



Corporate Governance Report

INTRODUCTION

The board of directors (“**Board**”) and the management (“**Management**”) of Japan Foods Holding Ltd. (the “**Company**”) are committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company’s shareholders (“**Shareholders**”).

This report describes the Company’s corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code 2012**”) issued on 2 May 2012.

The Board is pleased to confirm that for the financial year ended 31 March 2016 (“**FY2016**”), the Company has generally adhered to the framework as outlined in the Code 2012 and deviations from any guideline of the Code 2012 are explained in this report.

BOARD MATTERS

THE BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1 & Guideline 1.2

Roles of Board and Objective Decision Making

The Board aims to preserve and enhance long-term Shareholders’ value. To this end, each director of the Company (“**Director**”) endeavours to objectively take decisions in the interests of the Company. Apart from its statutory duties and responsibilities, the Board also:

- (a) decides on matters in relation to the Group’s activities which are of significant nature, including decisions on strategic directions and guidelines and approvals of annual budget, major funding investment and divestment proposals;
- (b) oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;
- (c) reviews management performance;
- (d) identifies key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (e) approves the nominations to the Board and appointments to the various Board committees;
- (f) approves the framework of remuneration for the Board and key executives as recommended by the RC (as defined hereinafter);
- (g) provides oversight in the proper conduct of the Group’s business and assumes responsibility for corporate governance;
and
- (h) considers sustainability issues as part of the strategic formulation



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Guideline 1.3

Delegation of Authority to Board Committees

To facilitate effective management, the Board has delegated certain functions to the Board committees, namely, the Audit and Risk Committee (“ARC”), the Remuneration Committee (“RC”) and the Nominating Committee (“NC”), to ensure that there are appropriate checks and balances. These Board committees operate within clearly defined terms of reference which are reviewed from time to time. As at 31 March 2016, the ARC, the RC and the NC each comprised entirely of non-executive Directors.

Guideline 1.4

Meetings of Board and Board Committees

The constitution of the Company (“Constitution”) provide for the Directors to participate in Board meetings by teleconference or videoconference means.

The number of Board and Board committees’ meetings held in FY2016 and the attendance of each Director is set out below:

Name of Director	Board		ARC		NC		RC	
	No. of meetings held during tenure on Board	No. of meetings attended	No. of meetings held during tenure on Board	No. of meetings attended	No. of meetings held during tenure on Board	No. of meetings attended	No. of meetings held during tenure on Board	No. of meetings attended
Takahashi Kenichi	4	4	NA	NA	NA	NA	NA	NA
Wong Hin Sun, Eugene	4	4	4	4	2	1	2	2
Tan Lye Huat	4	4	4	4	2	2	2	2
Shigemitsu Katsuaki	4	4	NA	NA	NA	NA	NA	NA
Lee Sok Koon, Constance	4	4	4	4	2	2	2	2

NA: Not applicable

Guideline 1.5

Internal Guidelines on Matters Requiring Board Approval

The Group has in place financial authorisation and approval limits for, amongst others, operating and capital budgets, procurement of goods and services, bank borrowings and operation of the Group’s various bank accounts and the approval of the Board are required for these matters.

Guideline 1.6

Continuous Training and Development of Directors

During FY2016, the Company’s management (“Management”) has kept the Directors up-to-date on pertinent developments in the business of the Group during Board and/or Board committee meetings to facilitate the discharge of their duties. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the participation in third party-run programmes to enhance their knowledge to better serve the Company. During the year, some Directors attended third party-run programmes organised by the Singapore Institute of Directors (“SID”), the Institute of Singapore Chartered Accountants (“ISCA”), the Securities Investors Association (Singapore) and other professional body.



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The Board also ensures that incoming new Directors (if any) are given guidance and orientation (including on site visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment to facilitate the effective discharge of their duties. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

Guideline 1.7

Appointment of Directors

Each of the Directors, upon their appointment to the Board, has furnished a letter stating that they are aware and have been informed of their duties and obligations as Directors. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other matters, their roles, duties and responsibilities as members of the Board.

There were no new Director appointments during FY2016.

