Snack Empire Holdings Limited
快餐帝國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1843

2020 Annual Report

Contents

This Annual Report is printed on environmentally friendly paper

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Daniel Tay *(Chairman)*
Mr. Melvyn Wong *(Chief Executive Officer)*

Independent non-executive Directors

Mr. Jong Voon Hoo
Mr. Koh Boon Chiao
Mr. Lim Wee Pin

AUDIT COMMITTEE

Mr. Lim Wee Pin *(Chairman)*
Mr. Jong Voon Hoo
Mr. Koh Boon Chiao

REMUNERATION COMMITTEE

Mr. Koh Boon Chiao *(Chairman)*
Mr. Jong Voon Hoo
Mr. Lim Wee Pin
Mr. Daniel Tay
Mr. Melvyn Wong

NOMINATION COMMITTEE

Mr. Jong Voon Hoo *(Chairman)*
Mr. Koh Boon Chiao
Mr. Lim Wee Pin

COMPANY SECRETARY

Sir Kwok Siu Man KR

AUTHORISED REPRESENTATIVE

Mr. Melvyn Wong
Sir Kwok Siu Man KR

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

10, Anson Road
#21-02, International Plaza
Singapore 079903

WEBSITE

http://www.snackemp.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

57th Floor, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

COMPLIANCE ADVISOR

Lego Corporate Finance Limited
Room 1601, 16/F
China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point, Hong Kong

LISTING INFORMATION

Place of Listing

The Main Board of The Stock Exchange
of Hong Kong Limited

Stock Code

1843

Board Lots

4,000

Message to Shareholders

Dear Shareholders,

The Year has been eventful, marked by concerns over trade tensions between the USA and the PRC, as well as the on-going COVID-19 pandemic which has resulted in a wide spread impact on the global economy, across multiple industries, including the Group's.

To minimize the risk of cross infection to its team members, business partners and customers, the Group quickly activated its business contingency plans, which included remote working arrangements for the bulk of its office team members, and the ring fencing of the retail team members into non-overlapping zones. Additional pro-active measures to reduce the risk of the spread of COVID-19 were also instituted across the Group, such as the provision of hygiene training and protocols, the provision of personal protective equipment and the pre-screening of visitors to corporate premises. The Group prioritises safety of its team members, business partners and customers, and will do what is necessary to ensure that the brand can continue to reach out to its stakeholders in a safe and practicable manner.

Unforeseen events aside, the Year was a transformational one for the Group. As the Group kept to its longstanding practice of executing its existing business well, it also understood the importance of refreshing the brand and staying relevant to its customers. The Year saw the Group established its first concept outlet in Singapore's PLQ Mall, offering an exclusive and experimental menu that differs from the Group's other Outlets and Restaurants. The concept outlet was well-received and a location has been identified in West Malaysia to establish a similar concept outlet.

Despite the challenges, the Group remains cautiously optimistic about its future as a growing middle class across Asia continues to drive demand and provide opportunities for the food and beverage industry. Moreover, with its robust business model and adaptable workforce, the Group is capable of maintaining its ability to weather the increasingly unpredictable economic cycles.

OUTLOOK

The Group continues to be mindful of the evolving COVID-19 situation while keeping an eye out for growth opportunities. Looking ahead, it plans to (i) open new Self-operated Outlets and Restaurant in Singapore and West Malaysia; (ii) expand its Non-self-operated Outlets and Restaurants network; (iii) refurbish its existing Self-operated Outlets and Restaurants in Singapore and West Malaysia; (iv) recruit additional talents to support its expansion plans; (v) increase brand awareness through targeted sales and marketing campaigns; and (vi) develop its information technology system. The Group will also proactively seek any other business opportunities that may broaden the Group's source of income and enhance value to the Shareholders.

ACKNOWLEDGEMENTS

The Group's advancement is only made possible by the trust and support of its stakeholders. On behalf of the Board, I extend my sincere thanks and appreciation to them. Special mention must also be given to my fellow Directors for their unwavering commitment and guidance, which are critical in such exceptional times, and to our talented team members for bringing the Group forward, at all times and especially now. The Group will continue to work hard to drive Shareholder value and to bring smiles to its millions of customers around the world.

Mr. Daniel Tay
Chairman and Executive Director

Singapore, 30 June 2020

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a food and beverage group headquartered in Singapore, offering authentic Taiwanese Snacks and Beverages under our Shihlin Taiwan Street Snacks® brand through a network of 248 Shihlin Outlets and Restaurants in Singapore, Malaysia, Indonesia and United States. As at 31 March 2020, we had a total of 248 Shihlin Outlets and Restaurants comprising (i) 16 Self-operated Outlets in Singapore; (ii) 14 Self-operated Restaurants in West Malaysia; (iii) two Non-self-operated Outlets in Singapore; (iv) two Non-self-operated Restaurants in Singapore; (v) three Non-self-operated Outlets in West Malaysia; (vi) 64 Non-self-operated Restaurants in Malaysia; (vii) 24 Non-self-operated Outlets in Indonesia; (viii) 118 Non-self-operated Restaurants in Indonesia; and (ix) five Non-self-operated Restaurants in United States.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly generated from (i) Outlet and Restaurant sales; (ii) sales of food ingredients to franchisees; (iii) franchise fees; (iv) royalty income; and (v) advertising and promotion fees. The table below sets forth the Group's revenue breakdown by nature for the two years ended 31 March 2020 and 2019.

	31 March	
	2020	2019
	S$'000	S$'000
Sale of goods		
— Outlet and Restaurant sales	**12,332**	10,506
— Franchisees	**9,035**	8,383
Franchise fees	**684**	511
Advertising and promotion fees	**311**	376
Royalty	**1,900**	1,549
	24,262	21,325

Revenue

The total revenue of the Group increased from approximately S$21,325 thousands for the Year 2019 to approximately S$24,262 thousands for the Year, resulting in an increase in total revenue of approximately 13% as compared with the Year 2019, which was mainly attributable to the fact that both sales of goods to franchisees/licensees and the Group's outlet sales had experienced a substantial increase because the Group had made adjustments to its marketing strategies and launched additional new promotional products into the market, whilst increasing its Shihlin outlets and restaurants network.

Outlet sales has increased by approximately 17% mainly due to the increase in the number of Self-operated Outlets in Singapore and Malaysia from 25 Self-operated Outlets and Restaurants for the Year 2019 to 30 Self-operated Outlets and Restaurants for the Year.

Sales of goods to franchisees/licensees increased by approximately 7% mainly due to the increase in non-self-operated Outlets and Restaurants from 175 Outlets and Restaurants as at the Year 2019 to 218 Outlets and Restaurants for the Year, offset by the lower amount of sales in Quarter four of the Group as a result of the COVID-19 Pandemic. Revenue from franchise fee, advertising and promotion fees and Royalty income remained relatively stable at 3% to 8% of the Group's total revenue.

Management Discussion and Analysis

Cost of inventories sold

Cost of inventories sold relates to the cost of food ingredients, beverages and packagings consumed in our Group's Self-operated Outlets and Self-operated Restaurants in Singapore and Malaysia for our retail sales, and the cost of food ingredients, beverages and packagings sold to our franchisees in Singapore, Malaysia, Indonesia and United States.

Cost of inventories sold increased from approximately S$8,701 thousands for the Year 2019 to approximately S$8,889 thousands for the Year representing an increase in 2% as compared to that of the Year 2019.

Gross profit

The Group's gross profit (which is equivalent to revenue subtracting the cost of inventories sold) for the Year was approximately S$15,373 thousands, representing an increase of approximately 22% from approximately S$12,624 thousands for the Year 2019. The increase in gross profit was attributable to the increase in the number of Self-operated Outlets. The gross profit margin of our Self-operated Outlets is generally higher than that of our franchising and licensing business mainly because we typically have more flexibility and room for markup for our Self-operated Outlets as compared to sales to franchisee and licensee. For Self-operated Outlets and Restaurants, we transact typically with end consumers and incur operating costs, thus we priced our products to generate higher gross profit margin for our Self-operated Outlets to cover such operating costs.

Human resources and remuneration policy

As at 31 March 2020, the Group employed 164 employees. The Group's staff costs increased by approximately S$1.6 million from approximately S$3.2 million for the Year 2019 to approximately S$4.8 million for the Year, mainly attributable to the fact that the Group has increased its number of Self-operated Outlets and Restaurants. As a support to the Group's expansion, the number of employees for the Year has also increased to cope with increasing business needs. In addition, challenged by long-term labour shortages and high turnover in the catering industry, the Group has also raised salaries and paid out bonuses during the Year according to the performance of the employees and the industry's level to attract and retain talents. The Group understands the importance of recruiting the right personnel and retaining experienced staff in the highly competitive labour market in order to maintain its operations and uphold its well-established standard of high quality services across all of its Self-operated Outlets and Restaurants.

Remuneration packages are generally determined by reference to market norms, individual qualifications, relevant experience and performance. The Group periodically reviews the remuneration of its employees and has made increments to the base salary of its staff during the Year in line with the Group's historical practices.

In addition, the Company adopted a Share Option Scheme as incentives or rewards to eligible persons for their contributions or potential contributions to the Group. No share option has been granted under the Share Option Scheme since 23 September 2019.

Rental and related expenses

Property rentals and related expenses increased approximately S$140 thousands after adjusting for the right of use asset's interest and depreciation, or approximately 8%, from approximately S$1.67 million for the Year 2019 to approximately S$1.81 million for the Year. The increase was primarily attributable to the addition of the Group's Self-operating Outlet during the Year. In order to ensure a better control of the property rentals and related expenses, the Group negotiated rental agreements with lease terms of an average of two to three years, with a fixed and variable component.

Management Discussion and Analysis

Liquidity, financial resources and capital structure

The Group financed its business with internally generated cash flows and the proceeds received from the Listing of the issued Shares on the Main Board of the Stock Exchange on the Listing Date. There has been no change in the Company's capital structure since the Listing Date. The capital structure of the Group comprises of issued share capital and reserves.

As at 31 March 2020, the Group had cash and cash equivalents amounting to approximately S$21.6 million, representing an increase of approximately S$17.3 million from approximately S$4.3 million as at 31 March 2019. Most of the Group's bank deposits and cash were denominated in Hong Kong dollars and Singapore dollars. As at 31 March 2020, the Group's total current assets and current liabilities were approximately S$27.4 million (31 March 2019: approximately S$9.0 million) and approximately S$3.9 million (31 March 2019: approximately S$5.4 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 7.0 times (31 March 2019: approximately 1.7 times).

As at 31 March 2020, the Group recorded interest-bearing bank borrowings of approximately S$2.4 million (as at 31 March 2019: S$2.5 million). The interest-bearing bank borrowings were secured and denominated in Singapore dollars and bore interest at 1.6% (31 March 2019: 1.6%). During the Year, no financial instruments were used for hedging purposes. Details of the bank borrowings of the Group are set out in note 25 to the consolidated financial statements.

As at 31 March 2020, the Group's gearing ratio, calculated based on the sum of interest-bearing bank borrowings, amounts due to related parties and lease liabilities divided by the equity attributable to owners of the Company, was approximately 16% (31 March 2019: approximately 92%).

Material acquisitions and disposals

Save for the Reorganisation, the Group had no material acquisitions or disposals of subsidiaries or associates during the Year.

Use of proceeds from the Share Offer

The Company issued 200,000,000 shares at HK$0.65 per Share pursuant to the Share Offer. The net proceeds from the Share Offer were approximately S$13.0 million or equivalent to HK$74.8 million (after deducting underwriting fees and related listing expenses). The use of the net proceeds from the Listing as at 31 March 2020 was approximately as follows:

Use of net proceeds	Percentage of net proceeds	Net proceeds (in HK$ million)	Amount utilised (in HK$ million)	Amount remaining (in HK$ million)	Expected timeline of full utilisation of unutilised proceeds
New Self-operated Outlets in Singapore	22.2%	16.6	0.5	16.1	March 2024
New Self-operated Outlets in West Malaysia	16.5%	12.4	—	12.4	March 2024
Expansion of Non-self-operated Outlets and Restaurants network	20.9%	15.7	—	15.7	March 2024
Refurbishment of Self-operated Outlets and Restaurants	15.8%	11.8	0.2	11.6	March 2023
Strengthening manpower	8.2%	6.1	*	6.1	March 2024
Marketing and promotional initiatives	8.2%	6.1	0.3	5.8	March 2024
Upgrade our IT infrastructure, data management and franchise management system	8.2%	6.1	—	6.1	March 2023
	100.0%	74.8	1.0	73.8	

* *Amount below HK$0.1 million*

The proceeds were used according to the intentions disclosed in the Prospectus and were generally in line with the expected timeframe disclosed in the Prospectus.

Management Discussion and Analysis

Foreign currency risk

A significant portion of the Group's cash is denominated in Hong Kong dollars. Future exchange rates of the Hong Kong dollar could vary significantly from the current or historical exchange rates as a result of economic developments and political changes both domestically and internationally, and the demand and supply of the Hong Kong dollar. The appreciation or devaluation of the Hong Kong dollar against the Singapore dollar may have an impact on the Group's results. The Group will continue to take proactive measures and closely monitor its exposure to any currency movements.

Contingent liabilities

As at 31 March 2019 and 31 March 2020, the Group does not have any material contingent liabilities.

Charge on the Group's assets

As at 31 March 2020, the Group did not have any other banking charges except secured bank borrowings of approximately S$2.4 million secured by properties of the Group with carrying values of approximately S$3.2 million.

Training and continuing development

During the Year, comprehensive training programs and development initiatives pertaining to operational and occupational safety as well as customer services were provided to relevant employees in order to enhance the quality of services expected from customer-facing staff. The Company's lawyer provides updates from time to time on Directors' duties and responsibilities under statutory and regulatory requirements as well as an update on the amendments to the Listing Rules to the Directors as well as the senior management in March 2020.

ESG performance

The Group continually reviews its ESG efforts, corporate governance and risk management practices with an aim to create and deliver sustainable value to all its key stakeholders. The Group is constantly exploring more efficient opportunities to reduce the consumption of resources in order to reduce its impact on the environment.

For more information regarding the Group's ESG performance for the Year, please refer to the Group's forthcoming ESG report, which can be viewed or downloaded from the Company's official website no later than three months after the publication of the Company's 2020 Annual Report.

Outlook

The Group plans to continue its expansion into various overseas markets and strengthen its marketing efforts to attract customers from a diverse customer base in order to consolidate the Group's brand position and increase its market share across the globe.

The Group plans to continue striving for service excellence through various methods, including: (i) enhancing the Group's data management by keeping abreast of technological developments and strengthening the Group's internal operating systems; (ii) ensuring that only quality food is being sold by strictly using high-quality, healthy and safe ingredients, purchased from reputable suppliers; and (iii) raising the standard of the Group's services by providing regular personnel training.

The Group will closely monitor the macroeconomic environment and continue to seize various growth opportunities to boost our brand reputation and maximise returns for the Shareholders.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Daniel Tay, aged 42, is the co-founder of the Group and has been with us since 4 June 2003. He was appointed as a Director on 2 February 2018. On 11 September 2018, Mr. Daniel Tay was re-designated as an executive Director and appointed as the Chairman of the Board. He is also a director of all of the Company's subsidiaries. Mr. Daniel Tay is responsible for the overall management, financial performance and business development of the Group.

Mr. Daniel Tay obtained a Bachelor of Arts degree in August 2002 and completed a Bachelor of Social Sciences in Economics degree programme in June 2003, both from The National University of Singapore. Upon graduation, Mr. Daniel Tay co-founded the Group with Mr. Melvyn Wong in June 2003 and has been the Group's director for business development.

Save as disclosed herein, Mr. Daniel Tay did not hold in the past three years any directorship in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Melvyn Wong (黃志達), aged 41, is the co-founder of the Group and has been with the Group since 4 June 2003. He was appointed as a Director on 2 February 2018. He was re-designated as an executive Director and appointed as the chief executive officer on 11 September 2018. He is also a director of all of the Company's subsidiaries. Mr. Melvyn Wong is responsible for overseeing the execution of strategic planning and supervising the operations of the Group.

