment Pte. Ltd. ("7-24")	23	23
HF Chinatown Pte. Ltd. ("Chinatown")	30	30
Have Fun Thomson Pte. Ltd. ("Thomson")	35	35
Have Fun Bugis Pte. Ltd. ("Bugis")	–	21.17*

* Included within Have Fun Bugis Pte. Ltd. is a live performance venue of which a non-controlling interest holds 30%.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the unaudited interim condensed consolidated financial statements
for the three-month period ended 31 March 2024

32 Subsidiaries (cont'd)

(iv) Subsidiaries with material non-controlling interests (cont'd)

Summarised interim statements of financial position

	7-24		Chinatown		Thomson		Bugis *	Total	
	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Assets and liabilities									
Current assets	4,685,760	4,939,671	954,222	925,682	361,379	294,359	3,259,294	6,001,361	9,419,006
Non-current assets	2,890,993	2,624,755	1,061,490	951,637	728,481	627,831	7,565,093	4,680,964	11,769,316
Total assets	7,576,753	7,564,426	2,015,712	1,877,319	1,089,860	922,190	10,824,387	10,682,325	21,188,322
Current liabilities	3,503,771	3,203,045	595,081	524,853	1,804,854	1,781,845	1,991,279	5,903,706	7,501,022
Non-current liabilities	2,016,175	2,219,069	251,569	167,958	426,164	352,732	2,862,561	2,693,908	5,602,320
Total liabilities	5,519,946	5,422,114	846,650	692,811	2,231,018	2,134,577	4,853,840	8,597,614	13,103,342
Net assets/(liabilities)	2,056,807	2,142,312	1,169,062	1,184,508	(1,141,158)	(1,212,387)	5,970,547	2,084,711	8,084,980
Net assets/(liabilities) attributable to non-controlling interests	473,066	492,731	350,718	355,353	(381,032)	(405,963)	1,832,636	442,752	2,274,757

* Assets and liabilities presented relate to the assets and liabilities of the live performance venue in a subsidiary of which a non-controlling interest holds 30%.

Goodwill Entertainment Holding Limited and its subsidiaries
Notes to the unaudited interim condensed consolidated financial statements
for the three-month period ended 31 March 2024

32 Subsidiaries (cont'd)

(iv) Subsidiaries with material non-controlling interests (cont'd)

Summarised interim statements of profit or loss and other comprehensive income

	7-24		Chinatown		Thomson		Bugis *	Total	
	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Revenue	1,239,737	722,833	506,193	357,896	236,250	228,797	2,320,911	1,982,180	3,630,437
Expenses	(794,501)	(649,354)	(398,383)	(346,522)	(386,518)	(295,488)	(2,238,114)	(1,579,402)	(3,529,478)
Profit/(Loss) for the period	445,236	73,479	107,810	11,374	(150,268)	(66,691)	82,797	402,778	100,959
Profit/(Loss) and total comprehensive income/ (loss) attributable to non-controlling interests	102,404	16,900	32,343	3,412	(52,594)	(23,342)	24,839	82,153	21,809
Other subsidiaries								127,646	–
								209,799	21,809

Summarised interim statements of cash flows

	7-24		Chinatown		Thomson		Bugis *	Total	
	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2024 (Unaudited)
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Cash flows from:									
- operating activities	(427,106)	156,470	(12,278)	81,829	140,106	73,687	2,368,976	(299,278)	2,680,962
- investing activities	–	–	(6,000)	–	–	(3,800)	(1,044,544)	(6,000)	(1,048,344)
- financing activities	(150,010)	35,289	(69,904)	(114,522)	(76,017)	(105,659)	(64,679)	(295,931)	(249,571)
	(577,116)	191,759	(88,182)	(32,693)	64,089	(35,772)	1,259,753	(601,209)	1,383,047

33 Events after the reporting period

On 2 April 2024, Open Menu Marketing Pte. Ltd. was incorporated with an issued and paid-up capital of S$10,000, comprising 10,000 ordinary shares of S$1 each, with 5,000 ordinary shares held by the Company, representing 50% equity interest. The remaining 5,000 ordinary shares are held by a third party.

On 5 April 2024, Cookease Pte. Ltd. was incorporated with an issued and paid-up capital of S$50,000, comprising 50,000 ordinary shares of S$1 each, with 50,000 ordinary shares held by the Company, representing 100% equity interest.