BOARD COMPOSITION AND BALANCE

Principle 2: Strong and Independent Element on the Board

Guideline 2.1

Composition and Independent Element of the Board

The Board currently has five members, comprising two independent Directors, two non-executive Directors and one executive Director. Accordingly, the Independent Directors make up at least one-third of the Board. As at the date of this report, the Board comprises the following members:

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

Guideline 2.2

Composition of Independent Director of the Board

While the Chairman (as defined hereinafter) and CEO (as defined hereinafter) is the same person, the Board is of the view that based on the Group's current size and operations, it is not necessary to have independent directors make up at least half of the Board at present. Nevertheless, the Board is reviewing the composition of Independent Directors on the Board with a view that Independent Directors will make up at least half of the Board by 31 July 2018.

Guideline 2.3 & 2.4

Independence of Directors

As set out under the Code 2012, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out under this guideline in the Code 2012 as well as all other relevant circumstances and facts.

To facilitate the NC in its review of the independent status of the Directors, each Director will complete a checklist to confirm his/her independence. The checklist is based on the guidelines provided in the Code 2012 and will also indicate whether a Director considers himself/herself as an independent Director despite not having any of the relationships identified in the Code 2012. The NC also reviews the checklist completed by each Director to determine whether a Director is independent.



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As a result of the assessment, the NC is satisfied that there is no relationship which would deem Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance to be not independent.

During FY2016, none of the Directors have served beyond nine years from the respective date of their first appointment.

Guideline 2.5

Composition, Size and Diversity of the Board

The Board is of the opinion that its current size and composition is appropriate for decision making, taking into account the scope and nature of the operations of the Group. With two out of five members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The NC is of the opinion that the current Board composition represents a well balanced mix of expertise and experience comprising accounting, finance, business experience as well as industry knowledge to provide core competencies necessary to meet the requirements of the Company and the Group and which facilitates effective decision making. The Board is also of the opinion that the current Board composition takes into consideration gender and nationality diversity.

Guideline 2.6

Competency of the Board

During FY2016, the Directors have completed a Board of Directors Competency Matrix form by providing additional information in their areas of specialisation and expertise. The NC, having reviewed the responses, was satisfied that members of the Board possess the relevant core competencies in areas of accounting and finance, business and management experience, and strategic planning. In particular, the non-executive Directors, who are mostly professionals in their selected fields, are able to take a broader view of the Group's activities, contribute their valuable experience and provide independent judgement during the Board's deliberation on Group's matters.

Guideline 2.7 & Guideline 2.8

Non-Executive Directors

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

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear Division of Responsibilities and Balance of Power and Authority

Guideline 3.1

Common Role of Chairman and CEO

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



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Guideline 3.2

Roles and Responsibilities of Chairman

The Chairman, who is also the CEO, seeks to, amongst others:

- (a) lead the Board to ensure its effectiveness;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) ensure that the Directors receive accurate, timely and clear information;
- (d) ensure effective communication with Shareholders;
- (e) encourage constructive relations between the Board and the Management;
- (f) promote a culture of openness and debate at the Board;
- (g) facilitate the effective contribution of non-executive Directors; and
- (h) promote high standards of corporate governance.

Guideline 3.3 & Guideline 3.4

Lead Independent Director

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

As the Lead Independent Director of the Company, Mr Tan Lye Huat will be available to Shareholders if they have concern and for which contact through the normal channels of the Chairman, the CEO and the Chief Financial Officer (“CFO”) has failed to resolve their concerns or is inappropriate.

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

BOARD MEMBERSHIP

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

Guideline 4.1

Membership of the NC

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

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

During FY2016, the NC held one scheduled meeting, which all members attended.



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The principal functions of the NC include:

- (a) recommending to the Board new Board appointments;
- (b) making recommendations on re-nomination of Directors, having regard to the Director's contribution and performance;
- (c) evaluating the independence of each of the Directors annually; and
- (d) evaluating the effectiveness of the Board as a whole and the contribution of each individual Director towards the effectiveness of the Board.

Guideline 4.2

Roles and Responsibilities of the NC

The responsibilities of the NC include making recommendations to the Board on all Board appointments and re-appointments of Directors, developing a process for evaluation of the performance of the Board, its board committees and Directors as well as overseeing the Board and key management personnel's succession and leadership development plans.