Mr. Melvyn Wong obtained a Bachelor of Engineering (Mechanical Engineering) degree from The National University of Singapore in June 2003. Upon graduation, Mr. Melvyn Wong co-founded the Group with Mr. Daniel Tay in June 2003 and has been the Group's director for operations.

Save as disclosed therein, Mr. Melvyn Wong did not hold in the past three years any directorship in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jong Voon Hoo (楊文豪) ("Mr. Jong"), aged 47, was appointed as an independent non-executive Director on 23 September 2019. Mr. Jong is currently a director of Global Invest & Advisory Pte. Ltd., an investment consultancy and advisory firm, since October 2015. Mr. Jong is the chairman of the Nomination Committee, member of the Audit Committee and the Remuneration Committee, providing independent judgement on issues of strategy, policy, accountability and standard of conduct.

Mr. Jong has over 20 years of experience in accounting and auditing. Mr. Jong joined Arthur Andersen LLP in July 1996 as a staff accountant in the assurance & business advisory division. He was promoted to senior in September 1998 and further promoted to manager in September 2001 until he left the firm in June 2002. Mr. Jong served as a manager of Deloitte & Touche LLP and engaged in audit work from November 2002 to June 2004, and subsequently promoted to senior manager in July 2004 until he left the firm in September 2004. He was a chief financial officer of Green Build Technology Limited (formerly known as Youcan Foods International Limited and Youyue International Limited), a company listed on the Singapore Exchange (stock code: Y06), from October 2004 to August 2015.

Mr. Jong obtained a Bachelor of Accountancy degree from the Nanyang Technological University in Singapore in June 1996. He has been a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants since September 1999.

Mr. Jong has been an independent non-executive director of SingAsia Holdings Limited (stock code: 8293), a company whose shares are listed on GEM of the Stock Exchange, since June 2016. He has been an independent director of Sheng Siong Group Ltd., a company listed on the Singapore Exchange (stock code: OV8), since June 2011. He has been a lead independent director of Reclaims Global Limited, a company listed on the Singapore Exchange (stock code: NEX), since January 2019. Save as disclosed herein, Mr. Jong did not hold in the past three years any directorships in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Biographies of Directors and Senior Management

Mr. Koh Boon Chiao (許聞釗) ("Mr. Koh"), aged 40, was appointed as an independent non-executive Director on 23 September 2019. Mr. Koh has also been appointed as head of legal of ICHX Tech Pte. Ltd. commencing since March 2019. He is responsible for providing legal support, as well as promoting, developing and extending the business of such company. Mr. Koh is the chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee, providing independent judgement on issues of strategy, policy, accountability and standard of conduct.

Mr. Koh has over 12 years of experience in the legal industry. He started his career with Shook Lin & Bok LLP as an associate from May 2006 to October 2010. He was a partner of Dentons Rodyk & Davidson LLP since October 2010 until he left the firm in July 2016. Mr. Koh joined Parkway Group Healthcare Pte. Ltd. as an assistant vice president of the legal department from July 2016 to February 2018, where he was responsible for reviewing and advising on legal matters of the company. He was a head of legal of TenX Pte. Ltd. from April 2018 to February 2019 and was responsible for managing and executing the legal activities, as well as providing strategic advice to the chief executive, board and senior management of the company. Save as disclosed herein, Mr. Koh did not hold in the past three years any directorships in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Koh obtained a Bachelor of Laws degree from the National University of Singapore in June 2005. He has been in practice since he qualified as a lawyer in Singapore in May 2006.

Mr. Lim Wee Pin (林偉彬) ("Mr. Lim"), aged 49, was appointed as an independent non-executive Director on 23 September 2019. Mr. Lim is currently a chief finance officer of C. Melchers GmbH & Co. since September 2019 and an independent non-executive director of SingAsia Holdings Limited since 31 March 2020. Mr. Lim is the chairman of the Audit Committee, member of the Remuneration Committee and the Nomination Committee, providing independent judgement on issues of strategy, policy, accountability and standard of conduct.

Mr. Lim has over 20 years of experience in corporate financing, accounting, financial advisory and project management. Mr. Lim firstly worked in KPMG as a graduate assistant in the assurance units in December 1995. He left the firm in May 2003 as a consulting manager. He later served as an internal audit manager of Intraco Limited in July 2003, and was promoted to director of the corporate planning and M&A department in March 2008. He became chief financial operating officer and executive director of Tangmu Food Products Co. Ltd. from April 2008 to June 2012, and an assistant general manager of Robinsons & Co (Singapore) Pte. Ltd. to oversee the finance and logistics team from July 2012 to February 2014. He was a principal consultant of Strategicom Pte. Ltd. from April 2014 to June 2014 providing consulting services to clients and strategic assistance to projects managed by other consultant of the company. Mr. Lim was the chief financial officer of Aalst Chocolate Pte. Ltd. from March 2015 to March 2017, and a chief financial (operating) officer of YSQ International Pte. Ltd. from April 2017 to October 2017 and responsible for the finance and operations of the company. Mr. Lim was a finance general manager of Crystal SL Global Pte. Ltd. from March 2018 to September 2019. Save as disclosed herein, Mr. Lim did not hold in the past three years any directorships in other public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Lim obtained a Bachelor of Accountancy from the Nanyang Technological University in Singapore in June 1995. He has been a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants since July 2000.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Our senior management consists of all of the executive Directors, the Financial Controller and the company secretary, and certain managerial positions. For the biographical details of our executive Directors who form part of the senior management, please refer to the paragraph headed "Executive Directors" in this section.

Mr. Wong Chee Keong (黃志強) ("Mr. Alex Wong"), aged 43, joined the Group on 19 February 2009 as a deputy manager (operations) and was promoted to his current position as a head of operations of the Group in January 2015. He is responsible for leading the operations team of the Group and overseeing the operations of outlets and food safety, including the inventory usage, expenditure reports and manpower planning.

Prior to joining the Group, Mr. Alex Wong was an operation manager of Viewers Choice Pte Ltd., a company engaged in the sales and retail business, from March 2002 to February 2009.

Mr. Alex Wong obtained a Diploma in Electrical Engineering from the Ngee Ann Polytechnic in Singapore in August 1999.

Mr. Alex Wong did not hold any current or past directorships in any listed companies for the last three years. Save as being the brother of Mr. Melvyn Wong, Mr. Alex Wong does not have any relationship with any of the Directors or senior management of the Group.

Mr. Huang Guosheng, Barry (黃國賸) ("Mr. Huang"), aged 34, joined the Group on 30 January 2018 as a financial controller. He is responsible for maintaining the finance operations and reporting, strategic implementation and the internal control systems of the Group.

Prior to joining the Group, Mr. Huang worked at KPMG Services Pte. Ltd., a Singapore incorporated company and the Singapore member firm of a Swiss entity, KPMG International Cooperative, from June 2014 to January 2018. Mr. Huang also served as an associate in the assurance department of Foo Kon Tan Grant Thornton LLP (currently known as Foo Kon Tan LLP) from May 2012 to June 2014, where he engaged in assurance work.

Mr. Huang completed the Association of Chartered Certified Accountants programme in December 2011. He obtained a Bachelor of Science degree in Applied Accounting from the Oxford Brookes University in March 2012. He was admitted as an Associate (ICPAS) of the Institute of Certified Public Accountants of Singapore (currently known as the Institute of Singapore Chartered Accountants) in May 2012 and is currently a Chartered Accountant of Singapore registered under the Singapore Accountancy Commission.

Mr. Huang did not hold any current or past directorships in any public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Ng Qiu Yi (吳秋儀) ("Ms. Ng"), aged 26, joined the Group on 4 June 2013 as marketing assistant, and was promoted to head of advertising and promotion in January 2016 and is currently responsible for handling the marketing and advertising of the Group.

Ms. Ng obtained a Diploma in Marketing by the Temasek Polytechnic (Singapore) in May 2013, and has completed a part-time Bachelor of Science in Marketing degree programme provided by the Singapore University of Social Sciences in September 2018.

Ms. Ng did not hold any current or past directorships in any public listed companies the securities of which are listed on any securities market in Hong Kong or overseas.

Biographies of Directors and Senior Management

COMPANY SECRETARY

Sir Kwok Siu Man (郭兆文) KR ("Sir Seaman Kwok"), aged 61, was appointed as the company secretary of the Company on 11 September 2018, and is responsible for the corporate secretarial matters of the Company. He is an executive director and the head of corporate secretarial of Boardroom and a director of Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of the Company.

Prior to joining Boardroom group in September 2013, Sir Seaman Kwok had about 30 years of legal, corporate secretarial and management experience. He oversaw primarily the company secretarial, corporate governance, regulatory compliance and legal (including trademark and copyright) matters while performing his company secretary's role for his previous employers overseas and in Hong Kong (including Great Eagle Holdings Limited (stock code: 41), a former Hang Seng Index Constituent stock company, K. Wah International Holdings Limited (stock code: 173) and Lai Sun Development Company Limited (stock code: 488)). He was responsible for overseeing the business development and operations when working as the managing director of a leading financial printer in Hong Kong with international affiliation.

Sir Seaman Kwok obtained a Professional Diploma in Company Secretaryship and Administration and a Bachelor of Arts degree in Accountancy from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1983 and November 1994, respectively. Sir Seaman Kwok completed a course for the post-graduate diploma in laws at the Manchester Metropolitan University in the defined term UK and passed the Common Professional Examinations in England and Wales in July 1998. Sir Seaman Kwok was admitted as a fellow member of each of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the UK (the "CGI"), The Hong Kong Institute of Chartered Secretaries (the "HKICS") and The Institute of Financial Accountants in England in October 1990, August 1994 and July 1996, respectively. He has also been a fellow member of The Association of Hong Kong Accountants, The Hong Kong Institute of Directors and the Institute of Public Accountants in Australia since June 2014, July 2014 and April 2015, respectively, a Chartered Governance Professional of both the CGI and the HKICS since September 2018 and a member of the Hong Kong Securities and Investment Institute (formerly known as Hong Kong Securities Institute) since April 1999. Sir Seaman Kwok was named in the International WHO's Who of Professionals in 1999. Sir Seaman Kwok was the youngest and the longest-serving elected council member of HKICS (i.e. 18 years) and the chief examiner of the "Hong Kong Company Secretarial Practice" module of its international qualifying scheme from June 1997 to June 1999. He was conferred as a Knight of Rizal of the Philippines on 14 June 2019.

Sir Seaman Kwok served as an independent non-executive director of Grand Ocean Advanced Resources Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 65), from February 2015 to February 2016, and has been serving as an independent non-executive director of Tak Lee Machinery Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8142), since June 2017. Sir Seaman Kwok is also the company secretary or a joint company secretary of various companies listed on the Stock Exchange. In addition, Sir Seaman Kwok is an executive committee member of Federation of Share Registrars Limited and has been a director of a charity fund since its establishment in 1992.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance that properly protects and promotes the interest of its Shareholders and devotes considerable effort to identifying and formalising good corporate governance practices. The Company has adopted and adhered to the principles in the CG Code. The corporate governance principles of the Company place strong emphasis on an effective board with a high level of integrity, proper internal controls, as well as a high degree of transparency and accountability, which not only maximize the corporate value for the Shareholders but also protect the long-term sustainability of the Group as a whole.

During the Review Period, the Company has complied with all the code provisions of the CG Code.

The Board periodically reviews and continues to abide by the Company's corporate governance policies to ensure compliance with the code provisions of the CG Code.

DIRECTORS

The Board

The Board, led by the Chairman, is responsible for the leadership and control of the Company and is vested with the overall management of the Group's business. The Board is collectively responsible for promoting the success of the Company, by making decisions objectively, having regard to the best interests of the Company at all times. The Board has delegated the authority and responsibility for the day-to-day management and operation of the Group to the senior management team of the Company. Such responsibilities include implementing the decisions of the Board, directing and co-ordinating day-to-day operations, managing the Group in accordance with the strategies and plans as approved by the Board, as well as supervising and monitoring the control systems. In addition, the Board has established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

The Board undertakes responsibility for its decision for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, material transactions (in particular those that may involve a conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

With the assistance of the Company Secretary, the Chairman has sought to ensure that all Directors were properly consulted on all major matters relating to the Company. The Directors are provided with monthly operating information which contains up-to-date performance of the Group and information of the Company. The Directors were sufficiently briefed on issues raised during Board meetings and that all relevant information had been received in a timely manner. To the extent that any of the Directors required independent professional advice, this would be met by the Group, at the Group's expense, upon the Director having made a reasonable request to the Board.

Corporate Governance Report

Board Meetings and General Meeting

During the Review Period and up the date of this Annual Report, the Board held three meetings and no general meeting was held. The attendance record of each Director in respect of the Board meetings is set out below:

Name of Directors	Number of Board meeting(s) attended/eligible to attend
Executive Directors:	
Mr. Daniel Tay *(Chairman)*	
Mr. Melvyn Wong *(Chief Executive Officer)*	3/3
INEDs:	
Mr. Koh Boon Chiao *(appointed with effect from 23 September 2019)*	3/3
Mr. Jong Voon Hoo *(appointed with effect from 23 September 2019)*	3/3
Mr. Lim Wee Pin *(appointed with effect from 23 September 2019)*	3/3

Board Composition

As at 31 March 2020, the Board comprised five Directors, including two executive Directors and three INEDs as below:

	Membership of Board Committee(s)
Executive Directors:	
Mr. Daniel Tay *(Chairman)*	Member of the Remuneration Committee
Mr. Melvyn Wong *(Chief Executive Officer)*	Member of the Remuneration Committee
INEDs:	
Mr. Koh Boon Chiao	Chairman of the Remuneration Committee
	Member of the Audit Committee
	Member of the Nomination Committee
Mr. Jong Voon Hoo	Chairman of the Nomination Committee
	Member of the Audit Committee
	Member of the Remuneration Committee
Mr. Lim Wee Pin	Chairman of the Audit Committee
	Member of the Remuneration Committee
	Member of the Nomination Committee

Corporate Governance Report

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. During the Review Period, the Company had three INEDs and the number of INEDs met the requirements at least one-third of the Board under Rules 3.10(1) and 3.10A of the Listing Rules. In addition, pursuant to Rule 3.10(2) of the Listing Rules, the Board ensured that at least one of the INEDs possessed appropriate professional qualifications, or accounting or related financial management expertise. Mr. Jong Voon Hoo and Mr. Lim Wee Pin are fellow members of the Institute of Singapore Chartered Accountants, while Mr. Koh Boon Chiao is a qualified lawyer in the Republic of Singapore.

The Company has received a confirmation in writing from each of the INEDs of their independence pursuant to Rule 3.13 of the Listing Rules. The Board is not aware of any circumstance which would affect the independence and exercise of impartial judgment from the INEDs. As such, the Board notes that all the INEDs are independent.

Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this Annual Report, there is no family, financial or business relationship among the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Review Period and up to the date of this Annual Report, Mr. Daniel Tay acted as the Chairman and Mr. Melvyn Wong acted as the chief executive officer of the Company. The roles of the Chairman and the CEO have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board.

Directors' Liabilities Insurance

During the Review Period and up to the date of this Annual Report, an appropriate and adequate directors' and officers' liability insurance is in place to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage will be reviewed and renewed on an annual basis. No claims under the insurance policy have been made during the Review Period up to the date of this Annual Report.

Appointment and Re-Election of Directors

In compliance with the Listing Rules, and in accordance with the Articles of Association, (i) all Directors should be subject to retirement by rotation at least once every three years and are eligible for re-election, and (ii) any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting.

Continuous Professional Development

On the first occasion of each Director's appointment, the Company will arrange a comprehensive, formal and detailed introduction to each Director to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statutory and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

In compliance with code provision A.6.5 of the CG Code, the Company had arranged and funded suitable training for all the Directors to partake in continuous professional development. This was conducted by way of a combination of appropriate courses and distribution of relevant reading materials to (i) develop and refresh their knowledge and understanding of the Group and its business; (ii) update their skills and knowledge with respect to the latest development or changes in the relevant commercial, legal and regulatory statutes, the Listing Rules and corporate governance practices; and (iii) enhance their awareness on the responsibilities for a director of a listed corporation.

