新加坡美食控股有限公司
SINGAPORE FOOD HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 8496

ANNUAL REPORT

2019/2020

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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Goh Leong Heng Aris
(Chairman and Chief Operating Officer)
Ms. Anita Chia Hee Mei (Xie Ximei)
(Chief Executive Officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lei Dan
Mr. John Lim Boon Kiat
Mr. Kwok Kin Kwong Gary

AUDIT COMMITTEE

Ms. Lei Dan *(Chairlady)*
Mr. John Lim Boon Kiat
Mr. Kwok Kin Kwong Gary

REMUNERATION COMMITTEE

Mr. Kwok Kin Kwong Gary *(Chairman)*
Mr. John Lim Boon Kiat
Ms. Anita Chia Hee Mei (Xie Ximei)

NOMINATION COMMITTEE

Mr. Goh Leong Heng Aris *(Chairman)*
Ms. Lei Dan
Mr. John Lim Boon Kiat

COMPLIANCE OFFICER

Mr. Goh Leong Heng Aris

COMPLIANCE ADVISER

Anglo Chinese Corporate Finance, Limited
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Two Exchange Square
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AUTHORISED REPRESENTATIVES

Mr. Goh Leong Heng Aris
Mr. Yu Chun Kit

JOINT COMPANY SECRETARIES

Mr. Yu Chun Kit
Ms. Chung Ngar Yu Alice

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Hong Kong

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Singapore 048542

As to Cayman Islands law:
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Cayman Islands attorneys-at-law
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Grand Cayman KY1-1111
Cayman Islands

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Certified Public Accountants
Registered Public Interest Entity Auditor
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Prince's Building
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Hong Kong

PRINCIPAL BANKERS

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Marina Bay Financial Centre Tower 3
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COMPANY'S WEBSITE