On 30 April 2024, the Company acquired additional 8% equity interest in 7-24 Entertainment Pte. Ltd., comprising 8,000 ordinary shares of S$25 each, from an existing shareholder for a cash consideration of S$200,000. Accordingly, the Company's equity interest in the subsidiary increased from 77% to 85%.

On 21 May 2024, the Company appointed liquidators and commenced a creditors' voluntary winding-up of Have Fun Serangoon Pte. Ltd.

On 25 October 2024, the Company conducted a share split. Under the share split, 942,628 ordinary shares in the capital of the Company were sub-divided into 356,750,000 ordinary shares. Pursuant to the share split, the issued and paid-up share capital of the Group remained at S$8,895,953, comprising 356,750,000 ordinary shares.

APPENDIX C

TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION

You are invited to apply and subscribe for and/or purchase the Placement Shares at the Placement Price for each Placement Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF SUBJECT TO A MINIMUM OF 1,000 PLACEMENT SHARES. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**

2. Your application for the Placement Shares may only be made by way of the Application Forms or other such forms of application as the Sponsor and Issue Manager and/or the Joint Placement Agents may deem appropriate.

3. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

4. You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Placement Shares. Any separate application by you for the Placement Shares shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents.

   If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents.

   Joint applications shall be rejected. Multiple applications for the Placement Shares shall be liable to be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents. If you submit or procure submissions of multiple share applications for Placement Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of application by approved nominee companies where such application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents.

5. We will not accept applications from any person under the age of eighteen (18) years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

6. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 7 below.

7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, CDP Securities Account number, nationality and permanent residence status provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one (1) individual direct Securities Account with CDP, your application shall be rejected.

9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**

10. **Our Company and the Vendor, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or which is not honoured upon its first presentation.**

11. **Our Company and the Vendor, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

    Without prejudice to the rights of our Company and the Vendor, the Sponsor, Issue Manager and the Joint Placement Agents, as agent of our Company, has been authorised to accept, for and on behalf of our Company and the Vendor such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deem appropriate.

12. Our Company and the Vendor, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendor with regards hereto will be entertained. This right applies to applications made by way of Application Forms. In deciding the basis of allotment, which shall be at the discretion of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for the Placement Shares.

13. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company or the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renouncee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you. This authorisation applies to applications made by way of Application Forms.

14. In the event that a supplementary or replacement Offer Document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement Offer Document.

    Where prior to the lodgement of the supplementary or replacement Offer Document, applications have been made under this Offer Document to subscribe for and/or purchase the Placement Shares, and:

    (a) where the Placement Shares have not been issued and/or transferred to the applicants, we (and on behalf the Vendor) shall either:

        (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;

        (ii) within seven (7) days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; or

        (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and (B) within seven (7) days from the date of lodgement of the supplementary or replacement Offer Document, return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk; or

    (b) where the Placement Shares have been issued and/or transferred to the applicants but trading has not commenced, we (and on behalf the Vendor) shall either:

        (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us (for us as well as on behalf the Vendor) those Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;

        (ii) within seven (7) days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us (for us as well as on behalf the Vendor) the Placement Shares, which they do not wish to retain title in and without any right to claim against our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents; or

(iii) treat the issue and/or sale of the Placement Shares as void and our Company shall (A) if documents purporting to evidence title to the Placement Shares have been issued and/or transferred to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement Offer Document, inform the applicants to return such documents to us within 14 days from the date of lodgement of the supplementary or replacement Offer Document, and within seven (7) days from the date of receipt of the documents purporting to evidence title to the Placement Shares or the date of lodgement of the supplementary or replacement offer document, whichever is the later, pay to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or (B) if no documents purporting to evidence title to the Placement Shares have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk,

and the applicants shall not have any claims whatsoever against our Company, the Vendor, our Directors, the Sponsor and Issue Manager and the Joint Placement Agents, or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph 14(a)(i) and (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement Offer Document, notify our Company of this, whereupon we (and on behalf of the Vendor) shall, within seven (7) days from the receipt of such notification, return all monies paid in respect of the application for the application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom at the applicant's own risk, and the applicant shall not have any claim against our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

An applicant who wishes to exercise his option under paragraph 14(b)(i) and (ii) above to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement Offer Document, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to our Company, whereupon we (and on behalf of the Vendor) shall, subject to compliance with the Companies Act, within seven (7) days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the issue and/or sale of the Placement Shares shall be deemed to be void and the applicant will not have any claim whatsoever against our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