Corporate Governance Report

A summary of the training received by the Directors for the Review Period and up to the date of this Annual Report is set out below:

Name of Directors	Type of trainings
Executive Directors:	
Mr. Daniel Tay *(Chairman)*	A & B
Mr. Melvyn Wong *(Chief Executive Officer)*	A & B
INEDs:	
Mr. Koh Boon Chiao	A & B
Mr. Jong Voon Hoo	A & B
Mr. Lim Wee Pin	A & B

A: attending in-house training/external seminars/briefings/conference/forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Directors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct governing the Directors' securities transactions in the listed securities of the Company.

Following the specific enquiries made to them by the Company, all Directors confirmed that they had complied with the Model Code for the Review Period and up to the date of this Annual Report.

BOARD COMMITTEES

The Board has established the Nomination Committee, Remuneration Committee and Audit Committee to oversee particular aspects of the Company's affairs. Each of these Committees has specific written terms of reference setting out its duties and authority. The Committees have sufficient resources to execute their requisite duties and enjoy the support of management. To the extent that any independent professional advice is required, the Committees have access as necessary at the Group's expense.

Nomination Committee

The primary duties of the Nomination Committee are (a) reviewing the structure, size and composition of the Board; (b) assessing the independence of INEDs; (c) identifying suitably qualified candidates to become members of the Board and giving adequate consideration to the Board Diversity Policy; (d) making recommendations to the Board on any proposed changes to the Board or selection of individuals nominated for directorships, or on the appointment or re-appointment of Directors; and (e) making disclosure on the Board Diversity Policy in the company's annual report and considering other topics, as defined by the Board. The current members of the Nomination Committee are Mr. Jong Voon Hoo, Mr. Koh Boon Chiao and Mr. Lim Wee Pin, all being INEDs. Mr. Jong Voon Hoo is the chairman of the Nomination Committee.

The Board adopts a board diversity policy which recognises and embraces the benefits of diversity in the composition of the Board (the "Board Diversity Policy"). The Board Diversity Policy requires that all Board appointments and selection of candidates shall be based on merits and a range of diversity factors. The Company believes that a diversity of perspectives can be achieved through a number of factors, including but not limited to knowledge, gender, age, skills, functional expertise, cultural and educational background as well as professional experience and qualifications. In reviewing the Board Diversity Policy, the Company will also take into account of factors based on its own business model and specific needs from time to time as well as the merits and contributions that the selected candidates will bring to the Board.

Corporate Governance Report

After considering the nature of the food and catering industry and the characteristics of the Group's business model, the Nomination Committee has opined that the current composition of the Board maintains an appropriate range and reflects the balance of skills, educational background, experience and diversity of perspectives desirable for the effective management of the Company.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Nomination Committee will continue to review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Nomination Policy

The Nomination Committee will recommend to the Board for the selection, appointment and re-appointment of a Director including an INED in accordance with the following procedures and process:

i The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

ii The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:

(a) Diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

(b) Commitment for responsibilities of the Board in respect of available time and relevant interest (details of the Board Diversity Policy set out above);

(c) Qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the business(es) of the Company and its subsidiaries is/are involved;

(d) Independence (for INEDs);

(e) Reputation for integrity;

(f) Potential contributions that the individual can bring to the Board; and

(g) Plan(s) in place for the orderly succession of the Board.

iii The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

iv The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

v Promptly after considering a candidate's suitability for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

vi The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;

vii The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a NED is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;

Corporate Governance Report

viii The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

ix All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

The terms of reference of the Nomination Committee is available on the respective websites of the Company and the Stock Exchange.

From the Listing Date up to the date of this Annual Report, the Nomination Committee held one meeting. All members, namely, Mr. Jong Voon Hoo (Chairman), Mr. Koh Boon Chiao and Mr. Lim Wee Pin attended the meeting.

The work performed by the Nomination Committee is summarised as follows:

1. reviewed the structure, size and diversity of the Board;

2. reviewed the independence of the INEDs; and

3. recommended to the Board the re-election of retiring Directors at the 2020 AGM.

Remuneration Committee

The primary duties of the Remuneration Committee include (a) evaluating the performance and making recommendations to the Board on the Company's policies and structure for the remuneration of all of the Directors and senior management of the Company; (b) establishing a formal and transparent procedure for developing a policy on remuneration; (c) determining specific remuneration packages for all Directors and senior management in the manner specified in its terms of reference; and (d) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The current members of the Remuneration Committee are Mr. Koh Boon Chiao, Mr. Jong Voon Hoo, and Mr. Lim Wee Pin, all being INEDs, and Mr. Daniel Tay and Mr. Melvyn Wong, both being executive Directors. Mr. Koh Boon Chiao is the chairman of the Remuneration Committee.

From the Listing Date up to the date of this Annual Report, one Remuneration Committee meeting was held. All members, namely Mr. Koh Boon Chiao (Chairman), Mr. Jong Voon Hoo, Mr. Lim Wee Pin, Mr. Daniel Tay and Mr. Melvyn Wong attended the meeting.

The terms of reference of the Remuneration Committee is available on the respective websites of the Company and the Stock Exchange.

The work performed by the Remuneration Committee is summarised as follows:

1. evaluated the performance of all Directors and senior management of the Group; and.

2. made recommendations to the Board on the remuneration packages of the Directors, and senior management of the Group.

Corporate Governance Report

Audit Committee

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, review the Company's financial information and significant financial reporting judgment in respect of financial reporting and oversee the financial reporting system, risk management and internal control procedures of the Company. The current members of the Audit Committee are Mr. Lim Wee Pin, Mr. Jong Voon Hoo and Mr. Koh Boon Chiao, all being INEDs. Mr. Lim Wee Pin is the chairman of the Audit Committee. This Annual Report has been reviewed by the Audit Committee.

From the Listing Date up to the date of this Annual Report, the Audit Committee held three meetings. All members, namely Mr. Lim Wee Pin (Chairman), Mr. Jong Voon Hoo and Mr. Koh Boon Chiao attended the meetings.

The terms of reference of the Audit Committee is available on the respective websites of the Company and the Stock Exchange.

The work performed by the Audit Committee is summarised as below:

1. reviewed the 2020 Annual Report and interim report for the six months ended 30 September 2019, consolidated financial statements and the related results announcements, documents and other matters or issues raised by external auditors;

2. reviewed the findings from external auditors;

3. reviewed the independence of the external auditors and reappointment of external auditors for annual audit;

4. reviewed the internal audit plans, the internal controls, the development in accounting standards and its effects on the Group, financial reporting and risk management matters;

5. reviewed the adequacy of resources, staff qualifications, training programmes and budget of the Company, and training programmes of the Company, the Groups' accounting and financial reporting functions;

6. reviewed the Group's financial and accounting policies and practices; and

7. approved the current external audit plan, and reviewed and monitored the level of financial control as well as the effectiveness of the Group's risk management and internal control systems.

Corporate Governance Function

The Board is responsible for ensuring that the Company maintains and implements comprehensive corporate governance practices and procedures. During the Review Period and up to the date of this Annual Report, the Board:

(1) reviewed the corporate governance policies and practices of the Company as well as made relevant recommendations;

(2) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Group;

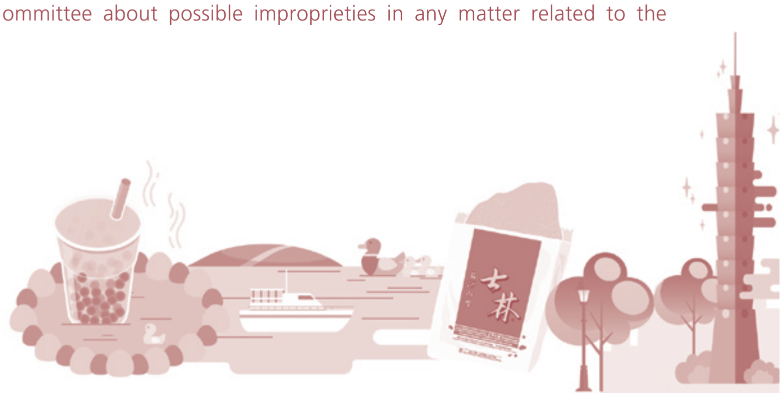
(3) reviewed and monitored the policies and practices of the Company to ensure compliance with relevant legal and regulatory requirements;

(4) reviewed compliance with the CG Code and made necessary disclosure in the 2020 Annual Report.

This corporate governance report has been reviewed by the Board in fulfillment of its corporate governance responsibilities.

Whistleblowing system

There is a whistleblowing system applicable to all stakeholders, including employees, Shareholders, customers and suppliers. The system allows stakeholders to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.



REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The particulars of the Directors' remuneration for the Year are set out in note 10 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this Annual Report by band is set out below:

Band of remuneration (HK$)	Number of individual(s)
Nil to HK$1,000,000 (equivalent from S$nil to S$183,700)	3

ACCOUNTABILITY AND AUDIT

All Directors acknowledge their responsibilities in publishing annual and interim reports with a clear and an accurate assessment of the results and operations of the Group, as well as price-sensitive or inside information and relevant disclosures by way of announcements as required under the Listing Rules. The Directors also acknowledge their responsibilities for the preparation of the Group's financial statements and confirm the true and fair depiction of the Group's state of affairs therein. The Independent Auditor's statement regarding its reporting responsibilities in respect of the consolidated financial statements of the Group is set out in the independent auditor's report on pages 33 to 36 of the 2020 Annual Report. The Directors, having made the relevant enquiries, confirm that there are no material uncertainties relating to events which may affect the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REMUNERATION

For the Year, PwC was engaged as the Group's independent auditor. Apart from the provision of annual audit services, PwC also provided the audit and non-audit services in connection with the Listing.

For the Year, the fees paid or payable to the Independent Auditor are set out as follows:

	Fees paid/payable S$'000
Audit service — Annual audit	217
Other service — Listing	200
Total	417

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal control system. An external consultant was engaged to review the group's risk management and internal control systems during the Year.

The outsourced consultant is an independent service provider that reports directly to the Audit Committee. It provides independent, objective, assurance and consulting services on risk management and internal control. The Company does not have an internal audit department. The internal audit function is provided by the outsourced consultant who has unrestricted access to information that allows it to review all aspects of the Company's risk management, control and governance processes. On a regular basis, it conducts audits on financial, operational and compliance controls, and the risk management functions of the Group. The outsourced internal audit team produces an annual internal audit plan for the Audit Committee's approval. The audit plan is prepared based on the risk assessment to ensure that business activities with higher risks are covered. The plan is executed by the outsourced internal audit team, and the outsourced internal audit team reports directly to the Audit Committee.

The Board, through the Audit Committee, has ongoing oversight and had conducted a review of the effectiveness of the Group's risk management and internal control systems for the Review Period. The review covered all material controls, including financial, operational and compliance controls. No significant areas of concern have been identified and the Board considered the systems were effective and adequate. The Board expects that a review of the risk management and internal control systems will be performed periodically.

INSIDE INFORMATION

Policies, procedures and controls for handling and dissemination of inside information has been set out internally to enhance information management of the Group and to ensure the authenticity, accuracy, completeness and timeliness of information disclosed to the public while protecting the legitimate rights and interests of the Company and its Shareholders, creditors and other stakeholders as a whole.

DISSEMINATION OF INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of price-sensitive information, the Company acknowledges its responsibilities under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules and the overriding principle that inside information should be announced promptly. The Company has established a policy for the disclosure of inside information (the "Inside Information Disclosure Policy") with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in Hong Kong.

The Inside Information Disclosure Policy includes, among other things:

(a) only designated persons are authorised to communicate the Company's corporate matters with investors, analysts, the media or other members of the investment community;

(b) Directors or senior management shall report to the chief executive officer any potential/suspected inside information as soon as practicable so that he can consult (if appropriate) the Board thereafter for determining the nature of developments and, if required, making appropriate disclosure;

(c) disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information; and

(d) inside information must be kept strictly confidential until a public announcement is made and shall be disseminated in accordance with the requirements of the Listing Rules before it is released via other means.

DELEGATION BY THE BOARD

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management.

COMPANY SECRETARY

Sir Seaman Kwok was appointed as the Company Secretary on 11 September 2018 and since then, has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok contacted during the Review Period was Mr. Huang, the Group's financial controller, in respect of company secretarial matters.

Sir Seaman has taken no less than 15 hours of relevant professional training during Reviewed Period pursuant to Rule 3.29 of the Listing Rules.

Sir Seaman Kwok supports the Board by ensuring that reliable and relevant flow of information is maintained amongst members of the Board and that all procedures have been adhered to in accordance with applicable laws, rules, codes and regulations.

COMMUNICATION WITH SHAREHOLDERS

Effective Communication

The Board believes the importance of maintaining transparent, timely and effective communication with the Shareholders and investors of the Company. The Board also believes that effective communication with the Company's investors is critical in establishing investor confidence and attracting new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the Shareholders and investors of the Company will receive accurate, clear, comprehensive and timely information through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on its website.

In respect of each matter to be considered at the AGM, a separate resolution will be proposed by the chairman of the relevant meeting. Voting at AGMs is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on the respective websites of the Stock Exchange and the Company after the conclusion of the AGMs.

The Chairman and members of the Board and chairmen of the various Board committees or their duly appointed delegates will attend the 2020 AGM to be held on 28 August 2020 to answer questions raised by the Shareholders.

Pursuant to code provision E.1.2 of the CG Code, the Company will invite/has invited representatives of the Independent Auditor to attend the 2020 AGM and the chairman of the audit, remuneration and nomination committees to attend the 2020 AGM to answer Shareholders' questions regarding the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor's independence.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to Convene the EGM

Pursuant to article 58 of the Articles of Association, EGMs shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an EGM should be lodged to the Company's principal place of business in Hong Kong (presently at 57th Floor, The Center, 99 Queen's Road Central, Hong Kong) marked for the attention of the Company Secretary.

2. Procedures for Making Enquiries

Shareholders may direct their queries regarding their shareholdings, share transfer/registration, payment of dividend and change of correspondence address to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited:

Address: 2103B, 21st Floor 148 Electric Road North Point, Hong Kong
Email: ir@snackemp.com
Tel: (852) 2153 1688
Fax: (852) 3020 5058

Shareholders may make enquiries in respect of the Company at the following correspondence address, email address and fax number of the Company for the attention of the Company Secretary:

Address: 57th Floor, The Center, 99 Queen's Road Central, Hong Kong
Email: ir@snackemp.com
Fax: (852) 2598 7500

3. Procedures for Putting Forward Proposals at Shareholders' Meetings

(i) Proposal for election of a person other than a Director as a Director: Pursuant to article 85 of the Articles of Association, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the principal place of business of the Company in Hong Kong (presently at 57th Floor, The Center, 99 Queen's Road Central, Hong Kong), or (b) the Company's branch share registrar and transfer office in Hong Kong at 2103B, 21st Floor, 148 Electric Road North Point, Hong Kong. The period for lodgement of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

(ii) Other proposals: If a Shareholder wishes to make other proposals (the "Proposal(s)") at a general meeting, he/she/it may lodge a written request, duly signed, at the principal place of business of the Company in Hong Kong presently at 57th Floor, The Center, 99 Queen's Road Central, Hong Kong marked for the attention of the Company Secretary.

The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar and transfer office in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order, and is made by a Shareholder, the Board will in its sole discretion decide whether the Proposal(s) may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal(s) made by the Shareholders concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal(s) require(s) approval in an AGM.

(2) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal(s) require(s) approval by way of an ordinary resolution in an EGM.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders.

The payment and the amount of any dividends will be at the discretion of the Directors, taking into account, inter alia, the following factors when deciding whether to propose a dividend and in determining the dividend amount: (i) operating and financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) taxation consideration; (vi) interim dividend paid, if any; (vii) capital requirement and expenditure plans; (viii) interests of shareholders; (ix) statutory and regulatory restrictions; (x) any restrictions on payment of dividends; and (xi) any other factors that our Board may consider relevant. It is also subject to the approval of the Shareholders, the Companies Law, the Articles of Association as well as any applicable laws.