www.proofer.com.sg

STOCK CODE

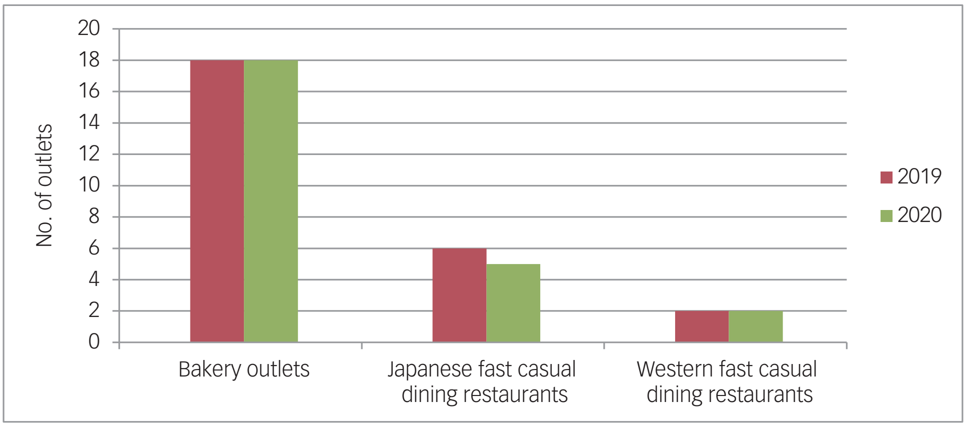
8496

FINANCIAL HIGHLIGHTS

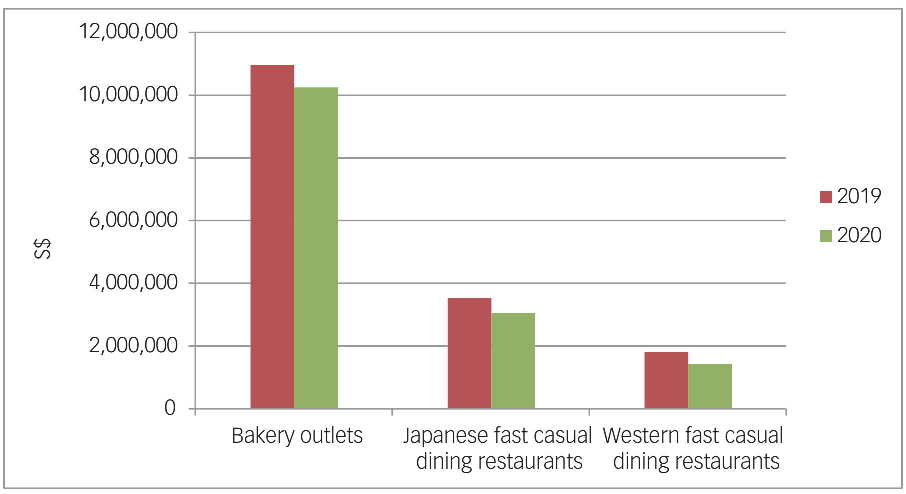
KEY FINANCIAL FIGURES

	Year ended 30 June		
	2020	2019	% change
	S$	*S$*	*%*
Revenue	**14,739,159**	16,319,367	(9.7)
Profit before tax and listing expenses	**1,034,349**	2,991,717	(65.4)
(Loss)/Profit before tax	**(2,575,471)**	1,712,050	(250.4)
Net (loss)/profit attributable to equity holders of the Company	**(2,587,052)**	1,451,338	(278.3)
Total assets	**24,613,705**	29,351,183	(16.1)
Total liabilities	**17,405,041**	24,197,235	(28.1)
Net assets	**7,208,664**	5,153,948	39.9

TOTAL NUMBER OF OUTLETS BY CONCEPT AS AT YEAR ENDED 30 JUNE



TOTAL REVENUE BY CONCEPT FOR THE FINANCIAL YEAR ENDED 30 JUNE



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to present the first annual report of the Group since the listing of the shares of the Company on the GEM of the Stock Exchange for the year ended 30 June 2020 (the "**Year**").

The successful listing of the ordinary shares of our Company (the "**Listing**") on GEM of the Stock Exchange on 18 May 2020 (the "**Listing Date**") marked a significant milestone for our Group. 60,000,000 ordinary shares of our Company with a nominal value of HK$0.01 each ("**Share**"), in aggregate HK$600,000, were issued at HK$0.9 per Share under the share offer, raising net proceeds of approximately S$2.7 million (after deducting expenses in connection with the Listing ("**Listing Expenses**")).

FINANCIAL OVERVIEW

During the Year, the Group recognised revenue of approximately S$14.7 million (2019: S$16.3 million) and loss for the Year of approximately S$2.6 million (2019: profit of S$1.5 million). The loss-making position of the Group was largely attributable to the non-recurring listing expenses of approximately S$3.6 million incurred during the Year. The exclusion of this one-off expense will bring the adjusted profit of the Group to approximately S$1.0 million.

PROSPECT

The Year had been filled with much uncertainty; the unforeseen Coronavirus outbreak had severely disrupted the local and international economies in unprecedented ways, and its impacts on the economy in the near future are not to be undermined. The Group was not spared from the aftermath of the pandemic as well. Our bakeries and restaurants have taken a significant hit when the Singapore Government first introduced the "Circuit-Breaker" measures in early April 2020, which resulted in a plunge in domestic consumption. While the situation has been improving and the Singapore Government has gradually relaxed the control measures, coping with the after-effects of the Coronavirus outbreak is another challenge altogether.

Against the unpredictable future, the Group has been striving to innovate, constantly seeking alternative ways to make our quality products more accessible and desirable to the public. The slowing down of the economy has inevitably affected the price sensitivity of consumers. In view of this phenomenon, one of the coping mechanisms that we have deployed was the introduction of pocket-friendly products. In addition, as the health and safety of our customers is of utmost importance, we have placed more emphasis on online contactless delivery sales. Examples of initiatives would be the widening of offerings on these platforms and the launching of affordable bundle deals.

The outbreak of the Coronavirus has undeniably slowed the expansion plans of the Group. Nonetheless, we are pleased to share that we have picked up the pace and opened a few outlets in the past few months subsequent to the Circuit-Breaker phase. We seek to further expedite the expansion plans we had, and also to venture into new branches of the Food and Beverages ("**F&B**") industry. In June 2020, we have refurbished one of our existing outlets into a beverage kiosk specialising in bubble tea, which has proved to be a crowd-pleaser even during the Coronavirus outbreak.