Board Renewal and Succession Plan

Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner to avoid losing institutional memory.

No Director stays in office for more than three years without being re-elected by Shareholders. The Constitution provides that at least one-third of the Directors, except the CEO, shall retire from office by rotation at every annual general meeting of the Company ("AGM") and Directors appointed during the course of the year will be subject to re-election at the next AGM following his appointment. At the forthcoming AGM, Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance are due for re-election pursuant to Regulation 98 of the Constitution. Both Mr Tan and Mdm Lee have consented to remain in office and offered themselves for re-election. The Board, acting on recommendation of the NC, proposed that the retiring Directors be re-elected at the forthcoming AGM.

Guideline 4.3

NC To Determine Directors' Independence

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out in the Code 2012 as well as all other relevant circumstances and facts. No member of the NC participated in the deliberation in respect of his/her own status as an independent Director. Each of the retiring Directors has confirmed that he/she does not have any relationship with his/her fellow Directors nor with the Company and its substantial shareholders.

Guideline 4.4

Commitment of Directors Sitting on Multiple Boards

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



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Guideline 4.5

Appointment of Alternate Directors

Currently, the Company does not have any alternate director on the Board.

Guideline 4.6

Process for Selecting and Appointment of New Directors

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

Guideline 4.7

Information on Directors

Key information on the Directors, including their academic and professional qualifications and their shareholdings in the Company, are found on pages 20 to 21 and 53 of this annual report.

BOARD PERFORMANCE

Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1

Board Performance

The Board has in place a formal annual process to assess its effectiveness as a whole as well as its ability to discharge its responsibilities in providing stewardship, corporate governance and overseeing of Management's performance.

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

Guideline 5.2

Board Evaluation

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

Guideline 5.3

Evaluation of Individual Director

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



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

ACCESS TO INFORMATION

Principle 6: Board Members Should Be Provided with Complete, Adequate and Timely Information

Guideline 6.1 & Guideline 6.2

Board's Access to Information

On a timely basis before each meeting, the Directors are provided with information by Management pertaining to relevant matters to be brought before the Board for its decision as well as ongoing reports, explanations and updates relating to the operational and financial performance of the Group.

Guideline 6.3

Board's Access to the Company Secretary

Board members have separate and independent access to the Company's senior Management and the Company Secretary. The Company Secretary attends all meetings of the Board and Board committees and is responsible for ensuring, amongst other things, that Board procedures are followed and that all applicable rules and regulations are complied with.

Guideline 6.4

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole. The present Company Secretary has been in office for eight years.

Guideline 6.5

Board's Access to Independent Professional Advice

Where necessary and to enable the Directors to discharge their duties, the Directors, whether as a group or individually, may seek independent professional advice at the Company's expense and after consultation with the Chairman.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: Formal and Transparent Procedure for Developing Policy on Executives' Remuneration and Fixing the Remuneration Packages of Individual Directors

Guideline 7.1

Membership of the RC

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

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

During the year, the RC held two scheduled meetings, which all members attended.



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Guideline 7.2

Functions of the RC and Remuneration Framework

The principal functions of the RC include:

- (a) reviewing and recommending to the Board the structure of the compensation policies and recruitment strategies of the Group so as to align compensation with Shareholders' interests;
- (b) reviewing and recommending to the Board the framework of remuneration for the executive Directors and key executives of the Group and to determine appropriate adjustments;
- (c) reviewing and recommending to the Board for endorsement guidelines for directors' fees of non-executive Directors;
- (d) reviewing and approving succession plans for key positions; and
- (e) administering and approving long-term incentive schemes which are approved by Shareholders.

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

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

The RC from time to time may seek expert advice on the remuneration of all Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2016.

Guideline 7.4

Service Contract

The RC reviews the fairness and reasonableness of the service agreements of the Executive Directors and key management personnel to ensure that there is no overly onerous or generous termination clause.