Subject to the factors described above, the Board may recommend at the AGM that dividends of not less than 40% of the net profit for each financial year be recommended for payment as dividend. Unless the Board determines otherwise, cash dividends on the shares of the Company, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means which the Directors consider legal, fair and practicable.

The dividend policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the Shareholders passed on 23 September 2019, the amended and restated M&A was adopted with effect from 23 September 2019. During the Review Period, there was no change in the M&A.

The M&A is available on the respective websites of the Company and the Stock Exchange.

Directors' Report

The Directors present this report together with the audited financial statements of the Group for the Year.

FAIR REVIEW OF BUSINESS

A fair review of the business of the Group together with a discussion and analysis of the Group's performance during the Year using financial key performance indicators, the material factors underlying its financial performance as well as the Group's future business development are set forth in the "Message to Shareholders" and the "Management Discussion and Analysis" sections of this Annual Report. The information relating to the Group's food quality and safety, customers, suppliers, employees, community involvement and environmental protection will be set out in the ESG Report which can be viewed or downloaded from the Company's official website no later than three months after the publication of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties.

The followings are the principal risks and uncertainties faced by the Group, which may materially adversely affect our business, financial condition or results of operations:

Our reliance on the market recognition of our Shihlin Taiwan Street Snacks® brand

We believe that our success substantially depends on the market recognition of our Shihlin Taiwan Street Snacks® brand and our continued success will depend in large part on our ability to protect and enhance its value. Any incident that erodes consumer trust in or affinity for our brand could significantly reduce its value. As we continue to grow in size, expand our range of Snacks and Beverages products and extend our geographic reach, maintaining quality and consistency may become more difficult and we cannot assure you that customer confidence in our brand will not diminish. If consumers perceive or experience a reduction in food quality or value-for-money, or believe in any way that we are failing to deliver a consistently positive experience, the value of our brand could suffer, which could have a material adverse effect on our business.

It is common in the fast food industry that food critics analyse food and services and then publish their commentary experience. We are usually not informed before such food critics visit and we have no control on what is written by these food critics. If food critics publish negative comments or reviews about their experience with us, this may adversely affect our business. Any complaints and negative publicity, regardless of their validity, may adversely affect our reputation. If there is any negative publicity or review associated with our Shihlin Outlets or Shihlin Restaurants and our brand reputation is negatively affected, the results of our Group's business operations could be adversely affected.

Our reliance on the franchise/licence model for, among others, expansion outside of Singapore and West Malaysia and a substantial portion of our revenue

A substantial portion of our revenue are derived from our franchise/licence model, including revenue from sales of goods comprising mainly beverages, food products and packaging material to the Franchisees and Licencee, Franchise Fees and Licence Fees and advertising and promotion fees from franchisees. In addition, as we do not have any presence of business operations outside Singapore and West Malaysia, we rely on the franchise/licence model for expansion of our international presence.

The occurrence of any of the following events, among others, could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition and results of operations: (i) any delays or cancellation of material sale orders from any of our Franchisees or Licencee; (ii) any material decrease in sales at our Non-self-operated Outlets or Restaurants; (iii) failure to renew any franchise agreements, the Indonesia Master Licence agreement and/or any of the sub-licence agreements in Indonesia; and (iv) termination of any of the material franchise agreement, or our East Malaysia Master Franchise, Northern California Master Franchise, Indonesia Master Licence or Egypt Master Franchise.

Directors' Report

There is no assurance that we will be able to maintain our relationships with our Master Franchisee or Licencee customers. In the event of any disagreements with any of these Master Franchisees/Licencee, or if any of these Master Franchisees/Licencee discontinues or terminates the existing arrangements with our Group and we fail to find a replacement on similar terms or at all, our revenue will decrease and our overall financial performance may be adversely affected. There is no assurance that we are able to maintain and sustain our franchise/ licence model and operations, which are not within our control. Any material disruptions may adversely affect our revenue materially and substantially.

Our reliance on landlords as we lease all premises for our Self-operated outlets and restaurants in Singapore and West Malaysia

We lease all the properties for our Self-operated Outlets and Restaurants. Accordingly, rental costs including depreciation from right of use assets account for a significant portion of our operating expenses.

Lease agreements for our Self-operated Outlets and Restaurants typically have an initial term ranging from two to three years. Some of our lease agreements provide that the rent will increase within the initial term or after the initial term at a fixed rate or at the then prevailing market rate. If we fail to renew any of our existing leases, we will have to identify alternative premises. Our business operations may be interrupted as a result of the relocation and we may incur additional costs and expenses in connection with the restoration and/or relocation.

Further, if a lease agreement is renewed at a rate substantially higher than the existing rate or any existing favourable terms granted by the landlord, if any, is not extended, we must evaluate whether renewal on such modified terms is in our interest. If we are unable to renew leases for our Self-operated outlet or restaurant premises, we will have to close or relocate the relevant Self-operated outlet or restaurant, which would lead to loss of sales during the period of closure and write-off of fixed assets and could subject us to installation and renovation and other costs and risks. In addition, the revenue and any profit generated at a relocated Self-operated outlet or restaurant may be less than the revenue and profit previously generated at the closed Self-operated outlet or restaurant. Therefore, any inability to renew existing leases on commercially acceptable terms could adversely affect our business, results of operations and financial condition. We also compete with other food and beverage companies for prime locations in a highly competitive market for premises. There is no assurance that we will be able to enter into new lease agreements for attractive locations or renew existing lease agreements on commercially reasonable terms, if at all. Therefore, any inability to obtain leases for desirable Self-operated Outlet and Restaurants locations on commercially reasonable terms could adversely affect our business, results of operations and financial condition.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in wholesale and retail of food and beverages. Details of the principal activities of the Company's major subsidiaries are set out in note 1 to the consolidated financial statements.

The Listing and the dealing in the Shares on the Main Board of the Stock Exchange commenced on 23 October 2019.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group's principal business activities are located in Singapore and West Malaysia, and are subject to applicable laws, regulations and government authorities in Singapore and Malaysia. These laws and regulations require the Group to possess various licences or approvals. Pursuant to the franchise agreements and the Indonesia Master Licence Agreement, Franchisees and Licensee are responsible for their own compliance with all necessary laws and regulations in the relevant jurisdictions where they operate the Non-self-operated Outlets and Restaurants, which include licensing requirements.

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance.

Directors' Report

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During the Review Period, there was no material or significant dispute between the Group and its suppliers, customers and other stakeholders.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 37 of this Annual Report. The state of affairs of the Group as at 31 March 2020 is set out in the consolidated statement of financial position on pages 38 and 39 of this Annual Report. Please also refer to the accompanying notes to the consolidated financial statements.

CASH FLOW POSITION

The cash flow position of the Group for the Year is set out and analysed in the consolidated statement of cash flows on pages 41 and 42 of this Annual Report.

DIVIDENDS

On 23 September 2019, the Group had declared an interim dividend of S$1.0 million to the Shareholders and the dividend was settled in October 2019.

The Board has resolved not to recommend the payment of any final dividend for the Year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 25 August 2020 to Friday, 28 August 2020 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders' entitlement to attend and vote at the 2020 AGM which will be held on Friday, 28 August 2020. In order to qualify for attending and voting at the 2020 AGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited for registration no later than 4:30 p.m. on Monday, 24 August 2020. The address of the Boardroom Share Registrars (HK) Limited is 2103B, 21st Floor 148 Electric Road, North Point, Hong Kong.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past four financial years is set out on page 92 of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company had no distributable reserve.

RESERVES

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 40 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group for the Year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital as at 31 March 2020 are set out in note 22 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed its listed securities, nor has the Company or any of its subsidiaries purchased or sold any of such listed securities since the Listing Date and up to 31 March 2020.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, although there are no restrictions against such rights under the laws in the Cayman Islands.

SHARE OPTION SCHEMES

Pursuant to the written resolution of the sole Shareholder passed on 23 September 2019, the Company adopted the Share Option Scheme conditional upon the Listing. The Share Option Scheme became effective on the Listing Date. As no share option has been granted by the Company under the Share Option Scheme since the Listing Date, there was no share option outstanding as at 31 March 2020 and no option was exercised or cancelled or lapsed during the Year.

The principal terms of the Share Option Scheme are set out as follows:

(a) Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

(b) Eligible Persons

The Directors may, at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit, offer to grant option to any employee or proposed employee (whether full-time or part-time, including any director) of any member of the Group or invested entity; and any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

(c) Maximum number of Shares

The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this Annual Report.

(d) Maximum entitlement of each eligible person

Unless approved by the Shareholders in general meeting and subject to the following paragraph, no option shall be granted to any eligible person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time.

Where an option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5 million, such grant shall not be valid unless approved by the independent Shareholders in general meeting.

(e) Period within which the securities must be exercised under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) Minimum period for which an option must be held before it can be exercised

There is no minimum period in which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

Directors' Report

(g) Period for and consideration payable on acceptance of an option

An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 days inclusive of the date upon which it is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

(h) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant an option (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

(i) Remaining life

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

DIRECTORS

The Directors who held office during the Review Period and up to the date of this Annual Report are:

Executive Directors
Mr. Daniel Tay *(Chairman)*
Mr. Melvyn Wong *(Chief Executive Officer)*

INEDs
Mr. Jong Voon Hoo
Mr. Koh Boon Chiao
Mr. Lim Wee Pin

At each AGM, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day, those to retire will (unless they otherwise agree among themselves) be determined by lot.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to the Articles of Association, Mr. Daniel Tay, Mr. Melvyn Wong, Mr. Jong Voon Hoo, Mr. Koh Boon Chiao and Mr. Lim Wee Pin will retire and be eligible to offer themselves for re-election at the 2020 AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out on pages 8 to 11 of this Annual Report.

CHANGE IN INFORMATION OF DIRECTORS

Since the publication of the interim report of the Company for the six months ended 30 September 2019 and up to the date of this Annual Report, the change in information of Directors is set out below:

The annual salary of each of Mr. Daniel Tay and Mr. Melvyn Wong has been adjusted to S$805,500 per annum effective from 1 April 2020 upon the recommendation of the Remuneration Committee and approval by the Board after taking into consideration market surveys conducted by an independent industry consultant as to the salary brackets for executives in the Food and Beverage industry.

Save as disclosed above, there is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2020, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in the Shares

Name of Directors	Capacity	Nature of interest	Number of shares held	Percentage of shareholding
Mr. Daniel Tay	Interest of controlled corporation *(Note)*	Corporate interest	600,000,000	75%
Mr. Melvyn Wong	Interest of controlled corporation *(Note)*	Corporate interest	600,000,000	75%

Note: All the issued shares of Brilliant Stride Limited ("Brilliant Stride") are legally and beneficially owned as to 50% by Mr. Melvyn Wong and 50% by Mr. Daniel Tay. Accordingly, Mr. Melvyn Wong and Mr. Daniel Tay are deemed to be interested in 600,000,000 Shares held by Brilliant Stride by virtue of the SFO.

Save as disclosed above, as at 31 March 2020, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO to (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, entered in the register as referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2020, so far as was known to the Directors, the following corporation and persons (other than a Director or the chief executive of the Company) had, or deemed to have, interests or short positions in the shares or underlying shares of the Company, its Group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which recorded in the register required to be kept under section 336 of the SFO:

Long positions in Shares

Name of Shareholders	Capacity	Nature of interest	Number of Shares held	Percentage of shareholding
Brilliant Stride *(Note 1)*	Beneficial owner	Personal interest	600,000,000	75%
Chong Yi May Cheryl *(Note 2)*	Interest of spouse	Family interest	600,000,000	75%
Lim Michelle *(Note 3)*	Interest of spouse	Family interest	600,000,000	75%

Notes:

(1) The issued shares of Brilliant Stride are legally and beneficially owned as to 50% by Mr. Daniel Tay and 50% by Mr. Melvyn Wong. Accordingly Mr. Melvyn Wong and Mr. Daniel Tay are deemed to be interested in 600,000,000 Shares held by Brilliant Stride by virtue of the SFO.

(2) Chong Yi May Cheryl, the spouse of Mr. Melvyn Wong, is deemed under the SFO to be interested in the Shares in which Mr. Melvyn Wong has an interest or a deemed interest.

(3) Lim Michelle, the spouse of Mr. Daniel Tay, is deemed under the SFO to be interested in the Shares in which Mr. Daniel Tay has an interest or a deemed interest.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Melvyn Wong and Mr. Daniel Tay entered into a service contract with the Company as Director on 23 September 2019. The term of each service contract is three years commencing on the Listing Date and will continue thereafter until terminated in accordance with the terms of the service agreement.

Each of Mr. Jong Voon Hoo, Mr. Koh Boon Chiao and Mr. Lim Wee Pin, being all the INEDs, has entered into a letter of appointment with our Company on 23 September 2019. Each letter of appointment is for an initial term of one year commencing on the Listing Date unless terminated by either party giving to the other at least one month's notice in writing.

No Director has a service contract with the Company or any member of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions arrangements and contacts of significance in relation to the Group's business in which a Director or an entity with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or during the Year.

MANAGEMENT CONTRACTS

No contract (except for the Executive Directors' service contracts) concerning management and administration of the whole or any substantial part of the Group's businesses was entered into or existed during the Review Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Year or existed as at 31 March 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on the remuneration and other benefits payable by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of the Directors' remuneration are set out in note 10 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the aggregate sales attributable to the Group's five largest customers were under 30%. The aggregate purchases attributable to the Group's five largest suppliers during the Year were 21%, 8%, 8%, 6% and 6%, respectively.

None of the Directors, their respective close associates or any Shareholders, which to the best knowledge of the Directors, owns more than 5% of the issued Shares, has any interests in the share capital of any of the above five largest customers or suppliers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, the Company has maintained a sufficient public float for the issued Shares (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules.

COMPETING BUSINESS

None of our Directors, our Controlling Shareholders or their respective close associates had any interest in any business which is, either directly or indirectly, in competition with our business and would require disclosure under Rule 8.10 of the Listing Rules.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in note 10 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Subject to applicable laws, the Directors shall be indemnified and secured harmless out of the assets and profits for the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, pursuant to the Articles of Association. Such provisions were in force throughout the Review Period and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions undertaken in the normal course of business of the Group for the Year are provided under note 32 to the consolidated financial statements. The transactions were conducted in accordance with terms as agreed between the Group and the respective related parties. The Directors confirm that the related party transactions were conducted on normal commercial terms and on arm's length basis. Such related party transactions constitute continuing connected transaction as defined under the Listing Rules which are fully exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

Directors' Report

USE OF PROCEEDS FROM THE LISTING

Details of the use of net proceeds are set out on page 6 of this Annual Report. The Group held the unutilised net proceeds in short-term deposits with licensed institutions in Singapore and Hong Kong.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with senior management and discussed the auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the Year. The financial statements of the Group for the Year have been audited by the Independent Auditor.

CORPORATE GOVERNANCE

The particulars of the principal corporate governance practices of the Company are set out in the Corporate Governance Report on pages 12 to 23 of this Annual Report.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

INDEPENDENT AUDITOR

PwC was the reporting accountant of the Company for the purpose of the Listing. PwC was appointed as the first Independent Auditor.

The consolidated financial statements of the Group for the Year have been audited by PwC who retire and, being eligible, offer themselves for reappointment at the 2020 AGM. A resolution will be proposed to the Shareholders at the 2020 AGM to re-appoint PwC as the Independent Auditor.