APPRECIATION

On behalf of the Board, let me take this opportunity to extend our heartfelt gratitude to our shareholders, business partners, customers, and employees for your continuous support and contribution to the Group. We are committed to delivering value and bringing good returns to all our stakeholders.

GOH Leong Heng Aris
Chairman

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. GOH Leong Heng Aris ("**Mr. Aris Goh**"), aged 56, is one of the co-founders of our Group. He is the chairman of the Board, the chief operating officer, one of our controlling shareholders, an executive Director and the chairman of the nomination committee of the Company (the "**Nomination Committee**"). He is responsible for the overall management of business development as well as market development and strategic planning of our Group. Mr. Aris Goh is the spouse of Ms. Anita Chia.

Prior to founding our Group, Mr. Aris Goh has accumulated over 15 years of experience in the apparel industry. From January, 1988 to June, 2005, Mr. Aris Goh established and operated an apparel retail and wholesale network in Singapore through various companies and entities including Tako Pte Ltd, Ben Hur Pte Ltd, I.D.S. Fashion, Coast Gate Garment, Hamlet Garment and Bluno Originals. In August, 2013, Mr. Aris Goh together with Ms. Anita Chia, established the Group.

Mr. Aris Goh completed the Cambridge General Certificate of Education (GCE) ordinary level examinations in 1982 in Singapore.

Save as Anita Bakery Pte. Ltd., Mr. Aris Goh is a director of each wholly-owned subsidiary of our Company.

Ms. Anita CHIA Hee Mei (Xie Ximei) ("**Ms. Anita Chia**"), aged 41, is one of the co-founders of our Group. She is the chief executive officer, one of our controlling shareholders, an executive Director and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). She is responsible for the overall management of business development as well as product development and daily operation of our Group. Ms. Anita Chia is the spouse of Mr. Aris Goh.

Prior to founding our Group, Ms. Anita Chia has over 6 years of experience in the field of sales and marketing. From October, 2005 to November, 2008, Ms. Anita Chia worked at Eng Wah Private Limited as a senior sales and marketing executive. From June, 2009 to April, 2013, Ms. Anita Chia worked at DBS Bank as a home advice specialist. In August, 2013, Ms. Anita Chia together with Mr. Aris Goh, established the Group.

Ms. Anita Chia obtained a degree in bachelor of science in banking and finance from the University of London through distance learning in August, 2006.

Save as Aris Gourmet Bakery Pte. Ltd., Ms. Anita Chia is a director of each wholly-owned subsidiary of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LEI Dan (雷丹), aged 37, is an independent non-executive Director. Ms. Lei joined our Group in April, 2020. She is the chairlady of the audit committee of the Company (the "**Audit Committee**") and a member of the Nomination Committee. She is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Ms. Lei has over 6 years of experience in the accounting and financial service industry. Since September, 2014, Ms. Lei has been working at Avior Capital Pte Ltd as a director and partner. Prior to joining Avior Capital Pte Ltd, Ms. Lei also gained experience in the accounting and finance industry, which include Papathomas & Co Pty Ltd, Australia as a junior accountant & administrative assistant, the assurance department of Ernst & Young LLP, and The Trust Company (Asia) Limited as a client services and finance manager.

Ms. Lei obtained a degree in bachelor of business and commerce and a degree in master of business in banking and finance from Monash University in Australia in December, 2006 and September, 2010, respectively. Ms. Lei was admitted as a member of CPA Australia in August, 2007.

Mr. John LIM Boon Kiat (林文杰), aged 44, is an independent non-executive Director. Mr. Lim joined our Group in April, 2020. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Mr. Lim has over 20 years of experience in the fashion and design sector. Since April, 1999, Mr. Lim established and operated a clothing retail business in Singapore through Fashion . Lab and Fashion . Lab Pte. Ltd.. Mr. Lim was appointed to serve as an adjunct lecturer of Temasek Polytechnic in Singapore from October, 2018 to December, 2018 and from October, 2019 to December, 2019, respectively.

Mr. Lim attended a fashion design programme at Lasalle International Fashion School in Singapore from 1993 to 1995.