LEVEL AND MIX OF REMUNERATION

Principle 8: Level of Remuneration of Directors to be Appropriate and Not Excessive

Guideline 8.1

Remuneration of Executive Directors and Key Management Personnel

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

Guideline 8.2

Long-term Incentive Scheme

The Company has adopted the Japan Foods Performance Share Plan ("PSP"), further details of which are set out herein. As the CEO is also the controlling Shareholder of the Company, he and his associates are not eligible to participate in the PSP.



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Guideline 8.3

Remuneration of Non-Executive Directors

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

Guideline 8.4

Contractual Provision to Reclaim Incentive Components of Remuneration

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Clear Disclosure of Remuneration Policy, Level and Mix of Remuneration, and Procedure for Setting Remuneration

Guideline 9.1, Guideline 9.2 & Guideline 9.3

Remuneration of Directors and Top Key Management Personnel

The breakdown of the annual remuneration (including all forms of remuneration from the Company and any of its subsidiaries) of each of the Directors for FY2016 is set out below:

Name of Director	Total remuneration	Director's fees	Salary	Incentive bonus	Total
	in FY2016			and other	
	(S\$'000)	(%)	(%)	(%)	(%)
Takahashi Kenichi	545	-	48	52	100
Wong Hin Sun, Eugene	33	100	-	-	-
Tan Lye Huat	35	100	-	-	100
Lee Sok Koon, Constance	33	100	-	-	100
Shigemitsu Katsuaki	18	100	-	-	100

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



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For FY2016, the remuneration band (including any bonus, allowance and other incentives) of the top five key management personnel (who are not Directors or CEO) is set out below:

Name of key Management Personnel	Remuneration bands	Salary ⁽²⁾ (%)	Bonus and other benefits (%)	PSP (%)	Total (%)
Chan Chau Mui	Band A ⁽¹⁾	93.1	6.9	Nil	100
Chan Fuang Chiang	Band A ⁽¹⁾	62.9	9.1	28.0	100
Fong Siew Geen	Band A ⁽¹⁾	62.5	8.7	28.8	100
Kenneth Liew Kian Er	Band A ⁽¹⁾	55.7	6.6	37.7	100
Otsuka Ichiro	Band A ⁽¹⁾	59.3	9.9	30.8	100
Total (S\$'000)		500	63	215	778

Notes :

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

⁽²⁾ Salary is inclusive of CPF contribution.

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five management personnel for FY2016 is approximately S\$778,000.

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

Guideline 9.4

Employee Related to Directors/CEO

Ms Chan Chau Mui is a deemed associate of Mr Takahashi Kenichi, the Chairman and CEO of the Company. Ms Chan's annual remuneration for FY2016 was between S\$100,000 and S\$150,000.

Guideline 9.5

Performance Share Plan ("PSP")

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

The PSP provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including non-executive Directors and Independent Directors) and who satisfy the eligibility criteria as set out under the rules of the PSP, to participate in the equity of the Company. Controlling shareholders of the Company and their associates shall not be eligible to participate in the PSP. Non-executive Directors are allowed to participate in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest, the non-executive Directors will be primarily remunerated for their services by way of directors' fees. The Board does not envisage that the aggregate number of Shares comprised in awards set aside for the non-executive Directors collectively will exceed 1% of total issued share capital of the Company from time to time.

The aggregate number of ordinary shares in the issued share capital of the Company ("Shares") over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.



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

Pursuant to the PSP, an aggregate of 430,000 fully paid-shares, constituting approximately 0.2% of the total number of issued shares of the Company as at 31 March 2016, were awarded and issued in FY2016. The Company had on 6 August 2015 made an announcement containing details of the grant in accordance with Rule 704(32) of the Catalist Rules. Since the commencement of the PSP, an aggregate of 1,210,000 fully-paid shares, constituting approximately 0.7% of issued shares of the Company as at 31 March 2016, have been granted and issued by the Company. Since the commencement of the PSP, none of the Directors has been awarded any shares under the PSP.

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

Guideline 9.6

Link between remuneration and performance

The RC reviews the remuneration of the Executive Director and key executives of the Group, and makes recommendation on an appropriate framework of remuneration. The RC's recommendation is submitted to the Board for endorsement. The RC has adopted a set of performance criteria which link a significant portion of the Executive Director's remuneration package to corporate and individual performance thus aligning his interest with those of Shareholders, and which also take into account effort and time spent and responsibilities of the non-Executive Directors.