On behalf of the Board
Mr. Daniel Tay
Chairman

Singapore, 30 June 2020

Independent Auditor's Report

To the Shareholders of Snack Empire Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Snack Empire Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 91, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is revenue recognition — sales of goods.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition — sales of goods Refer to note 2.14 for the Group's accounting policies on revenue recognition and note 6 for the analysis of revenue of the Group for the year ended 31 March 2020. Sales of goods primarily consists of revenue from sales of goods to customers through the Group's self-owned outlets ("Outlet Sales") and to franchisees/licensees ("Franchisees Sales"). We focused on revenue recognition in particular for sales of goods due to its magnitude and the characteristics of the Group's industry nature. The recording of revenue involves high volume of individual transactions derived from sales to multiple customers such that we have incurred significant time and resources in carrying out our work in this area.	Our procedures performed in relation to the Group's sales of goods included the following: • We understood and evaluated management's key internal controls in its revenue recognition process. • For Outlet Sales, we tested on a sample basis by agreeing the transactions to supporting documents, including the reports and slips generated from point of sales ("POS") system and bank in slips. We also tested the reliability of system generated reports by tracing to its source data and supporting documents. • For Franchisees Sales, we tested on a sample basis by agreeing the transactions to supporting documents, including bank in slips, monthly bank statements, goods delivery documents and sales confirmation with franchisees/licensees. • We performed trend analysis by disaggregating revenue by location and assessing the reasonableness in relation to the number of self-owned outlets and franchisees/licensees. • We tested journal entries posted to revenue accounts, selected on risk-based criteria, by inspecting relevant supporting invoices and delivery documents. We found the sales transactions being tested were supported by appropriate evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment 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 the directors.

- Conclude on the appropriateness of the directors' 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 disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 March 2020 S$'000	2019 S$'000
Revenue	*6*	**24,262**	21,325
Cost of sales	*9*	**(8,889)**	(8,701)
Gross profit		**15,373**	12,624
Other income	*7*	**233**	258
Other gains/(losses)	*8*	**901**	(17)
Selling and distribution expenses	*9*	**(4,663)**	(4,294)
Administrative expenses	*9*	**(7,040)**	(5,291)
Finance cost — net	*11*	**(44)**	(16)
Profit before income tax		**4,760**	3,264
Income tax expense	*12*	**(1,203)**	(1,000)
Profit for the year attributable to equity holders of the Company		**3,557**	2,264
Other comprehensive income/(loss)			
Item that will be reclassified subsequently to profit or loss			
Currency translation differences arising from translation of foreign operations		**5**	(54)
		5	(54)
Total comprehensive income for the year attributable to equity holders of the Company		**3,562**	2,210
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (S$ cents)	*13*	**0.5**	0.4

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	As at 31 March 2020 S$'000	2019 S$'000
ASSETS			
Non-current asset			
Property, plant and equipment	*14*	**5,538**	3,820
Current assets			
Inventories	*17*	**1,245**	811
Trade and other receivables and prepayments	*19*	**4,589**	3,900
Cash and cash equivalents	*20*	**21,554**	4,263
		27,388	8,974
Total assets		**32,926**	12,794
EQUITY AND LIABILITIES			
Equity			
Share capital	*22*	**1,392**	*
Share premium	*22*	**17,092**	—
Reserves	*21*	**6,582**	4,030
Equity attributable to equity holders of the Company		**25,066**	4,030
LIABILITIES			
Current liabilities			
Trade and other payables	*24*	**1,673**	4,333
Borrowings	*25*	**81**	83
Provisions	*26*	**98**	103
Deferred revenue	*27*	**465**	361
Lease liabilities		**1,013**	—
Current income tax liabilities		**555**	569
		3,885	5,449

* Amount below S$1,000.

Consolidated Statement of Financial Position

		As at 31 March	
		2020	2019
	Note	**S$'000**	S$'000
Non-current liabilities			
Deferred revenue	*27*	**1,027**	860
Deferred tax liabilities	*18*	**16**	15
Lease liabilities		**569**	—
Borrowings	*25*	**2,363**	2,440
		3,975	3,315
Total liabilities		**7,860**	8,764
Total equity and liabilities		**32,926**	12,794

The consolidated financial statements on pages 37 to 91 were approved and authorised for issue by the Board of Directors on 30 June 2020 and were signed on its behalf.

Mr. Daniel Tay
Director

Mr. Melvyn Wong
Director

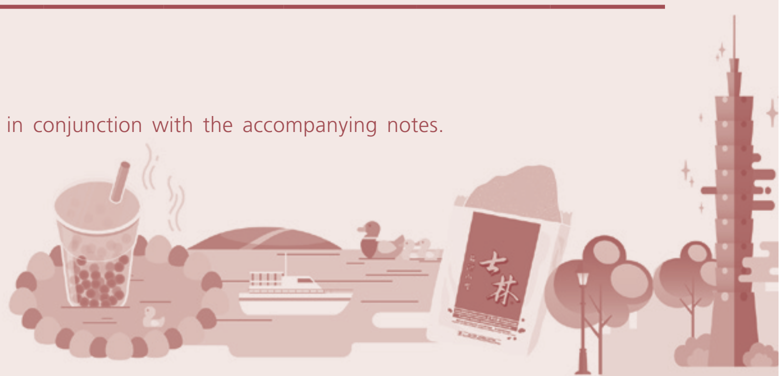
The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company					
		Share capital	Share premium	Capital reserves (Note 21)	Foreign currency translation reserve	Retained earnings	Total
	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
As at 31 March 2019		*	—	261	(204)	3,973	4,030
Adoption of IFRS 16	2.1.2	—	—	—	—	73	73
As at 1 April 2019		*	—	261	(204)	4,046	4,103
Profit for the year		—	—	—	—	3,557	3,557
Other comprehensive income for the year		—	—	—	5	—	5
Total comprehensive income for the year		—	—	—	5	3,557	3,562
Share capitalisation	22(c)	1,044	(1,044)	—	—	—	—
Issuance of shares pursuant to share offer	22(d)	348	22,272	—	—	—	22,620
Listing expenses	22(d)	—	(4,136)	—	—	—	(4,136)
Deemed distribution of equity		—	—	—	12	(95)	(83)
Dividends declared in respect of current financial year	28	—	—	—	—	(1,000)	(1,000)
Total transactions with equity holders, recognised directly in equity		1,392	17,092	—	12	(1,095)	17,401
As at 31 March 2020		1,392	17,092	261	(187)	6,508	25,066
As at 1 April 2018		*	—	474	(150)	2,847	3,171
Profit for the year		—	—	—	—	2,264	2,264
Other comprehensive loss for the year		—	—	—	(54)	—	(54)
Total comprehensive (loss)/income for the year		—	—	—	(54)	2,264	2,210
Restructuring of certain Operating Companies	1.2(f)	—	—	(213)	—	—	(213)
Dividends declared in respect of current financial year	28	—	—	—	—	(1,138)	(1,138)
Total transactions with equity holders, recognised directly in equity		—	—	(213)	—	(1,138)	(1,351)
As at 31 March 2019		*	—	261	(204)	3,973	4,030

* Amount below S$1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2020 S$'000	2019 S$'000
Cash flow from operating activities			
Profit before income tax		**4,760**	3,264
Adjustments for:			
— Depreciation of property, plant and equipment		**1,725**	148
— Write-off of property, plant and equipment		**—**	15
— Interest income		**(83)**	(24)
— Interest expense		**127**	40
Operating profit before working capital changes		**6,529**	3,443
Changes in working capital:			
— Inventories		**(434)**	113
— Trade and other receivables and prepayments		**(1,723)**	(2,178)
— Trade and other payables, including provisions		**(1,676)**	1,732
— Deferred revenue		**271**	(53)
Cash generated from operations		**2,967**	3,057
Income tax paid		**(1,216)**	(707)
Net cash generated from operating activities		**1,751**	2,350
Cash flows from investing activities			
Purchase of property, plant and equipment	*29*	**(311)**	(3,443)
Interest received		**83**	24
Net cash used in investing activities		**(228)**	(3,419)
Cash flows from financing activities			
Issuance of new shares of certain operating companies		**—**	270
Issuance of new shares of upon listing		**22,620**	—
Principal elements of lease payment		**(1,477)**	—
Restructuring of certain operating companies	*1.2(f)*	**—**	(483)
Proceed from borrowings		**—**	2,600
Repayment of borrowings		**(79)**	(77)
Interest paid		**(127)**	(40)
Dividends paid		**(1,000)**	(1,138)
(Repayment of)/proceeds from amount due to a director		**(1,182)**	1,182
Listing expenses		**(2,982)**	(988)
Net cash generated from financing activities		**15,773**	1,326
Net increase in cash and cash equivalents		**17,296**	257
Cash and cash equivalents at beginning of the year		**4,263**	4,057
Exchange losses on cash and cash equivalents		**(5)**	(51)
Cash and cash equivalents at end of the year	*20*	**21,554**	4,263

Consolidated Statement of Cash Flows

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Year ended 31 March				
	2020			2019	
	Lease liabilities S$'000	Amount due to a director S$'000	Bank borrowings S$'000	Amount due to a director S$'000	Bank borrowings S$'000
Balance at beginning of the year	—	1,182	2,523	—	—
Proceeds	—	—	—	1,182	2,600
Principal and interest payments	(1,547)	(1,182)	(136)	—	(117)
Non-cash changes:					
Interest expense	70	—	57	—	40
Adoption of IFRS 16	1,860	—	—	—	—
Addition of leases during the year	1,199	—	—	—	—
Balance at end of the year	1,582	—	2,444	1,182	2,523

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Snack Empire Holdings Limited (the "Company") was incorporated on 2 February 2018 in the Cayman Islands as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries, as outlined in Note 1.2 (collectively, the "Group"), are principally engaged in wholesale and retail of food and beverages (the "Listing Businesses"). The ultimate holding company of the Company is Brilliant Stride Limited. The ultimate controlling parties of the Group are Mr. Daniel Tay Kok Siong ("Mr. Daniel Tay") and Mr. Wong Chee Tat ("Mr. Melvyn Wong") (collectively, the "Controlling Shareholders"). The Company's ordinary shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 23 October 2019.

The consolidated financial statements are presented in thousands of units of Singapore Dollar ("S$'000") unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 30 June 2020.

1.2 Reorganisation

Prior to the incorporation of the Company and completion of the Reorganisation (the "Reorganisation") as described below, the Listing Businesses were carried out by The STSS Company Pte. Ltd., Shihlin Taiwan Street Snacks (HM) Pte. Ltd., Umami Concepts Pte. Ltd., STSS Resources Pte. Ltd., Shihlin Taiwan Street Snacks (313) Pte. Ltd., STSS Integrated Pte. Ltd., Shihlin Taiwan Street Snacks (JP) Pte. Ltd., Shihlin Taiwan Street Snacks (TM) Pte. Ltd., Shihlin Taiwan Street Snacks (HF) Pte. Ltd., Shihlin Taiwan Street Snacks (NP) Pte. Ltd., STSS (1U) Sdn. Bhd., STSS Concepts Sdn. Bhd., STSS Resources Sdn. Bhd., Interactivemedia AD and STSS IP Pte. Ltd., (collectively, the "Operating Companies"). These Operating Companies were jointly and directly owned by the Controlling Shareholders save for Interactivemedia AD which was owned by the STSS Company Pte. Ltd. prior to the Reorganisation.

For the purpose of listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK"), the Group underwent the Reorganisation, pursuant to which the Operating Companies engaged in the Listing Businesses were transferred to Clever Steed Limited ("Clever Steed"), a subsidiary which is directly held and wholly owned by the Company after the Reorganisation. The Reorganisation principally involved the following:

(a) On 21 November 2017, Brilliant Stride Limited was incorporated in the British Virgin Islands ("BVI") with limited liability. The Controlling Shareholders each subscribed for, and Brilliant Stride Limited allotted and issued to each of them one (1) share at par in Brilliant Stride Limited, all credited as fully paid.

(b) On 22 November 2017, Clever Steed was incorporated in the BVI with limited liability. Brilliant Stride Limited subscribed for, and Clever Steed Limited allotted and issued one share to Brilliant Stride Limited at par.

(c) The Company was incorporated in the Cayman Islands with limited liability on 2 February 2018 and the initial Share was transferred to Brilliant Stride Limited on the same date at nil consideration.

(d) On 25 February 2018, Interactivemedia AD filed a notice of cessation of business and ceased registration notice since 26 February 2018. The assets and liabilities of Interactivemedia AD had been transferred to The STSS Company Pte. Ltd. on the same date.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

(e) On 19 April 2018, STSS Resources Sdn. Bhd allotted 999,998 shares to the STSS Concepts Sdn. Bhd., amounting to RM999,998 (S$337,600) all credited and fully paid.

On 2 May 2018, the Controlling Shareholders transferred all their entire shareholding interests in the STSS Resources Sdn. Bhd. to STSS Concepts Sdn. Bhd for a consideration of RM5 (S$2) which had been fully settled by cash.

As a result, STSS Resources Sdn. Bhd. become a direct wholly-owned subsidiary of STSS Concepts Sdn. Bhd.

(f) On 19 April 2018, STSS Concepts Sdn. Bhd. allotted 800,000 shares to the Controlling Shareholders, amounting to RM800,000 (S$270,160) all credited and fully paid.

On 3 May 2018, the Controlling Shareholders transferred all their entire shareholding interests in the STSS Concepts Sdn. Bhd. to The STSS Company Pte. Ltd. for a consideration of RM4,371,578.54 (S$1,482,695), of which part of the consideration is settled through allotment of 1,000,000 shares of STSS Company Pte. Ltd. to the Controlling Shareholders amounting to S$1,000,000. The remaining consideration of S$482,695 to the Controlling Shareholders was settled by cash.

As a result of the series of transactions above, STSS Concepts Sdn. Bhd. become a direct wholly-owned subsidiary of The STSS Company Pte. Ltd.

(g) On 16 September 2019, the Controlling Shareholders and Clever Steed entered into various sale and purchase agreements, pursuant to which, the Controlling Shareholders transferred all their entire shareholding or interests in the Operating Companies to Clever Steed. The consideration was settled by Clever Steed allotting and issuing one (1) share in its share capital to Brilliant Stride Limited (as the nominee for Mr. Melvyn Wong and Mr. Daniel Tay), credited as fully paid, for each of the transfer at the direction of the Controlling Shareholders.

(h) On 23 September 2019, Brilliant Stride Limited, the Controlling Shareholders and the Company entered into a sale and purchase agreement, pursuant to which, Brilliant Stride Limited transferred its entire shareholding interest in Clever Steed to the Company. The consideration was settled by the Company allotting and issuing 99 shares in its share capital to Brilliant Stride Limited credited as fully paid and crediting the initial share held by Brilliant Stride Limited as fully paid.

The Reorganisation was completed on 23 September 2019 and the Company became the holding company of the companies comprising the Group.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in all of the following subsidiaries:

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group as at 31 March 2020 %	Effective interest held by the Group as at 31 March 2019 %	Effective interest held by the Group as at the date of this report %
Directly held by the Company							
Clever Steed Limited[3]	Investment holding	British Virgin Islands	22 November 2017	US$1	**100**	100	100
Indirectly held by the Company							
The STSS Company Pte. Ltd.[1]	Retail of food and beverage and franchising	Singapore	4 June 2003	S$1,200,000	**100**	100	100
Shihlin Taiwan Street Snacks (HM) Pte. Ltd.[1]	Retail of food and beverage	Singapore	11 January 2005	S$100,000	**100**	100	100
Umami Concepts Pte. Ltd.[1]	Wholesale and retail of food and beverage	Singapore	18 October 2005	S$100,100	**100**	100	100
STSS Resources Pte. Ltd.[1]	Wholesale of food and beverage	Singapore	1 December 2005	S$1	**100**	100	100
Shihlin Taiwan Street Snacks (313) Pte. Ltd.[1]	Retail of food and beverage	Singapore	1 December 2005	S$1	**100**	100	100
STSS Integrated Pte. Ltd.[1]	Wholesale of food and beverage	Singapore	7 November 2007	S$1	**100**	100	100
Shihlin Taiwan Street Snacks (JP) Pte. Ltd[1]	Retail of food and beverage	Singapore	15 December 2011	S$1	**100**	100	100
Shihlin Taiwan Street Snacks (TM) Pte. Ltd.[1]	Retail of food and beverage	Singapore	26 June 2012	S$1	**100**	100	100
Shihlin Taiwan Street Snacks (HF) Pte. Ltd.[1]	Retail of food and beverage	Singapore	1 April 2013	S$1	**100**	100	100

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group as at 31 March 2020 %	2019 %	Effective interest held by the Group as at the date of this report %
Shihlin Taiwan Street Snacks (NP) Pte. Ltd.[1]	Retail of food and beverage	Singapore	22 June 2015	S$1	**100**	100	100
STSS (1U) Sdn. Bhd.[2]	Retail of food and beverage	Malaysia	29 June 2017	RM2	**—**	100	—
STSS Resources Sdn. Bhd.[2]	Wholesale of food and beverage	Malaysia	13 July 2012	RM1,000,000	**100**	100	100
STSS IP Pte. Ltd.[1]	Licensing of intellectual properties	Singapore	25 February 2018	S$1	**100**	100	100
STSS Concepts Sdn. Bhd.[2]	Retail of food and beverage	Malaysia	20 June 2008	RM1,000,000	**100**	100	100

1 Up to the date of this report, the audited financial statements of these companies for the year ended 31 March 2020 are yet to be issued.