Mr. KWOK Kin Kwong Gary (郭建江), aged 44, is an independent non-executive Director. Mr. Kwok joined our Group in April, 2020. He is the chairman of the Remuneration Committee and a member of the Audit Committee. He is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Mr. Kwok has over 20 years of experience in the financial service industry. From September, 1998 to August, 2000, Mr. Kwok worked at Deloitte Touche Tohmatsu as a staff accountant. From September, 2000 to January, 2004, Mr. Kwok worked at financial services providers including Ka Wah Capital Limited (currently known as CITIC Securities Corporate Finance (HK) Limited), BOCI Asia Limited and WAG Management Consultancy Limited as an analyst, an associate and a senior analyst (last position held), respectively. From January, 2004 to July, 2012, Mr. Kwok worked at CITIC International Assets Management Limited and its subsidiary and associated company as deputy general manager. Mr. Kwok worked at TTG Fintech Limited (currently known as Fintech Chain Limited) (stock code: FTC), shares of which are listed on the Australian Securities Exchange, as chief financial officer from July, 2012 to December, 2017, and executive director and company secretary from September, 2012 to December, 2017. Mr. Kwok has been appointed by Sichuan Energy Investment Development Co., Ltd. (stock code: 1713), the shares of which are listed on the Main Board of the Stock Exchange, as an independent non-executive director since May, 2017. From December, 2017 to September, 2018, Mr. Kwok worked at SBI BITS Hong Kong Limited as the chief financial officer. Mr. Kwok worked from September, 2018 to January, 2020, as the chief financial officer of Yinyi Holdings (Hong Kong) Limited, a subsidiary of Dafa Properties Group Limited (stock code: 6111), the shares of which are listed on the Main Board of the Stock Exchange, and as a joint company secretary of Dafa Properties Group Limited from May, 2019 to January, 2020. Since January, 2020, Mr. Kwok has been working as the chief financial officer of Changyou Alliance Group Limited (formerly known as Fortunet e-Commerce Group Limited and Changfeng Axle (China) Company Limited, respectively) (stock code: 1039), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Kwok obtained a degree in bachelor of business administration from the Chinese University of Hong Kong in December, 1998. He has been a member of HKICPA since February, 2005.

SENIOR MANAGEMENT

Ms. YONG Shu Mei (楊淑媚), aged 26, is our procurement & operation manager. Ms. Yong first joined our Group in August, 2014. She is mainly responsible for overseeing our procurement process and managing our relationship with suppliers.

Ms. Yong obtained a diploma in maritime business from Singapore Polytechnic in March, 2014.

Ms. CHUNG Ngar Yu Alice (鍾雅如), aged 28, is our financial controller and one of our joint company secretaries of our Group. Ms. Chung joined our Group in March, 2019. She is mainly responsible for overseeing our financial reporting, financial planning, treasury and financial control matters.

Ms. Chung has over 5 years of experience in auditing, accounting and financial management. From September, 2014 to February, 2019, Ms. Chung worked at Deloitte & Touche LLP with her last position as an audit assistant manager.

Ms. Chung obtained a degree in bachelor of accountancy from Nanyang Technological University in Singapore in June, 2014. Ms. Chung was certified as a chartered accountant of Singapore in May, 2018.

JOINT COMPANY SECRETARIES

Mr. YU Chun Kit (余俊傑), aged 30, was appointed as one of our joint company secretaries of our Group in September, 2019.

Mr. Yu has over 6 years of experience in auditing, accounting and financial management. From October, 2011 to July, 2014, Mr. Yu worked at BDO Limited with his last position as a senior associate. From July, 2014 to August, 2015, Mr. Yu worked at KPMG with his last position as an assistant manager. From February, 2016 to November, 2016, Mr. Yu worked at Bowker Asia Limited, which is a subsidiary of Win Hanverky Holdings Limited (stock code: 3322), the shares of which are listed on the Main Board of the Stock Exchange, with his last position as an assistant internal audit manager. From December, 2016 to December, 2017, Mr. Yu worked at a Kingston Corporate Finance Limited, which is a subsidiary of Kingston Financial Group Limited (stock code: 1031), the shares of which are listed on the Main Board of the Stock Exchange, as an assistant manager. Since August, 2018, Mr. Yu has been working at Boltek Holdings Limited (stock code: 8601), the shares of which are listed on GEM of the Stock Exchange, as the financial controller and company secretary.

