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Singapore Food Holdings Limited

新加坡美食控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8496)

KEY FINDINGS OF THE INDEPENDENT INQUIRY

This announcement is made by Singapore Food Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcement of the Company dated 9 February 2021 in relation to, among others, allegations regarding the payment of discretionary bonus by the Company (the “**Allegations**”) and the announcement dated 9 July 2021 in relation to, among others, the appointment of Independent Advisor for assisting the Independent Board Committee in conducting the Independent Inquiry (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

The Independent Board Committee has conducted an independent inquiry into the following matters (the “**Investigated Matters**”):

- (i) whether the Allegations are valid;
- (ii) whether the services provided by the External Consultant have any economic substance and whether the basis for the determination of the payments to the External Consultant was commercially justifiable; and
- (iii) whether there is any misconduct on the part of the executive Directors regarding the engagement of the External Consultant and the determination of payment to the External Consultant and whether the corresponding rectification measures or other actions are appropriate to be implemented by the Group or the Board.

KEY FINDINGS OF THE INVESTIGATION REPORT

On 16 September 2021, the Independent Advisor issued a report to the Independent Board Committee in respect of its findings (the “**Investigation Report**”). The following are key findings of the Investigation Report:

- (i) There is no evidence to support that the Allegations are valid;
- (ii) The External Consultant had involved in the preparation of the listing of the Group on GEM as contemplated under the Service Agreement, and the services provided by the External Consultant to the Group have economic substance;
- (iii) The basis for the determination of the payments to the External Consultant were determined after arm’s length negotiation between the executive Directors and the director of the External Consultant and based on the executive Directors’ assessment of the time and efforts contributed by the External Consultant; and
- (iv) There was no misconduct on the part of the executive Directors regarding the engagement of the External Consultant. However, the determination of the Discretionary Bonus by the executive Directors contravened good internal control and corporate governance practice. Under good internal control and corporate governance practice, they should have consulted the Board (including the independent non-executive Directors) and relevant professional party at the material time given the substantial amount of payment involved. Also, the executive Directors should have conducted proper independent quantitative assessment of the reasonableness of the amount of Service Fee and the Discretionary Bonus, instead of based on their judgement.

VIEW OF THE INDEPENDENT BOARD COMMITTEE

As discussed with the Independent Board Committee, the Independent Advisor has agreed to carry out, among others, the following work and procedures in the course of the Independent Inquiry:

- (a) obtaining and reviewing the correspondences in relation to the Investigated Matters between the Company and relevant parties;
- (b) obtaining and reviewing the Service Agreement between the Group and the External Consultant;
- (c) obtaining and reviewing correspondences and/or deliverables regarding the services provided by the External Consultant to the Group;

- (d) obtaining and reviewing the record(s) of the payment(s) made by the Group to the External Consultant and the subsequent refund by the External Consultant to the Group, including the copies of the cheques and corresponding bank statements of the Group;
- (e) arranging for on-site independent inspection to be conducted on the personal bank statements (the “**Personal Bank Statements**”) of the executive Directors which covers the period commencing from the date when the payment of S\$1 million was made by the Group to the External Consultant up to the date of refund from the External Consultant to the Group as well as performing other works to ensure the completeness of the personal bank statements provided by the executive Directors;
- (f) reviewing the latest information of directors and shareholders of the External Consultant obtained from publicly available information;
- (g) examining the background search results conducted by an independent search agent on the External Consultant; and
- (h) conducting interviews with the relevant persons and parties related to the Investigated Matters.

Based on the aforesaid works and procedures performed, the Independent Board Committee concurs with the key findings of the Investigation Report as set forth in the paragraph headed “Key Findings of the Investigation Report” above in this announcement.

LIMITATIONS OF THE INDEPENDENT INQUIRY

Certain limitations encountered during the course of the Independent Inquiry are set out below:

- (i) certain professional party involved in the Listing refused to respond to inquiries made by the Independent Advisor unless certain amount of fee is paid and the Company considered that it was not reasonable for the Company to pay such amount of fee; and
- (ii) as the executive Directors refused to produce copies of the Personal Bank Statements, an independent on-site inspection on the Personal Bank Statements was conducted by an independent Singapore legal adviser and a chartered accountant based on instructions of the Independent Board Committee and Independent Advisor and the identification of any unusual or suspicious fund flows was based on their judgement.

IMPROVEMENT MEASURES TO BE TAKEN

As at the date of this announcement, the Independent Board Committee was considering the proposed improvement measures to be taken in respect of the findings of the Independent Inquiry and will make appropriate recommendations to the Board in due course. The Company will publish further announcement to keep its Shareholders and potential investors informed of the improvement measures to be taken by the Company based on the recommendation of the Independent Board Committee.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on the Stock Exchange was halted with effect from 9:00 a.m. on 17 September 2021 pending the release of this announcement. On 20 September 2021, it was resolved by the Board that an application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 September 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Singapore Food Holdings Limited
Goh Leong Heng Aris
Chairman and executive Director

Singapore, 20 September 2021

As at the date of this announcement, the executive Directors are Mr. Goh Leong Heng Aris, Ms. Anita Chia Hee Mei (Xie Ximei); and the independent non-executive Directors are, Mr. John Lim Boon Kiat, Mr. Kwok Kin Kwong Gary, Mr. Wong Wah and Mr. Kuan Hong Kin Daniel.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its posting and on the Company's website at www.proofer.com.sg.