2 The statutory financial statements for the financial years ended 31 March 2019 were audited by OKL & Partners PLT, Malaysia. Up to the date of this report, the audited financial statements of these companies for the year ended 31 March 2020 are yet to be issued.

3 No audited financial statements have been prepared for this entity as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and disclosure requirement of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The principal accounting policies applied in preparation of the consolidated financial statements which are in accordance with IFRS issued by IASB. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1.1 New standards, interpretations and amendments to standards which are not yet effective.

The following are new standards, interpretations and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2020 or later periods, but have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendments to IAS 39, IFRS 7 and IFRS 9	Hedging accounting	1 January 2020
IFRS 17	Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate and joint venture	Effective date to be determined

2.1.2 New standards adopted

On 1 April 2019, the Group has adopted the following new or amended IFRS and Interpretations of IFRS ("IFRIC") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC.

Amendments to IFRS 9	Prepayment features with negative compensation
Amendments to IAS 19	Plan amendment, curtailment or settlement
Amendments to IAS 28	Long-term interests in associates and joint ventures
IFRS 16	Leases
IFRC-Int 23	Uncertainty over income tax treatments
Amendments to IFRSs	Annual improvements to IFRSs 2015–2017 cycle

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 New standards adopted *(Continued)*

The adoption of these new or amended IFRS and IFRIC did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of IFRS 16 Leases:

Adoption of IFRS 16 Leases

When the Group is the lessee

Prior to the adoption of IFRS 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of IFRS 16 is as disclosed in Note 2.15.

On initial application of IFRS 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under IFRS 16; and

ii) On a lease-by-lease basis, the Group has:

a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

c) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at a carrying amount as if IFRS 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 April 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 April 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 New standards adopted *(Continued)*

Adoption of IFRS 16 Leases *(Continued)*

The effects of adoption of IFRS 16 on the Group's consolidated financial statements as at 1 April 2019 are as follows:

	Increase/ (decrease) S$'000
Property, plant and equipment	1,933
Lease liabilities	1,860
Retained earnings	73

An explanation of the differences between the operating lease commitments previously disclosed in the Group's consolidated financial statements as at 31 March 2019 and the lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is as follows:

	S$'000
Operating lease commitment disclosed as at 31 March 2019	2,759
Less: Non-cancellable leases with lease terms commencing after 1 April 2019	(836)
Less: Discounting effect using weighted average incremental borrowing rate of 4%	(63)
Lease liabilities recognised as at 1 April 2019	1,860

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities undertaken and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by- acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The restructuring exercises under Notes 1.2(e) and 1.2(f) are a business combination involving entities under common control as the STSS Company Pte. Ltd., STSS Concepts Sdn. Bhd. and STSS Resources Sdn. Bhd. are under the common control of the same Controlling Parties who have the collective power to govern the financial and operating policies of the Group throughout the Track Record Period. Accordingly, the restructuring exercises have been accounted for using the predecessor values method.

Under the predecessor values method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the reorganisation has been in existence since the earlier financial year presented and the assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated statement of financial position of the investee's net assets including goodwill.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements is presented in Singapore Dollar ("S$" or "SGD"), which is functional currency of the Company and presentation currency of the Group.

(b) Transactions and balances

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

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

All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss within "other (losses)/gains — net".

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Foreign currency translation *(Continued)*

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2.4 Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to property, 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 financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Properties	51 years
Leased retail space	Over the remaining lease period
Renovation works	Over the remaining lease period
Furniture and fittings	5 years
Office equipment	3 years
Kitchen equipment	3 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation of the properties begins when it is in the condition necessary for it to be capable of operating in the manner intended by management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains — net" in the consolidated statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

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

A reversal of impairment loss for an asset is recognised in profit or loss.

2.6 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in debt instruments, this will depend on the business model in which the investment is held. For trade and other receivables and cash and cash equivalents, the Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest, and hence, are measured at amortised cost.

See Note 16 for details of each type of financial asset.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Financial assets *(Continued)*

(b) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. These are measured at amortised cost as follows:

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

(c) Impairment of financial assets

The Group has the following types of financial assets subject to IFRS 9's new expected credit loss model:

- trade receivables for sales of goods or provision of services
- other receivables; and
- cash and cash equivalents

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. For other receivables and cash and cash equivalents, the Group applies the general 3-stage impairment model under IFRS 9, which requires monitoring of significant increase in credit risk. Note 3(c) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 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.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash held for specific use, assessment is made on the economic substance of such use and whether they meet the definition of cash and cash equivalents.

2.9 Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, against the share capital account.

Dividend distribution to the Company's equity owners is recognised as a liability in the Group's consolidated statement of financial position in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.10 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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

2.11 Provision

Provisions are recognised when the Group have 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. Present obligations arising from onerous contracts are recognised as provisions.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in consolidated statement of profit or loss and other comprehensive income immediately.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Provision *(Continued)*

If the effect of the time value of money is material, provisions are 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 time is recognised as finance costs.

2.12 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(b) Employee leave entitlements

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

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods — Food and beverages

Revenue from sale of goods through its corporate-owned outlet is recognised at the point that the control of the products have been transferred, being when the food and beverages have been served. The sales are made in cash terms upon orders are made at the sales counter.

Revenue from sale of goods to franchisees is recognised at the point that the control of the products have been transferred to the customer, being when the products has been acknowledged by the customers' representative at the warehouses. Payment of the transaction price is due immediately when the customer receives the goods from the warehouses.

(b) Franchise/licence upfront fee

Franchise/licence fees are collected upfront upon entering into the franchising/licensing arrangement. Franchise/licence fees revenue is recognised on a straight-line basis over the respective franchise/licence terms.

A contract liability is recognised when the Group has obligation to transfer goods or services to the franchisees/licensees for which the Group has received upfront fees from the franchisees/licensees, and the Group records these as deferred revenue in the liability section of the consolidated statement of financial position.

(c) Royalty

Revenue from royalty charged for a franchising arrangement is recognised on an accrual basis at a fixed predetermined percentage of revenue of franchisees' outlets during the respective franchise terms. Payment of the transaction price is due immediately 7 days after each month end.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Revenue recognition *(Continued)*

(d) Advertising and promotion fees

Revenue from advertising and promotion fees collected under a franchising arrangement is recognised when the related advertising and promotion services have been rendered. Any unutilised fees are recorded as advances received for advertising and promotion in the liability section of the consolidated statement of financial position. Collection of advertising and promotion fees for a franchising arrangement is charged at a fixed predetermined percentage of revenue of franchisee's outlets during the respective franchise terms. Payment of the fees is due immediately 7 days after each month end.

A contract liability is recognised when the Group has the obligation to transfer goods or services to the franchisees for which the fees are collected upfront. These upfront fees collected are recorded as deferred revenue in the liability section of the consolidated statement of financial position.

(e) Interest income

Interest income is recognised by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired.

2.15 Leases

(a) The accounting policy for leases before 1 April 2019 is as follows:

When the Group is the lessee:

The Group leases retail space and warehouses under operating leases from non-related parties.

- Lessee — Operating leases

  Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

  Contingent rents are recognised as an expense in profit or loss when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Leases *(Continued)*

(b) The accounting policy for leases from 1 April 2019 is as follows:

When the Group is the lessee:

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

- Right-of-use assets

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

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

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

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

  Lease payments include the following:

  — Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  — Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  — Amount expected to be payable under residual value guarantees;

  — The exercise price of a purchase option if is reasonably certain to exercise the option; and

  — Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Leases *(Continued)*

(b) The accounting policy for leases from 1 April 2019 is as follows: (Continued)

- Lease liabilities: (Continued)

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

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

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

  — There is a changes in the Group's assessment of whether it will exercise an extension option; or

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

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

- Short term and low value leases

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

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 15.

2.16 Government grants

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

Government grants related to qualifying expenses are recorded net of expenses in the profit or loss. Government grants relating to assets are deducted against the carrying amount of the assets.

2.17 Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Group Executive Directors, as the Chief Operating Decision Maker ("CODM"), who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

	USD S$'000	HKD S$'000
At 31 March 2019		
Financial assets		
Cash and cash equivalents	97	11
Trade and other receivables	26	—
	123	11
Financial liability		
Trade and other payables	—	—
Net financial assets	123	11
Currency exposure of financial assets net of those denominated in the functional currencies of the entities within the Group	123	11
At 31 March 2020		
Financial assets		
Cash and cash equivalents	**311**	**11,472**
Trade and other receivables	**85**	**1,849**
	396	**13,321**
Financial liability		
Trade and other payables	**—**	**22**
Net financial assets	**396**	**13,299**
Currency exposure of financial assets net of those denominated in the functional currencies of the entities within the Group	**396**	**13,299**

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign currency risk *(Continued)*

Sensitivity analysis for currency risk

With all other variables being held constant, a 5% strengthening/weakening of the United States dollar ("US$" or "USD") and Hong Kong dollar ("HK$" or "HKD") against SGD at the reporting date would have either increased or decreased the Group's net profit after tax and equity by the amounts (nearest thousand) shown below:

The Group

	As at 31 March	
	2020	2019
	S$'000	S$'000
USD	**16**	5
HKD	**552**	—

(b) Interest rate risk

The Group's interest rate risk arises primarily from borrowings and deposits places with creditworthy licensed banks and financial institutions at variable rates and fixed rates exposes the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk. The Group analyses its interest rate exposure on a regular basis and will consider the interest rate exposure when enter into any financing, renewal of existing positions and alternative financing transactions.

(c) Credit risk

The Group is exposed to credit risk in relations to its trade and other receivables and cash deposits at banks. The carrying amounts of trade and other receivables and cash deposits at banks represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are deposited in medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance of these counterparties.

The Group has policies in place to ensure credit sales made to customers with an appropriate credit history. The credit quality of trade receivables that are neither past due nor further impaired, are being assessed by reference to the reputation, credit history and management judgement about counterparty. The Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised represent a large number of receivables from various franchisees.

The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews these receivables at the end of each reporting date to ensure that adequate impairment losses are made for irrecoverable amount.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting date. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant increases in credit risk on other financial instruments of the same customer;
- significant changes in the expected performance and behavior of the customer, including changes in the payment status of customer in the group and changes in the operating results of the customer.

Credit risk is controlled by the application of credit limit and monitoring procedures. The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Sales to outlet customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's and the Group's exposure to credit risk arises primarily from trade receivables.

Trade receivables

The Group applies the simplified approach to provide expected credit prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells goods and services 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, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 60 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 180 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

At each of the reporting date, the Group has assessed that the expected loss rate for trade and other receivables are immaterial. Thus no loss allowance provision for trade and other receivables was recognised during the financial year.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably and maintaining sufficient cash to enable it to meet its normal operating commitments.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year S$'000	1–2 years S$'000	2–5 years S$'000	More than 5 years S$'000	Total S$'000
As at 31 March 2019					
Trade and other payables	4,282	—	—	—	4,282
Borrowings	131	133	400	2,550	3,214
As at 31 March 2020					
Trade and other payables	**1,636**	**—**	**—**	**—**	**1,636**
Borrowings	**137**	**144**	**433**	**2,610**	**3,324**
Lease liabilities	**1,055**	**422**	**163**	**—**	**1,640**

(e) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return to shareholders or issue new shares.

As at 31 March 2020 and 2019, the Group has undertaken borrowing from an external financial institution and is in compliance with the externally imposed capital requirement of the external borrowing.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as total debt divided by total equity. Total debt is calculated as borrowings plus lease liabilities and non-trade amounts due to related parties. The gearing ratio of the Group is as follows:

	As at 31 March **2020** S$'000	2019 S$'000
Total debt	**4,026**	3,706
Total equity	**25,066**	4,030
Gearing ratio	**16%**	92%

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits with external parties, other receivables and cash and cash equivalents, and current financial liabilities, including trade payables, accruals, deposits received, dividends payable, other payables and borrowings, approximate their fair values as at reporting date due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise their judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving higher degree of judgement or complexity or where estimates and assumptions used are significant to the consolidated financial statements are as below.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of retail spaces, the following factors are normally the most relevant:

- If it is certain that the Group would extend the option due to favourable fixed lease amount agreed upfront for the extension period;
- If any leasehold improvements are expected to have a significant remaining value; and
- If the Group might incur significant costs and business disruption to replace the leased asset.

Most extension options in retail spaces were not included in the lease liabilities, because the Group does not have significant value of leasehold improvements at each retail outlets and the Group would not incur significant cost or business disruption to replace the right of use assets as the cost of relocating the size of their retail outlets is not significant. The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5 SEGMENT INFORMATION

The Group Executive Directors, who are the CODM monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Group Executive Directors consider all businesses to be included in a single operating segment. Information reported to Group Executive Directors, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated.

Revenue

The Group is principally engaged in the provision of food catering services through a chain of Taiwan-style cafes. The following is an analysis of revenue and non-current assets by geographical areas. Revenue is attributed to countries by locations of customers.

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Revenue		
Singapore	**8,633**	7,438
Malaysia	**11,215**	10,029
Indonesia	**3,977**	3,481
United States	**402**	363
Others	**35**	14
	24,262	21,325

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

	As at 31 March	
	2020	2019
	S$'000	S$'000
Non-current assets		
Property, plant and equipment		
Singapore	**4,644**	3,493
Malaysia	**894**	327
	5,538	3,820

Other than revenue and non-current assets analysis, no operating results and other discrete financial information are regularly presented for CODM decision in making assessment of performance and allocation of resources. Accordingly, other than entity-wide information, no analysis of single operating segment is presented.

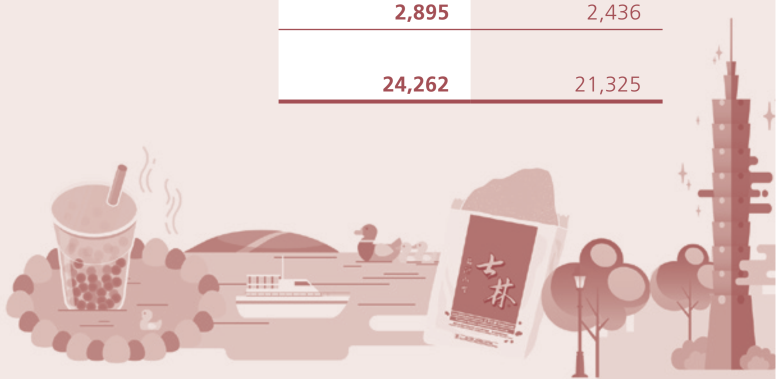
Revenue of S$3,977,000 (2019: S$3,481,000) during the year are derived from a single external customer. These revenues are attributable to sales made from the geographical area of Indonesia.

6 REVENUE

(a) The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Sales of goods		
— Outlet sales	**12,332**	10,506
— Franchisees/licensees	**9,035**	8,383
Franchise fee	**684**	511
Advertising and promotion fees	**311**	376
Royalty	**1,900**	1,549
	24,262	21,325

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
At a point in time	**21,367**	18,889
Over time	**2,895**	2,436
Total	**24,262**	21,325



6 REVENUE *(Continued)*

(b) Deferred revenue:

(i) Revenue recognised in relation to deferred revenue:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Revenue recognised in current year that was included in the deferred revenue balance at the beginning of the year	**696**	594

(ii) Unsatisfied performance obligation:

	As at 31 March	
	2020	2019
	S$'000	S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 March	**1,492**	1,221

Management expects that 31% (2019: 30%) of the transaction price allocated to the unsatisfied performance obligations as of 31 March 2020 may be recognised as revenue during the next reporting date. The remaining 69% (2019: 70%) may be recognised by 31 March 2021, 2022 and 2023 for each of the unsatisfied performance obligation as of 31 March 2020. The amounts disclosed above do not include variable consideration which are subject to significant risk of reversal.