ACCOUNTABILITY AND AUDIT

Principle 10: Presentation of a Balanced and Understandable Assessment of the Company's Performance, Position and Prospects

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the ARC reviews all of the Group's financial statements and recommends them to the Board for approval. In addition, the ARC ensures that the Group maintains a sound system of internal controls to safeguard Shareholders' interests and the Group's assets as well as to manage potential risks.

Guideline 10.1

Accountability for Accurate Information

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of the Group's performance, position and prospects and that the results are released on a timely basis. The Company's annual report, public announcements of financial results and disclosure of other relevant information of the Group are released on an interim and yearly basis.

On a quarterly basis, the CEO and the CFO furnish a representation letter to the ARC and the Board, confirming inter alia, that the financial processes and controls, and the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on significant financial issues of the Group.

In accordance with Rule 705(5) of the Catalist Rules, the Board issued negative assurance statement in its interim and quarterly financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.



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Guideline 10.2

Compliance with Legislative and Regulatory Requirements

During the year, the Board reviewed reports from the Management to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

Guideline 10.3

Management Accounts

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations, financial related matters on a quarterly basis. Such reports compare the Group's actual performance against the approved budget and where appropriate, against forecast. They also highlight key business indicators and major issues that are relevant to the Group's performance for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of the financial results to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the ARC, which will review and recommend the same to the Board for approval and adopt for release of the results.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Sound System of Risk management and Internal Controls

Guideline 11.1

Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the Group's assets. The ARC oversees and ensures that the risk management and internal controls have been implemented and monitored.

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

Risk Management

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

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

Under the ERM framework:

- Risks identified are aligned with the objectives of the Group.
- A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities.
- A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks.
- Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.



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

Internal Controls

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

Guideline 11.2

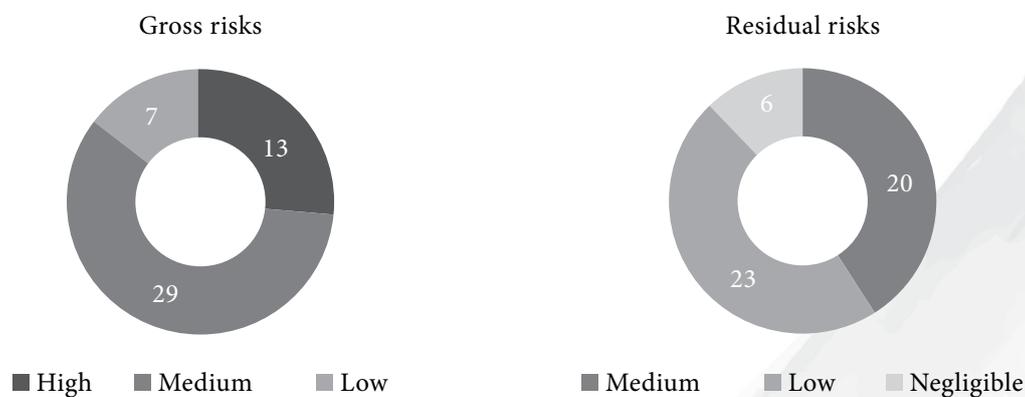
Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

An ERM exercise was performed in FY2016 involving 10 middle and senior managers of the Group, including the C-Suite executives. All key operating entities of the Group were covered less inactive or dormant entities.

Arising from the ERM exercise, a total of 49 risks were identified under the four main risk categories of Strategic, Operational, Financial and Compliance risks.