15. You (a) consent to the collection, use and disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, share application details and other personal data ("**Personal Data**") by the Share Registrar, SCCS, SGX-ST, CDP, our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents and/or other authorised operators (the "**Relevant Persons**") for the purpose of facilitating your application for the Placement Shares; (b) consent that the Relevant Persons may disclose or share Personal Data with third parties who provide necessary services to the Relevant Persons, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (c) consent that the Relevant Persons may transfer your personal data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Placement Shares; and (d) warrant that where you, as an approved nominee company, disclose the

Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the consent of the beneficial owners to paragraphs (a), (b) and (c) and that any disclosure of Personal Data to our Company is in compliance with applicable laws (collectively, "**Personal Data Privacy Terms**"). Where any Personal Data is transferred to a country or territory outside of Singapore, the Relevant Persons will ensure that the recipient of the Personal Data provides a standard of protection that is comparable to the protection which Personal Data enjoys under the laws of Singapore, and where these countries or territories do not have personal data protection laws which are comparable to that in Singapore, the Relevant Persons will enter into legally enforceable agreements with the recipients to ensure that they protect the Personal Data to the same standard as required under the laws of Singapore.

You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents and any other parties so authorised by the forgoing persons.

16. Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares by way of an Application Form or such other forms of application as the Sponsor and Issue Manager and the Joint Placement Agents deem appropriate.

17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:

    (a) irrevocably offer, agree and undertake to subscribe and/or purchase for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company for application;

    (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to the Company upon application;

    (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you; and

    (d) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor and Issue Manager and the Joint Placement Agents will infringe any such laws as a result of the acceptance of your application.

18. Our acceptance of applications will be conditional upon, amongst others, our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, being satisfied that:

    (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares (including the Vendor Shares), the ECA Shares and the New Shares on a "when-issued" basis on Catalist;

    (b) the Management and Sponsorship Agreement, the Placement Agreement, and the Continuing Sponsorship Agreement referred to in the section entitled "Management, Sponsorship and Placement Arrangements" of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and

(c) the SGX-ST, acting as an agent on behalf of the Authority, or other competent authority, has not served a stop order ("**Stop Order**") which directs that no further shares to which this Offer Document relates be allotted or issued.

19. In the event that a Stop Order pursuant to Section 242 of the SFA is served by Authority, the SGX-ST, acting as an agent on behalf of the Authority or other competent authority, then:

(a) where the Placement Shares have not been issued and/or transferred, all applications shall be deemed to have been withdrawn and cancelled and we (and on behalf the Vendor) shall refund (at your own risk) all monies paid on account of your application of the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order and you shall not have any claim whatsoever against our Company, the Vendor or the Sponsor and Issue Manager and the Joint Placement Agents, or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers; or

(b) where the Placement Shares have already been issued and/or transferred but trading has not commenced, the issue and/or sale of the Placement Shares shall (as required by law) be deemed to be void and we (and on behalf the Vendor) shall, (i) if documents purporting to evidence title to the Placement Shares have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from the date of the Stop Order, and within seven (7) days from the date of receipt of those documents or the date of the Stop Order, whichever is the later, pay to the applicants all monies paid by them for the Placement Shares or (ii) if no such documents have been issued to the applicants, within seven (7) days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Where monies are to be returned in respect of any application, it will be returned to the applicant without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and the applicant shall not have any right or claim against us, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Placement Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, or other competent authority, no Placement Shares shall be issued and/or transferred to you during the time when the interim Stop Order is in force.

21. The Authority, the SGX-ST, acting as an agent on behalf of the Authority or other competent authority, is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and/or transferred, listed for quotation on a securities exchange and trading in the Placement Shares has commenced.

22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com and in a major English newspaper in Singapore.

23. We will not hold any application in reserve.

24. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST.

25. Additional terms and conditions for applications by way of Application Forms are set out in this Offer Document entitled "Additional Terms and Conditions for Applications using Application Forms" below.

26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S$.

27. No person in any jurisdictions outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or Placement to subscribe for or purchase any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled "Terms and Conditions and Procedures for Application" of this Offer Document, as well as the Constitution of our Company.

1. Your application must be made using the Application Forms or in such other manner as the Sponsor and Issue Manager and the Joint Placement Agents may in their absolute discretion deem appropriate. ONLY ONE (1) APPLICATION should be enclosed in each envelope.