7 OTHER INCOME

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Government grants	**23**	10
Operating fee income	**98**	123
Others	**112**	125
	233	258

Notes to the Consolidated Financial Statements

8 OTHER GAINS/(LOSSES)

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Foreign currency exchange difference, net	**901**	(17)

9 EXPENSES BY NATURE

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Cost of inventories	**8,889**	8,701
Employee benefit costs *(Note 10)*	**4,184**	2,813
Rental expenses	**262**	1,665
Advertising and promotion expenses	**321**	404
Logistics and transportation expenses	**508**	458
Directors' remuneration *(Note 10)*	**585**	404
Utilities expenses	**256**	238
Sundry expenses	**275**	238
Professional fees	**948**	243
Travelling expense	**48**	33
Withholding tax expense	**16**	73
Depreciation *(Note 14)*	**1,725**	148
Printing expenses	**18**	12
Insurance expenses	**23**	18
Auditor's remuneration		
— audit services	**217**	10
— other services	**12**	—
Listing expenses	**2,061**	2,641
Others	**244**	187
Total cost of sales, administrative, selling and distribution expenses	**20,592**	18,286

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' REMUNERATION

(a) Employee benefit expenses during the years are as follows:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Wages, salaries and allowances	**3,388**	2,303
Retirement benefit costs — defined contribution plans	**380**	256
Others	**416**	254
Employee benefit costs	**4,184**	2,813
Directors' remuneration	**585**	404
Total employee benefit costs and directors' remuneration	**4,769**	3,217

Employee benefits expenses have been included in consolidated statement of profit or loss as follows:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Administrative expenses	**2,200**	1,154
Selling and distribution expenses	**2,569**	2,063
	4,769	3,217

(b) Directors' remuneration

The remuneration of every director for the financial year ended 31 March 2019 is set out below:

Name of director	Fees	Salaries, allowances and benefits in kind	Employer's contribution to defined contribution plans	Bonuses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Executive directors					
Mr. Daniel Tay[1]	—	180	22	—	202
Mr. Melvyn Wong[2]	—	180	22	—	202
	—	360	44	—	404

Notes to the Consolidated Financial Statements

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' REMUNERATION *(Continued)*

(b) Directors' remuneration *(Continued)*

The remuneration of every director for the financial year ended 31 March 2020 is set out below:

Name of director	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Bonuses S$'000	Total S$'000
Executive directors					
Mr. Daniel Tay[1]	—	195	33	45	273
Mr. Melvyn Wong[2]	—	195	33	45	273
Independent non-executive directors					
Jong Voon Hoo	13	—	—	—	13
Koh Boon Chiao	13	—	—	—	13
Lim Wee Pin	13	—	—	—	13
	39	390	66	90	585

1 Mr. Daniel Tay was appointed as director on 2 February 2018. On 11 September 2018, Mr. Daniel Tay was re-designated as executive director.

2 Mr. Melvyn Wong was appointed as director on 2 February 2018. On 11 September 2018, Mr. Melvyn Wong was re-designated as executive director.

Mr. Jong Voon Hoo is one of the Independent Non-executive Directors of the Company appointed on 23 September 2019.

Mr. Koh Boon Chiao is one of the Independent Non-executive Directors of the Company appointed on 23 September 2019.

Mr. Lim Wee Pin is one of the Independent Non-executive Directors of the Company appointed on 23 September 2019.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the companies comprising the Group.

During the financial year ended 31 March 2020, none of the directors of the Company waived any remuneration paid or payable by the Group and no remuneration were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' REMUNERATION *(Continued)*

(b) Directors' remuneration *(Continued)*

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the financial year.

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the financial year.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the financial year.

(iv) Information about loans and quasi-loans in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans and quasi-loans in favour of directors, controlled bodies corporate by and connected entities with such directors during the financial year.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2020 include two directors (2019: two directors), respectively whose remuneration are reflected in the analysis presented above. The remuneration paid to the remaining three (2019: three) individuals are as follows:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Wages, salaries and allowances	**213**	198
Bonuses	**47**	6
Retirement benefit costs — defined contribution plans	**42**	35
	302	239

The remuneration of above individuals are within the following band:

	Year ended 31 March	
	2020	2019
Remuneration band		
HK$nil — HK$1,000,000 (equivalent from S$nil to S$183,700)	**3**	3

During the year ended 31 March 2020, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the five highest paid individuals waived or agreed to waive any emoluments during the year.

Notes to the Consolidated Financial Statements

11 FINANCE INCOME/(COST)

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Interest income	**83**	24
Interest expense	**(127)**	(40)
	(44)	(16)

12 INCOME TAX EXPENSE

Tax has been provided at the applicable tax rate on the estimated assessable profit during the financial year.

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Current income tax	**1,202**	998
Deferred income tax *(Note 18)*	**1**	1
	1,203	999
Under provision in respect of prior years — deferred income tax *(Note 18)*	**—**	1
Income tax expense	**1,203**	1,000

Taxation has been provided at the appropriate rates in the countries in which the Group operates. The Company is not subject to any taxation in the Cayman Islands and the British Virgin Islands. Singapore Corporate income tax rates has been provided of 17% (2019: 17%) on the estimated profit during the financial year. Under the Income Tax Act, 1967, the applicable income tax rates for the Group entities in Malaysia ranges from 19% to 24% (2019: 19% to 24%) during the financial year.

Notes to the Consolidated Financial Statements

12 INCOME TAX EXPENSE *(Continued)*

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Profit before tax	**4,760**	3,264
Tax calculated at rate of 17% (2019: 17%)	**809**	555
Tax effects of:		
— Different tax rates in different jurisdictions	**71**	100
— Expenses not deductible for tax purposes	**479**	489
— Statutory income exemption	**(156)**	(145)
— Under provision of tax in respect of prior years	**—**	1
Income tax expense	**1,203**	1,000

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended. In determining the weighted average number of ordinary shares, the additional 599,999,900 shares under the capitalisation on listing date were treated as if they had been in issue since 1 April 2018.

	Year ended 31 March	
	2020	2019
Net profit attributable to equity holders of the Company (S$'000)	**3,557**	2,264
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**687,978**	600,000
Basic earnings per share (S$ cents per share)	**0.5**	0.4

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2020 and 2019.

Notes to the Consolidated Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

	Leased retail space S$'000	Properties S$'000	Renovation works S$'000	Furniture and fittings S$'000	Office equipment S$'000	Kitchen equipment S$'000	Computers S$'000	Total S$'000
Cost								
As at 1 April 2018	—	—	410	16	136	20	118	700
Additions	—	3,343	150	33	15	28	13	3,582
Write-off	—	—	(8)	(12)	—	—	(3)	(23)
Currency translation differences	—	—	(3)	—	(1)	—	(1)	(5)
As at 31 March 2019	—	3,343	549	37	150	48	127	4,254
Accumulated depreciation								
As at 1 April 2018	—	—	(113)	(5)	(77)	(6)	(94)	(295)
Depreciation for the year	—	(28)	(75)	(5)	(22)	(8)	(10)	(148)
Write-off	—	—	2	4	—	—	2	8
Currency translation differences	—	—	1	—	—	—	—	1
As at 31 March 2019	—	(28)	(185)	(6)	(99)	(14)	(102)	(434)
Net book value								
As at 31 March 2019	—	3,315	364	31	51	34	25	3,820
Cost								
As at 1 April 2019	**—**	**3,343**	**549**	**37**	**150**	**48**	**127**	**4,254**
Adoption of IFRS 16	**3,897**	**—**	**—**	**—**	**—**	**—**	**—**	**3,897**
Additions	**1,199**	**—**	**258**	**16**	**11**	**18**	**8**	**1,510**
Write-off	**—**	**—**	**(10)**	**—**	**(2)**	**(6)**	**—**	**(18)**
As at 31 March 2020	**5,096**	**3,343**	**797**	**53**	**159**	**60**	**135**	**9,643**
Accumulated depreciation								
As at 1 April 2019	**—**	**(28)**	**(185)**	**(6)**	**(99)**	**(14)**	**(102)**	**(434)**
Adoption of IFRS 16	**(1,964)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,964)**
Depreciation for the year	**(1,472)**	**(67)**	**(141)**	**(9)**	**(17)**	**(12)**	**(7)**	**(1,725)**
Write-off	**—**	**—**	**10**	**—**	**2**	**6**	**—**	**18**
As at 31 March 2020	**(3,436)**	**(95)**	**(316)**	**(15)**	**(114)**	**(20)**	**(109)**	**(4,105)**
Net book value								
As at 31 March 2020	**1,660**	**3,248**	**481**	**38**	**45**	**40**	**26**	**5,538**

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 15(a).

Depreciation expenses of S$1,725,000 (2019: S$148,000) have been charged in "administrative expenses".

Bank borrowings as at financial year end with carrying amount of S$2,444,000 (2019: S$2,523,000) are secured on the properties of the Group.

Notes to the Consolidated Financial Statements

15 THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases retail spaces for the purpose of sales of food and beverages to retail customers.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	31 March 2020 S$'000	1 April 2019 S$'000
Leased retail spaces	**1,660**	1,933

(b) Depreciation charge during the year

	31 March 2020 S$'000
Leased retail spaces	**1,472**

(c) Interest expense

	31 March 2020 S$'000
Interest expense on lease liabilities	**70**

(d) Lease expense not capitalised in lease liabilities

	31 March 2020 S$'000
Lease expense — short-term leases	**190**
Lease expense — low-value leases	**1**
Variable lease payments which do not depends on an index or rate	**71**
Total *(Note 9)*	**262**

Notes to the Consolidated Financial Statements

15 THE GROUP AS A LESSEE *(Continued)*

Nature of the Group's leasing activities *(Continued)*

Property *(Continued)*

(e) Total cash outflow for all the leases in 2020 was S$1,809,000.

(f) Addition of ROU assets during the financial year 2019 was S$1,199,000.

(g) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for retail spaces contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.5% to 2.0%, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to S$71,000 (Note 15(d)) for the financial year ended 31 March 2020.

ii. Extension options

The leases for certain retail spaces and equipment contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2020	2019
	S$'000	S$'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables excluding prepayments	**3,309**	1,613
— Cash and cash equivalents	**21,554**	4,263
Total	**24,863**	5,876
Financial liabilities		
Financial liabilities at amortised cost		
— Trade and other payables excluding goods and services tax payable	**1,636**	4,282
— Borrowings	**2,444**	2,523
— Lease liabilities	**1,582**	—
Total	**5,662**	6,805

17 INVENTORIES

Inventories comprise fast moving consumables items. The cost of inventories included in cost of sales in the consolidated financial statements amounted to S$8,889,000 (2019 S$8,701,000).

Notes to the Consolidated Financial Statements

18 DEFERRED INCOME TAX

The analysis of deferred income tax liability is as follows:

	As at 31 March	
	2020	2019
	S$'000	S$'000
Deferred income tax liability:		
— To be settled after one year	**(16)**	(15)

The movements in deferred income tax during the financial years are as follows:

Deferred income tax liability:

	Accelerated tax depreciation S$'000
At 1 April 2018	13
Charged to profit or loss	2
At 31 March 2019	15
At 1 April 2019	**15**
Charged to profit or loss	**1**
At 31 March 2020	**16**

The balance comprises tax on excess of net book value over tax written down value of qualifying plant and equipment.

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	As at 31 March	
	2020	2019
	S$'000	S$'000
Trade receivables:		
— Third parties	**389**	554
Deposits with external parties	**771**	865
Prepayments	**1,280**	1,248
Listing expenses to be net-off with the equity upon the listing of the Company	**—**	1,039
Other receivables	**2,149**	194
	4,200	3,346
Total trade and other receivables and prepayments	**4,589**	3,900
Current portion	**4,589**	3,900

Deposits with external parties comprise mainly security deposits placed with landlords of leased properties.

Notes to the Consolidated Financial Statements

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENT *(Continued)*

Trade receivables

	As at 31 March	
	2020	2019
	S$'000	S$'000
Trade receivables	**389**	554
Less: allowance for impairment of trade receivables	**—**	—
	389	554

The carrying amounts of trade receivables approximate their fair values.

Trade receivables do not bear any interest rate.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised represent a large number of receivables from various franchisees.

The Group normally grants credit terms to its customers ranging from 0 to 7 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2020	2019
	S$'000	S$'000
Current to 30 days	**153**	492
31 to 60 days	**122**	46
61 to 90 days	**84**	6
Over 90 days	**30**	10
	389	554

The carrying amounts of the Group's trade and other receivables and prepayments are denominated in the following currencies:

	As at 31 March	
	2020	2019
	S$'000	S$'000
HKD	**2,918**	—
SGD	**1,260**	3,416
MYR	**317**	458
USD	**94**	26
	4,589	3,900

20 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2020	2019
	S$'000	S$'000
Cash at banks	**21,541**	4,258
Cash on hand	**13**	5
	21,554	4,263

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2020	2019
	S$'000	S$'000
HKD	**11,472**	11
SGD	**7,908**	2,703
MYR	**1,863**	1,452
USD	**311**	97
	21,554	4,263

21 RESERVES

	As at 31 March	
	2020	2019
	S$'000	S$'000
Foreign currency translation reserve	**(187)**	(204)
Capital reserves	**261**	261
Retained earnings	**6,508**	3,973
	6,582	4,030

Foreign currency translation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company.

Notes to the Consolidated Financial Statements

21 RESERVES *(Continued)*

Capital reserves comprise the combined capital of the Operating Companies prior to the completion of the reorganisation of the Group in 2019 and the differences between total consideration paid to the Controlling Shareholders from the restructuring of certain Operating Companies within the Group in the previous financial years and the cost of investment in those Operating Companies. Capital reserves are non-distributable.

22 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital S$'000	Total S$'000
Authorised:			
As at 1 April 2018 and 31 March 2019	38,000,000	66	66
Increase in authorised share capital (Note (a))	9,962,000,000	17,334	17,334
As at 31 March 2020	**10,000,000,000**	**17,400**	**17,400**

	Number of shares	Share capital S$'000	Share premium S$'000	Total S$'000
Issued and fully paid:				
As at 1 April 2018 and 31 March 2019	1	*	—	*
Issuance of shares during reorganisation *(Note (b))*	99	*	—	*
Share capitalisation *(Note (c))*	599,999,900	1,044	(1,044)	—
Issuance of shares pursuant to share offer *(Note (d))*	200,000,000	348	22,272	22,620
Listing expenses *(Note (d))*	—	—	(4,136)	(4,136)
As at 31 March 2020	**800,000,000**	**1,392**	**17,092**	**18,484**

* Amount below S$1,000

(a) On 23 September 2019, the authorised share capital of the Company was increased from HK$380,000 (equivalent to approximately S$66,000) divided into 38,000,000 shares of HK$0.01 each to HK$100,000,000 (equivalent to approximately S$17,400,000) divided into 10,000,000,000 shares of HK$0.01 each by the creation of an additional 9,962,000,000 shares of HK$0.01 each.

(b) On 23 September 2019, Brilliant Stride Limited, the Controlling Shareholders and the Company entered into a sale and purchase agreement, pursuant to which, Brilliant Stride Limited transferred its entire shareholding interest in Clever Steed to the Company. The consideration was settled by the Company allotting and issuing 99 shares in its share capital to Brilliant Stride Limited credited as fully paid and crediting the initial share held by Brilliant Stride Limited as fully paid.

(c) On 23 September 2019, pursuant to the written resolutions of the Company's shareholders passed, 599,999,900 ordinary shares of HK$0.01 each were issued at par value by way of capitalisation of HK$5,999,999 (equivalent to approximately S$1,044,000) from the Company's share premium account.