The overall results of the ERM exercise for FY2016 by risk level are shown as follows:





Corporate Governance Report

Key risks identified arising from the ERM exercise are as follows:

S/N	Risk title and description	Gross risk level	Residual risk level	Risk treatment
1	<p><u>Improper food handling leading to food poisoning cases</u></p> <p>The Group operates a central kitchen that supplies to the chain of outlets. Improper food handling at the central kitchen and outlets may result in food contamination and consequentially lead to food poisoning when the food is consumed by customers.</p> <p>A serious food poisoning case will lead to regulatory actions from relevant authority such as fines, suspension and adversely impact the reputation and financial performance.</p>	High	Medium	<p>We focus on maintaining an adequate and effective food handling internal control system.</p> <p>Key mitigating controls in place include measures on human resources, policies and procedures, training, insurance and conduct of laboratory tests on food by third parties.</p>
2	<p><u>Lack of choice outlet locations</u></p> <p>The success of a food and beverage business is dependent on the outlet locations.</p> <p>Non-choice locations with low human traffic leads to lesser sales volume which will adversely affect the financial performance of the Company.</p> <p>Shopping mall operators will not introduce choice locations to the Group if there is no good brand equity. Brand equity is largely dependent on factors such as (i) level of marketing activities, (ii) customer service and (iii) menu offering.</p>	High	Medium	<p>We work to maintain a good relationship with mall owners, operators and also on building a strong brand equity. Contributory factors to a strong brand equity include the level of marketing activities, customer services and menu offerings.</p> <p>Key mitigating controls in place include measures on human resources, budgetary controls, training and procedures to handle customer complaints.</p>
3	<p><u>Turnover of managerial staff</u></p> <p>The Group's operations are led by a team of senior managers and assisted by a team of experienced middle managers.</p> <p>If the Group is unable to attract, retain or hire the necessary managers, the Group's operational and financial performance will be adversely affected.</p>	High	Medium	<p>We focus on maintaining an adequate and effective human resource internal control system.</p> <p>Key mitigating controls in place include measures on remuneration and benefit review and incentive schemes.</p>



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S/N	Risk title and description	Gross risk level	Residual risk level	Risk treatment
4	<p><u>Shortage of operational staff</u></p> <p>The Group employs a significant number of foreign workers at the central kitchen and outlets. The number of such foreign workers employed is subject to quotas set by the relevant government authorities.</p> <p>If the Group is unable to attract, retain or hire the necessary personnel, a shortage of wait staff will adversely affect the Group's business and financial performance</p>	High	Medium	<p>The Group is constantly exploring new sources for operational staff and also focuses on maintaining an adequate and effective human resource internal control system.</p> <p>Key mitigating controls in place include measures on remuneration and benefit review, manpower planning, analysis and reporting, policies and procedures.</p>
5	<p><u>Escalating costs</u></p> <p>Key cost components of the operations include purchases of ingredients, rental, salaries and other operating expenses such as utilities, utensils and consumables.</p> <p>Inadequate cost controls in place will lead to operating losses thus adversely affecting the financial performance of the Group.</p>	High	Medium	<p>Management is cost conscious and seeks to maximise value for costs incurred. The Group also focuses on maintaining an adequate and effective cost control and purchasing internal control systems.</p> <p>Key mitigating controls in place include measures on human resources, policies and procedures, enterprise resource planning system, budgetary controls, reporting.</p>

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. It is not intended to provide a complete discussion of all risks that may impact the Group. Other risks which the Group is unaware or which are not currently deemed to be significant, may be material in the future and have a considerable adverse effect on the Group's financial and operating performance. The risk treatments mentioned above represent our best endeavours but do not provide absolute assurance that the Company will not be adversely affected by the risk events.

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

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

Fraud risk management processes include conflict of interest declaration by Directors and the implementation of whistle blowing policy (details in Guideline 12.7 below) and rules of conduct to establish a clear tone from the top with regard to employees' business and ethical conduct.

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



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Guideline 11.3

Board's comment on Adequacy and Effectiveness of Internal Controls

The Board had received assurance from the CEO and the CFO in respect of FY2016:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the ERM Framework, Assurance Framework and internal controls established and maintained in the Group, CSA conducted by the Management, work performed by the internal auditors, the statutory audit undertaken by the external auditors, certification by a third party professional service firm, and the abovementioned written representation from the CEO and CFO, the Board is of the view that the Group has a sound system of risk management and internal controls.

The Board, with the concurrence of the ARC, is satisfied that adequate and effective internal controls have been in place to address the risks relating to financial, operational, compliance and information technology controls for FY2016.