   We draw your attention to the detailed instructions contained in the Application Forms and this Offer Document for the completion of the Application Forms which must be careful followed. **Our Company and the Vendor, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance or remittances which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company's Share Registrar. Our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or anybody corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. (50%) of the issued share capital of or interests in such corporations.

   If you are an approved nominee company, you are required to declare whether the beneficial owner of the Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. (50%) of the issued share capital of or interests in such corporation.

7. Your completed and signed Application From and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **GOODWILL ENTERTAINMENT HOLDING LIMITED**, to arrive by **12.00 noon on 13 November 2024 or such other time as our Company and the Vendor may, in consultation with** the Sponsor and Issue Manager and the Joint Placement Agents, decide. Local Urgent Mail or Registered Post must **NOT** be used. No acknowledgement of receipt will be issued for any application or remittance received

   Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of **"Goodwill Entertainment Holding Limited - Share Issue Account"** crossed **"A/C PAYEE ONLY"**, and with your name and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted**. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by a Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company, the Vendor, the Sponsor, and Issue Manager and the Joint Placement Agents for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within fourteen (14) days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management and Sponsorship Agreement and

the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the SGX-ST, acting as an agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within fourteen (14) days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.

10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents and/or any other party involved in the Placement, and if, in any such event, our Company, the Sponsor and Issue Manager and the Joint Placement Agents does not receive your Application Form, you shall have no claim whatsoever against our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.

11. By completing and delivering the Application Form, you agree that:

    (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 13 November 2024** or such other time or date as our Company and the Vendor may, in consultation with the Sponsor and Issue Manager and the Joint Placement Agents, decide:

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) neither our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, nor any other party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;

    (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

    (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

    (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or any other person involved in the Placement shall have any liability for any information not so contained;

(g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;

(h) you consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendor, the Sponsor and Issue Manager and the Joint Placement Agents, or other authorised operators; and

(i) you irrevocably agree and undertake to subscribe and/or purchase for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decides to allot and/or allocate a smaller number of Invitation Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.

APPENDIX D

SUMMARY OF OUR CONSTITUTION

The discussion below provides information on certain provisions of our Constitution and the laws of Singapore. This discussion is only a summary and is qualified by reference to our Constitution and to Singapore law.

The instrument that constitutes and defines our Company is the Constitution of our Company.

28. **Directors**

(a) Ability of interested directors to vote

Regulation 108 – Interested Directors not to vote and be counted in quorum

A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest directly or indirectly. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Regulation 84 – Remuneration of Directors

The ordinary remuneration of the Directors shall from time to time be determined by ordinary resolution, shall not be increased except pursuant to an ordinary resolution passed at a General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office

Regulation 85(a) – Extra remuneration

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

Regulation 85(b) – Payment of remuneration.

Remuneration (including any extra salary, commission or otherwise) to Non-executive Directors shall be payable by a fixed sum (in cash, shares or otherwise) and shall not at any time be by commission on or a percentage of profits or turnover of the Company. No Director whether an executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Regulation 94 – Remuneration of managing director.

The remuneration of a managing director (or a person holding an equivalent position), shall from time to time be fixed by the Directors and may, subject to the provisions of the Constitution, be by way of salary or commission or participation in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Regulation 87 – Power to pay pensions, etc.

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) and Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Regulation 104(d) – Alternate Directors may contract with the Company

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct PROVIDED THAT any fees payable to him shall be deducted from his principal's remuneration.

(c) Borrowing

Regulation 115 – Directors' borrowing powers

Subject to the applicable laws and the Constitution, our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(d) Retirement age limit

There is no retirement age limit for Directors under our Constitution.

(e) Shareholding qualification

Regulation 83 – No share qualification for Directors

There is no shareholding qualification for Directors in our Constitution.

29. **Share rights and restrictions**

Our Company currently has one (1) class of Shares, namely, ordinary shares. Only persons who are registered on our register of Shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our Shareholders.

(c) Dividends and distribution

Regulation 127 – Declaration of dividends

Our Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Act, to the Company in respect of treasury shares.

Regulation 128 – Interim dividends

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Regulation 129(a) – Apportionment of dividends

All dividends in respect of shares must be paid in proportion to the number of shares held by a Shareholder but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.

Regulation 130 – Dividends payable out of profits

No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.

Regulation 131 – No interest on dividends.