(d) On 23 October 2019, in connection with the Company's listing on the Hong Kong Stock Exchange, the Company issued 200,000,000 shares at a price of HK$0.65 per share for a total of HK$130,000,000 (equivalent to approximately S$22,620,000), which pursuant to the share offer of HKD$0.01 per share for a total of HK$2,000,000 (equivalent to S$348,000) and share premium for a total of HK$128,000,000 (equivalent to approximately S$22,272,000). Listing expenses for a total of HK$23,823,360 (equivalent to approximately S$4,136,000) was capitalised into share premium.

23 COMPANY LEVEL FINANCIAL INFORMATION

(a) Financial position

	Note	As at 31 March 2020 S$'000	2019 S$'000
ASSETS			
Non-current asset			
Investment in subsidiaries	*1.2*	**68,800**	—
Current assets			
Other receivables		**1,849**	141
Prepayments		**1,080**	1,965
Cash and bank balances		**15,124**	—
Total assets		**86,853**	2,106
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	*23(b)*	**1,392**	*
Share premium	*23(b)*	**17,092**	—
Capital reserves	*23(b)*	**68,800**	—
Accumulated losses	*23(b)*	**(5,704)**	(3,632)
		81,580	(3,632)
LIABILITIES			
Current liabilities			
Other payables		**215**	1,679
Amounts due to subsidiaries		**5,058**	4,059
Total liabilities		**5,273**	5,738
Total equity and liabilities		**86,853**	2,106

* Amount less than S$1,000

The details of the Company's investment in subsidiaries are listed in Note 1.2.

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 30 June 2020 and was signed on its behalf.

Mr. Daniel Tay
Director

Mr. Melvyn Wong
Director

Notes to the Consolidated Financial Statements

23 COMPANY LEVEL FINANCIAL INFORMATION *(Continued)*

(b) Changes in equity

	Share capital S$'000	Share premium S$'000	Capital reserves[i] S$'000	Accumulated losses S$'000	Total S$'000
As at 1 April 2018	*[ii]	—	—	(950)	(950)
Loss and total comprehensive loss for the year	—	—	—	(2,682)	(2,682)
As at 31 March 2019	*	—	—	(3,632)	(3,632)
As at 1 April 2019	*****	**—**	**—**	**(3,632)**	**(3,632)**
Loss and total comprehensive loss for the year	**—**	**—**	**—**	**(2,072)**	**(2,072)**
Restructuring of the Operating Companies	**—**	**—**	**68,800**	**—**	**68,800**
Share capitalisation	**1,044**	**(1,044)**	**—**	**—**	**—**
Issuance of shares pursuant to share offer	**348**	**22,272**	**—**	**—**	**22,620**
Listing expenses	**—**	**(4,136)**	**—**	**—**	**(4,136)**
Total transactions with equity holders, recognised directly in equity	**1,392**	**17,092**	**68,800**	**—**	**87,284**
As at 31 March 2020	**1,392**	**17,092**	**68,800**	**(5,704)**	**81,580**

* Amount less than S$1,000

(i) Capital reserves are non-distributable.

(ii) On 2 February 2018, one ordinary share of the Company was issued at HK$0.01.

24 TRADE AND OTHER PAYABLES

	As at 31 March	
	2020	2019
	S$'000	S$'000
Trade payables		
— Third parties	**333**	480
Total trade payables	**333**	480
Other payables and accruals		
— Third parties		
Goods and services tax payables	**37**	51
Accruals	**840**	1,946
Deposits received	**328**	307
Others	**135**	366
	1,340	2,670
— Related parties		
Others	**—**	1,183
Total other payables and accruals	**1,340**	3,853
Total trade and other payables included in current liabilities	**1,673**	4,333

The carrying amounts of the Group's trade payables are denominated in SGD, USD and MYR. The carrying amounts of trade payables approximate their fair values.

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2020	2019
	S$'000	S$'000
0 to 30 days	**236**	458
31 to 60 days	**88**	22
Over 60 days	**9**	—
	333	480

Notes to the Consolidated Financial Statements

25 BORROWINGS

	As at 31 March 2020 S$'000	 2019 S$'000
Current		
Bank borrowings	**81**	83
Non-current		
Bank borrowings	**2,363**	2,440
	2,444	2,523

The weighted average effective interest rates of the borrowings for the financial year ended 31 March 2020 is 1.6% (2019: 1.6%). All borrowings are denominated in SGD.

The Group's banking facilities are secured by the properties of the Group and guaranteed by personal guarantees of Mr. Daniel Tay and Mr. Melvyn Wong.

At the date of the consolidated statement of financial position, the fair value of non-current borrowings is approximately S$2,502,000 (2019: S$2,471,000) and is computed based on cash flow discounted at market borrowing rates of an equivalent instrument at balance sheet date.

The Group's bank borrowings are repayable as follows:

	As at 31 March 2020 S$'000	 2019 S$'000
Within 1 year	**81**	83
Between 1 and 2 years	**78**	83
Between 2 and 5 years	**248**	259
Over 5 years	**2,037**	2,098
	2,444	2,523

At the date of the consolidated statement of financial position, the Group's total available banking facilities amounted to approximately S$2,444,000 (2019: S$2,523,000) of which S$2,444,000 (2019: S$2,523,000) have been utilised, respectively.

26 PROVISIONS

	Reinstatement costs *(Note i)* S$'000	Unutilised leave S$'000	Total S$'000
As at 1 April 2018	61	10	71
Provision for the year	32	—	32
As at 31 March 2019	93	10	103
As at 1 April 2019	**93**	**10**	**103**
Utilised during the year	**(11)**	**—**	**(11)**
Provision for the year	**6**	**—**	**6**
As at 31 March 2020	**88**	**10**	**98**

(i) Provision for reinstatement costs were recognised for the expected cost associated with restoring the leased space to set up the Group's outlets, prior to returning the space to respective landlords upon expiry of the relevant leases. Such provision is the present value of the estimated costs of dismantlement, removal and restoration to be incurred for the leased space. The provision is based on estimates made from historical data associated with reinstatement works on contracts of similar nature using technology and materials that are currently available.

27 DEFERRED REVENUE

	As at 31 March	
	2020 S$'000	2019 S$'000
Franchise upfront fees	**1,488**	1,149
Advances received for advertising and promotion	**4**	72
Total deferred revenue	**1,492**	1,221
Less non-current portion: franchise upfront fees	**(1,027)**	(860)
Total deferred revenue included in current liabilities	**465**	361

The changes in deferred revenue balance is mainly a result of timing differences between upfront franchise fees and advertising fees collected from franchisees as compared to the franchise revenue recognised and advertising funds utilised during the financial year.

Notes to the Consolidated Financial Statements

28 DIVIDENDS

Dividends during the financial years ended 31 March 2020 and 2019 represented dividends declared by the companies now comprising the Group to the then owners of the companies for the years ended 31 March 2020 and 2019, after eliminating intra-group dividends.

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Dividend	**1,000**	1,138

No dividend is declared and paid by the Company since its incorporation.

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of cash used in purchase of property, plant and equipment

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Total property, plant and equipment acquired during the year *(Note 14)*	**1,510**	3,582
Less: Right-of-use assets arising from lease of retail spaces	**(1,199)**	—
Less: Payable of property, plant and equipment	**—**	(139)
Cash used in purchase of property, plant and equipment during the year	**311**	3,443

30 OPERATING LEASE COMMITMENTS

Where the Group is a lessee

The Group leases retail space from landlords, who are non-related parties, under non-cancellable operating lease agreements. These leases are borne with varying terms, escalation clauses and renewal rights.

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	$'000
Not later than one year	1,489
Between one and five years	1,270
	2,759

As disclosed in Note 2.1, the Group has adopted IFRS 16 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the consolidated statement of financial position as at 31 March 2020.

Notes to the Consolidated Financial Statements

31 CAPITAL COMMITMENTS

The Group had no capital commitments as at the date of the consolidated statement of financial position.

32 RELATED PARTY TRANSACTIONS

Related parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions which, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions.

Name of the related party	**Relationship with the Group**
Mr. Daniel Tay	Executive Director and controlling shareholder
Mr. Melvyn Wong	Executive Director and controlling shareholder
Wong Chee Keong	Brother of Mr. Melvyn Wong, the Executive Director
IP Asset Management Pte. Ltd.	A company jointly controlled by the Executive Directors

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

Notes to the Consolidated Financial Statements

32 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transaction

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Rental expense from: *(Note i)*		
IP Asset Management Pte. Ltd.	—	44

i Rental expense is respectively made and charged at prices and rates mutually agreed by the relevant parties.

(b) Year-end balances with related parties

	As at 31 March	
	2020	2019
	S$'000	S$'000
Amounts due to related parties		
STSS (M) Sdn. Bhd.	—	1
Mr. Daniel Tay	—	1,182
Total	—	1,183

The amounts due to related parties are unsecured, interest-free and repayable on demand.

The carrying amount approximates its fair value and is dominated in S$.

The trade and non-trade balances of the amounts due to related parties are disclosed in Note 24.

(c) Key management compensation

Key management includes Executive Directors and Senior Management personnel. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 March	
	2020	2019
	S$'000	S$'000
Salaries and other short-term employee benefits	**828**	626

Notes to the Consolidated Financial Statements

33 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at year end (2019: S$nil).

34 SUBSEQUENT EVENT

As a result of the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak"), a series of precautionary and control measures have been and continue to be implemented across various countries since early 2020. The key revenue drivers of the Group, Singapore and Malaysia, were similarly placed under COVID-19 control measures. The Group anticipates an ongoing impact to its business operations and financial results after March 2020. The extent of the impact depends on the duration of the control measures for the COVID-19 outbreak and the recovery of the global economy. To mitigate the impact brought by the COVID-19 outbreak, the Group has explored opportunities on food delivery platforms and will continue to explore further opportunities to expand its business. As of the reporting date, the management is still in process of assessing the overall financial impact and will continuously monitor the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

Financial Summary

RESULTS

	Year ended 31 March			
	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000
REVENUE	**24,262**	21,325	18,581	15,735
PROFIT BEFORE INCOME TAX	**4,760**	3,264	3,785	3,387
Income tax expense	**(1,203)**	(1,000)	(656)	(250)
PROFIT FOR THE YEAR	**3,557**	2,264	3,129	3,137
Total comprehensive income for the year attributable to:				
Equity holders of the Company	**3,562**	2,210	3,246	3,017

ASSETS, LIABILITIES AND EQUITY

	As at 31 March			
	2020	2019	2018	2017
	S$'000	S$'000	S$'000	S$'000
TOTAL ASSETS	**32,926**	12,794	7,247	10,859
TOTAL LIABILITIES	**7,860**	8,764	4,076	7,566
	25,066	4,030	3,171	3,293
EQUITY:				
Equity attributable to equity holders of the Company	**25,066**	4,030	3,171	3,293

Schedule of Property

Investment Properties Location	Use	Tenure	Attributable interest of the Group
10, Anson Road #21–03/03A International Plaza Singapore 079903	Office	Long term lease	100%

Definitions

"2020 Annual Report" or "Annual Report"	the annual report of the Company for the Year
"2020 AGM"	the AGM of the Company to be held at 10 Anson Road, #26–11 International Plaza, Singapore 079903 on Friday, 28 August 2020 at 11 a.m.
"AGM"	an annual general meeting of the Company
"Articles of Association"	the articles of association of the Company
"Audit Committee"	The audit committee of the Board
"Board"	the board of Directors
"Boardroom"	Boardroom Corporate Services (HK) Limited
"BVI"	the British Virgin Islands
"Chairman"	Mr. Daniel Tay, the chairman of the Board
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company" or "Snack Empire"	Snack Empire Holdings Limited (快餐帝國控股有限公司), an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on 2 February 2018 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 17 May 2018, whose issued Shares are listed and traded on the Main Board (stock code: 1843)
"Company Secretary"	the company secretary of the Company
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company
"ESG"	the environmental, social and governance
"Franchisees/Licencee"	units Franchisees and Master Franchisees, collectively and "Franchisee" means any one of them
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"IDR" or "Indonesian Rupiah(s)"	Indonesian Rupiah, the lawful currency of Indonesia
"IFRS"	the International Financial Reporting Standards issued by the International Accounting Standards Board
"Independent Auditor" or "PwC"	PricewaterhouseCoopers, the independent auditor of the Company for the Year
"Independent Third Party(ies)"	third party(ies) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive officer or substantial shareholders of the Company, its subsidiaries or any of their respective associates
"INEDs"	independent non-executive Director(s)
"Indonesia"	the Republic of Indonesia

Definitions

"Indonesia Master Licence" or "Master Licence"	the master licence granted by STSS Company, an indirect wholly owned subsidiary of the Company, to the Master Licensee in respect of, among others, the right to use the intellectual property rights of the Company, and to sub-license such rights to use such intellectual property rights, in Indonesia
"Listing"	the commencement of trading of the Shares in issue on the Main Board
"Listing Date"	23 October 2019, the date on which the Shares in issue were initially traded on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Malaysia"	the Federation of Malaysia, which includes West Malaysia and East Malaysia
"Malaysia ringgit" or "MYR"	Ringgit Malaysia, the lawful currency of Malaysia
"Master Franchise"	the master franchise granted by STSS Company, an indirect wholly owned subsidiary of the Company, to the Master Franchisee(s) in respect of, among others, the right to use the intellectual property rights of the Company, and to sub-franchise such rights to use such intellectual property rights, in their area of operation
"Master Franchisee(s)"	person(s) or entity(ies) granted the franchise right(s) under the Master Franchise(s)
"Master Licensee"	the master licensee to which STSS Company, an indirect wholly-owned subsidiary of the Company, granted the Indonesia Master Licence
"Memorandum of Association" or "M&A"	the memorandum of association of the Company, adopted on 23 September 2019 to take effect upon the Listing Date, as amended supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Daniel Tay"	Mr. Daniel Tay Kok Siong, the Chairman, executive Director and a Controlling Shareholder
"Mr. Melvyn Wong"	Mr. Wong Chee Tat (黃志達), the chief executive officer of the Company, an executive Director, and a Controlling Shareholder
"Nomination Committee"	the nomination committee of the Board
"Non-self-operated"	operated by Independent Third Parties and not by the Group
"NTD"	New Taiwan dollars, the lawful currency of Taiwan
"Outlet(s)"	the take-out outlet(s) comprising a front counter and kitchen with no seating
"Pacific Asia Projects"	Pacific Asia Projects Pte. Ltd., a private limited company incorporated in Singapore jointly-owned by Mr. Chong Kian Hin and Ms. Tham Mei Chan, the father-in-law and mother-in-law, respectively of Mr. Melvyn Wong
"PLQ"	Paya Lebar Quarters
"PRC" or "China"	the People's Republic of China, and for the purpose of this Annual Report only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prospectus"	the prospectus of the Company dated 30 September 2019
"Register of Members"	the register of members of the Company

Definitions

"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the reorganisation of the companies of the Group for the purpose of the Listing, details of which are disclosed in the Prospectus
"Review Period"	the period from the Listing Date to 31 March 2020
"Restaurant(s)"	the self-service restaurant(s) comprising front counter, kitchen and seating
"Self-operated"	operated by the Group
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal or par value of HK$0.01 each
"Shareholder(s)"	the holder(s) of Shares
"Share Offer"	the public offer and the placing as defined in the Prospectus
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 23 September 2019 as described in the section headed "Statutory and General Information — Share Option Scheme" in Appendix V to the Prospectus
"Shihlin Outlet(s)"	the Outlet(s) operating under the ***Shihlin Taiwan Street Snacks***® brand
"Shihlin Outlets and Restaurants"	Shihlin Outlets and Shihlin Restaurants
"Shihlin Restaurant(s)"	the Restaurant(s) operating under the ***Shihlin Taiwan Street Snacks***® brand
"Singapore"	the Republic of Singapore
"Singapore Exchange"	Singapore Exchange Securities Trading Limited
"STSS Company"	The STSS Company Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
"STSS Integrated"	STSS Integrated Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore
"United States" or "USA"	the United States of America
"UK"	the United Kingdom
"West Malaysia"	western part of Malaysia which lies on the Malay Peninsular and surrounding islands
"Year"	the financial year ended 31 March 2020
"Year 2019"	the financial year ended 31 March 2019
"%"	per cent

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