The Board notes that systems of risk management and internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by the risk events. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Guideline 11.4

Risk Committee

The responsibility of overseeing the Company's ERM and Assurance Framework is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing risk management and internal control systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with Written Terms of Reference

Guideline 12.1

ARC Membership

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

Mr Tan Lye Huat, Chairperson	(Independent and non-Executive)
Mdm Lee Sok Koon, Constance	(Independent and non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and non-Executive)

During the year, the ARC held four scheduled meetings, which all members attended.

Guideline 12.2

Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. The Board has ensured that all the ARC members, having the necessary accounting and/or related financial management experience and expertise, are appropriately qualified to discharge their responsibilities.



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Guideline 12.3 and Guideline 12.4

Roles and Responsibilities of the ARC

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

- (a) reviewing the annual audit plan, scope and results of the audit undertaken by the External Auditors, including non-audit services performed by them to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;
- (b) reviewing the effectiveness and adequacy of the internal audit function, which is outsourced to a professional services firm;
- (c) reviewing with the internal auditors the scope and procedures of the audit plans, the results and adequacy of the Group's material internal controls and with Management the adequacy of financial, operational and compliance risk management;
- (d) reviewing the financial statements and other relevant announcements to Shareholders and the SGX-ST, prior to submission to the Board;
- (e) reviewing any significant financial reporting issues and judgements and estimates made by the Management, so as to ensure the integrity of the financial statement of the Group and any announcements relating to the Group's financial performance;
- (f) assessing the independence and objectivity of the External Auditors and recommending to the Board the appointment/re-appointment/removal of External Auditors;
- (g) reviewing the assistance given by the Company's officers to the External/Internal Auditors; and
- (h) reviewing and recommending for the Board's approval the interested person transactions as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by Shareholders.

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

Guideline 12.5

External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

Guideline 12.6

Independence of External Auditors

The ARC also reviews the scope and value of non-audit services provided by the Company's external auditors, Nexia TS Public Accounting Corporation to the Group as part of the ARC's assessment of independence of the external auditors. The aggregate amount of audit and non-audit fees paid or payable to external auditors for FY2016 are S\$70,000 and S\$18,100 respectively. The ARC has undertaken a review of all non-audit services provided by the external auditors and is of the view that the nature and extent of the non-audit services provided by the external auditors during FY2016 would not prejudice the objectivity and independence of the external auditors. The ARC has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as auditors of the Company at the forthcoming AGM. The Company confirms that it has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.



Corporate Governance Report

Guideline 12.7

Whistle Blowing Policy

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

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board on any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle-Blowing Committee

The WBC consists of the CEO, the Chief Operating Officer and Chief Financial Officer of the company. The WBC is empowered to:

- (a) investigate all issues/concerns relating to the Group (except for issues/concerns that are directed specifically or affecting any member of the WBC, which shall be dealt with by the ARC);
- (b) make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and
- (c) access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

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

Guideline 12.8

ARC to Keep Abreast of Changes to Accounting Standards

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

Guideline 12.9

Cooling-off Period for Partners or Directors of the Company’s Auditing Firm

No former partner or director of the Company’s existing auditing firm or auditing corporation is a member of the ARC.



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INTERNAL AUDIT

Principle 13: Independent Internal Audit Function

Guideline 13.1 & 13.2

Internal Auditors

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

The Company has outsourced its internal audit function to Yang Lee & Associates ("YLA"). The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The IA's primary line of reporting is to the Chairman of the ARC. The IA carries out their functions under the direction of the ARC, and reports their findings and make recommendations to the ARC.

Guideline 13.3 & 13.4

Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, YLA, is staffed with professionals with relevant qualifications and experience such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. Our engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan, which entails the review of the selected functions or business units of the Group, is developed and agreed by the ARC. The ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5

Adequacy and effectiveness of the Internal Audit Function

The ARC reviews annually the adequacy of the internal function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The IA completed one review during FY2016 in accordance with the internal audit plan approved by the ARC. The Management has adopted the recommendations of the IA set out in the IA's report.