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

Regulation 132 – Retention of dividends

Our Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Our Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Shareholder, or which any person is under those provisions entitled to transfer, until such person shall become a Shareholder in respect of such shares or shall transfer the same.

Regulation 133 – Unclaimed dividend's or other moneys

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after being first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled prior to the forfeiture.

(d) Voting rights

Regulation 75 – Appointment of proxies

A Shareholder who is not a relevant intermediary, may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. Where in such Shareholder's instrument of proxy, more than one (1) proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy. If no proportion is specified, the first-named proxy shall be deemed to represent 100% of the shareholding to which the instrument of proxy relates, and the second-named proxy shall be deemed to be an alternate to the first-named proxy; and

A Shareholder who is a relevant intermediary, may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where in such Shareholder's instrument of proxy, more than two (2) proxies are appointed, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

30. **Change in capital**

Regulation 12 – Power to consolidate, cancel, sub-divide and redenominate shares

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) requires an ordinary resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. However, we are required to obtain approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by applicable law.

31. **Variation of rights of existing shares or classes of shares**

Regulation 9 – Variation of rights and repayment of preference capital.

Whenever the share capital of the Company is divided into different classes of shares, subject to applicable laws and the terms of issue of shares of that class, preference capital (other than redeemable preference capital) may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of holders of three-quarters of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting, all the provisions of these presents relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy or attorney at least one-third of the issued shares of that class and that any holder of shares of the class present in person or by proxy or attorney may demand a poll, provided that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from holders of three-quarters of the issued shares of that class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution passed at such general meeting.

32. **Limitations on foreign or non-resident shareholders**

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their Shares.

APPENDIX E

DESCRIPTION OF LAWS RELATING TO TAXATION

The following is a discussion of tax matters arising under the current tax laws in Singapore, and the administrative guidelines issued by the relevant authorities, which are in force as at the date of this Offer Document. It is not intended to be and does not constitute legal or tax advice. The summary below is based on laws, regulations, guidelines, rulings and decisions in effect as at the Latest Practicable Date, and these may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out herein.

The discussion is limited to a general description of certain tax consequences in Singapore with respect to the subscription for, acquisition, holding and disposal of our Shares by investors, and does not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to the same. It does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. The summary below is not intended to constitute a comprehensive or exhaustive description of the taxes mentioned herein nor of all the taxes that may be applicable or relevant to the subscription for, ownership and disposal of our Share.

Prospective investors should consult their own tax advisors and/or legal advisors regarding taxation in Singapore and other consequences of subscribing for, owning and disposing of our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

SINGAPORE TAX

Singapore Income Tax

Corporate income tax

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless it is specifically exempted from income tax.

Foreign-sourced income is deemed to be received in Singapore when it is: (a) remitted to, transmitted or brought into Singapore; (b) used to pay off any debt incurred in respect of a trade or business carried on in Singapore; or (c) used to purchase any movable property brought into Singapore.

Foreign-sourced income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident company are exempted from Singapore tax provided that the following qualifying conditions are met:

(a) such income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15.0%; and

(c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

The prevailing corporate income tax rate in Singapore is 17.0% with the first S$200,000 of chargeable income being partially exempt from tax as follows:

(a) 75.0% of the first S$10,000 of chargeable income; and

(b) 50.0% of the next S$190,000 of normal chargeable income.

There is no available corporate income tax rebate for year of assessment 2022. The rebate will not be applicable to the income derived by a non-Singapore tax resident company that is subject to final withholding tax.

As announced in Budget 2024, a corporate income tax rebate of 50% of the corporate tax payable will be granted to all taxpaying companies, whether tax resident or not, for year of assessment 2024. Companies that have employed at least one (1) local employee in 2023 will receive S$2,000 in cash payout. Such companies will therefore receive a minimum benefit of S$2,000. The maximum total benefits of corporate income tax rebate and corporate income tax rebate cash payout that a company may receive is $40,000,

A company is regarded as a Singapore tax resident if the control and management of the business is exercised in Singapore. In general, the control and management of a company's business is vested in its board of directors and its tax residency is generally where its board of directors meet to make strategic business decisions of the company.

Individual income tax

Individual taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Currently, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0% to 24.0%, after deductions of qualifying personal reliefs where applicable. A non-Singapore tax resident individual is taxed at the tax rate of 24.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

Dividend Distributions

Singapore adopted the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their tax advisors to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Capital Gains Tax

Any gains considered to be in the nature of capital made from the sale of our Shares will not be taxable in Singapore to the extent that they do not fall within the ambit of the new Section 10L of the Income Tax Act 1947 of Singapore (the "**Income Tax Act**"), which came into effect on 1 January 2024.

Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which may be regarded as the carrying on of a trade of business in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if our Shares were purchased with the intention or purpose of making a profit by sale rather than holding for long-term investment purposes in Singapore.

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The characterisation of gains arising from the sale of our Shares will depend primarily on the facts and circumstances (commonly referred to as the "badges of trade") of each shareholder.

Subject to specified exceptions and Section 10L of the Income Tax Act, Section 13W of the Income Tax Act provides for certainty on the non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 December 2027 (both dates inclusive) where:

(a) the divesting company had legally and beneficially held a minimum shareholding of 20% of the ordinary shares of the company whose shares are being disposed; and

(b) the divesting company had maintained the minimum 20% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

The above-mentioned "safe harbour rules" prescribed under Section 13W of the Income Tax Act will not apply to a divesting company under the following scenarios:

(a) a divesting company whose gains or profits from the disposal of shares are included as part of its income based on the provisions of Section 26 of the Income Tax Act;

(b) the disposal of shares by a partnership, limited partnership and limited liability partnership one or more of the partners of which is a company or are companies; or

(c) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company that the Singapore Comptroller of Income Tax is satisfied –

   (i) is in the business of trading immovable properties situated in Singapore or elsewhere;

   (ii) principally carries on the activity of holding immovable properties situated (whether in Singapore or elsewhere), whereby passive or no income is derived; or

   (iii) has undertaken property development (whether in Singapore or elsewhere), except where –

      (A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub paragraph (i); and

      (B) the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares.

Under Section 10L of the Income Tax Act, gains received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to tax under Section 10(1)(g) of the Income Tax Act under certain circumstances. Any registered shares, equity securities or securities will be deemed to be located outside Singapore if the register or principal register (if there is more than one (1) register) is located outside Singapore regardless of where the company is incorporated. If our Shares are deemed to be foreign assets, gains from their disposal will be subject to tax if an entity of a relevant group (other than an excluded entity) disposed of our Shares on or after 1 January 2024. An entity is a member of a group of entities if its assets, liabilities, income, expenses and cash flows are (a) included in the consolidated financial statements of the parent entity of the group; or (b) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (i) the entities of the group are not all incorporated, registered or established in Singapore; or (ii) any entity of the group has a place of business outside Singapore. An excluded entity is defi ned in Section 10L of the Income Tax Act to include a pure equity-holding company or any other entity with adequate economic substance in Singapore taking into account factors enumerated in Section 10L of the Income Tax Act.

Investors are advised to consult their own tax advisors on the applicable tax treatment if they receive gains in Singapore from the disposal of our Shares.

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement, or FRS 39; the Singapore Financial Reporting Standard 109 — Financial Instruments, or FRS 109; or the Singapore Financial Reporting Standard (International) 9 — Financial Instruments, or SFRS(I) 9 may for the purposes of Singapore income tax be required to recognise gains or losses in respect of financial instruments (not being gains or losses in the nature of capital) in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even where no sale or disposal of the shares is made.

Section 34A of the Income Tax Act provides the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt out" provisions) for taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular titled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular titled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Shareholders are advised to consult their tax advisers on the Singapore tax consequences on their subscription, purchase, holding and disposal of our Shares.

Bonus Shares

Any bonus shares received by our Shareholders are not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the contract or agreement entered into for the transfer of our Shares at 0.2% on the consideration for, or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no dutiable document relating to the share transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore.

In the case of scripless shares which are book-entry securities defined under Section 81SF of the SFA, where the transfer of which does not require instruments of transfer to be executed, stamp duty which is ordinarily payable on the contract or agreement entered into for the transfer is remitted.

Goods and Services Tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making this exempt supply is not recoverable from the Comptroller of GST and becomes an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate (currently at 9.0%). Similar services rendered to an investor belonging outside Singapore may be subject to GST at zero-rate if certain conditions are met.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

Estate Duty

Singapore estate duty has been abolished with effect from 15 February 2008.

GOODWILL
ENTERTAINMENT

GOODWILL ENTERTAINMENT HOLDING LIMITED

(Company Registration No: 201633838K)
(Incorporated in the Republic of Singapore)

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