SHAREHOLDER RIGHT AND RESPONSIBILITIES

Principle 14: Shareholders Rights

Principle 15: Regular, Effective and Fair Communication with Shareholders

Principle 16: Conduct of Shareholder Meeting

Guideline 14.1

Sufficient Information to Shareholders

The Company endeavours to maintain full and adequate disclosure, in a timely manner, of material events and matters concerning its business. All the necessary disclosures required by the Catalist Rules will be made in public announcements, press releases and annual reports to Shareholders.

Guideline 14.2

Opportunity for Shareholders to Participate and Vote at General Meetings

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



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

Guideline 14.3

Proxies for Nominee Companies

The Constitution of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats.

Guideline 15.1 and Guideline 15.2

Communication with and Information to Shareholders

In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website (<http://www.jfh.com.sg>.)

Guideline 15.3 and Guideline 15.4

Dialogue with Shareholders and Soliciting Views of Shareholders

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

Guideline 15.5

Dividend Policy

Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, the Board intends to recommend and distribute not less than 40% of the Group's audited consolidated net profits attributable to Shareholders as dividends annually. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors. The foregoing statements are merely statements of Board's present intention and do not constitute legally binding obligations on the part of the Company in respect of payment of dividend and which will be subject to modification at the Directors' sole and absolute discretion.

Guideline 16.1

Shareholders' Participation

The Company supports active Shareholder participation at general meetings. Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and goals. The Constitution of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats. The Company has decided not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.



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Guideline 16.2

Proceedings at General Meetings

The Board ensures that issues or matters requiring Shareholders' approval are tabled in the form of separate and distinct resolutions at the AGMs.

Guideline 16.3

Attendees at General Meetings

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

Guideline 16.4

Minutes of General Meetings

The Company Secretary will prepare minutes of general meetings held which will be made available to Shareholders upon request.

Guideline 16.5

Voting by Poll

The Company will put all resolutions at general meetings to vote by poll and announce the number of votes cast for and against each resolution and the respective percentages. The Company will appoint an independent external party as scrutineer for the poll voting process. Prior to the commencement of the general meeting, the scrutineer would review the proxy process. Detailed results showing the number of votes cast for and against each resolution and the respective percentages will be promptly disclosed on the SGXNET after the general meetings.

DEALING IN SECURITIES

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

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and that the transactions are on an arm's length basis.

The Company has obtained a general mandate for recurring transactions with Shigemitsu Industry Co., Ltd. ("**Shareholders' Mandate**"), which will be put forth to Shareholders for renewal at the forthcoming AGM.



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The aggregate value of all interested person transactions entered into during FY2016 (including transactions of less than S\$100,000 each) is as follows:

Name of interested person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) during FY2016 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules) (S\$'000)	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) conducted during FY2016 under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (S\$'000)
Shigemitsu Industry Co., Ltd.⁽¹⁾:		
- Royalty, franchise and licence fees	406 ⁽²⁾	-
- Purchases of food ingredients	26 ⁽³⁾	719 ⁽⁴⁾

Notes:

⁽¹⁾ Shigemitsu Katsuaki, the Company's Non-executive Director, is the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry are interested person transactions within the ambit of Chapter 9 of the Catalist Rules.

⁽²⁾ The royalty, franchise and licence fees paid to Shigemitsu Industry in FY2016 comprise: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S\$341,000 (such fees relating to the "Ajisen Ramen" brand are deemed to have been specifically approved by Shareholders at the time of the Company's initial public offering in February 2009 and are not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement); (ii) fees paid for the use of the "Keika Ramen" brand amounting to S\$47,000; and (iii) the right to use the technique for the production of noodles amounting to S\$18,000.

⁽³⁾ This amount relates to the Group's purchases of soup base for the "Keika Ramen" business from Keika Raumen Co., Ltd (a subsidiary of Shigemitsu Industry).

⁽⁴⁾ This amount relates to the Group's purchases of soup base and such other ingredients necessary for the "Ajisen Ramen" business (including transactions less than S\$100,000 each) from Shigemitsu Industry pursuant to the IPT Mandate.

Save as disclosed above, there are no material contracts or loans entered into by the Group involving the interests of the CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of FY2016 or if not subsisting, were entered into since 31 March 2016.

S P O N S O R

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2016.