Mr. Yu obtained a degree bachelor of business administration in accounting and finance from the Hong Kong Polytechnic University in October, 2011. Mr. Yu has been a member of HKICPA since July, 2015.

Ms. CHUNG Ngar Yu Alice (鍾雅如), was appointed as one of our joint company secretaries of our Group in October, 2019. For further details of her background, please refer to the sub-section headed “Senior management” above.

Mr. Yu Chun Kit and Ms. Chung Ngar Yu Alice have duly complied with the relevant professional training requirements under Rule 5.15 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a fast-growing multi-brand Singapore-based F&B group that offers broad customer appeal. As at 30 June 2020, the Group has (i) 18 bakery outlets, 16 under the "*Proofer*" brand and two under the "*300BC*" brand; (ii) five Japanese fast casual dining restaurants under the "*Yuba*" brand; and (iii) two Western fast casual dining restaurants under "*Proofer*" and "*Laura*" brands, all of which are in Singapore.

For the Year, the Group recorded net loss attributable to the equity holders of the Company of approximately S$2.6 million, while for the year ended 30 June 2019, the Group recorded net profit attributable to the equity holders of the Company of approximately S$1.5 million. The Directors are of the view that the loss for the Year was primarily due to the non-recurring Listing Expenses amounting to approximately S$3.6 million. Setting aside the Listing Expenses, the Group's adjusted profit for the Year would be approximately S$1.0 million.

Apart from the incurrence of the aforementioned non-recurring Listing Expenses, the other major reason which led to a decline in the profits of the Group was the outbreak of Coronavirus during the Year. In order to curb the spread of the virus, the Singapore Government has implemented various safe-distancing measures to minimize human interactions. Examples of such measures are:

— from 7 April 2020 to 1 June 2020, a partial nationwide lockdown, also known as the "Circuit-Breaker", was implemented by the Singapore Government. During this period, except for those in the essential services business, residents are to remain in their respective places of abode. This has led to a plunge in traffic in areas where our stores are located at, and hence a significant decrease in revenue.

— from 2 June 2020 onwards, the Singapore Government begun easing into a transition phase by slowly allowing businesses to open again. However, dining-in was still prohibited and hence the impact on our restaurant business was yet to be alleviated.

— from 15 June 2020 onwards, the Singapore Government has allowed for social gatherings, including dining-in at food and beverage establishments, with a maximum of five people per group, and a distance of one meter between each group.

As a result of these measures, there was a drastic decrease in footfall in areas where our stores are located at. Consequently, there was a drop in revenue. The impact on our restaurants was even direr, with the restrictions on dine-ins implemented. Additionally, the expansion plans of the Group have been implicated due to the mandatory halting of construction and renovation works for our new outlets from 7 April 2020, which subsequently and gradually resumed only from 15 June 2020 onwards after seeking approval from the relevant authorities.

OUTLOOK

The Group is constantly seeking ways to enhance our operational efficiency and the profitability of our business. The Group will also proactively explore opportunities to expand our customer base and our market share which will boost value to our shareholders. During the Year, the Group has opened one new bakery outlet under the "*Proofer*" brand, and closed one bakery outlet under the "*300BC*" brand, and one Japanese casual dining restaurant under the "*Yuba*" brand.

The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group's market position in Singapore and Hong Kong.

With the constant change in consumer preferences and spending patterns, there is a need for the Group to diligently revise its business strategies and also to explore alternative concepts within F&B industry.

With all the uncertainty arising from the outbreak of the Coronavirus, consumers are increasingly price-sensitive. To adapt to this trend, the Group has launched new products which are pocket-friendly but without any compromise on quality.

In addition, the Group has ventured into several new concepts. As at the date of this Report, the Group has commenced operations for one bubble tea outlet, which was converted from a former "Yuba" outlet. The Group has also secured two lease agreements for another concept — restaurants specialising in spicy local curry.

The Group is striving to expedite the expansion plans laid out in the prospectus, as well as expansions for new concepts. The coming year will be a year of recovery and aggressive expansions. We will also devote resources to improving the efficiency of our processes and through all these, enhance the value brought to our stakeholders.

EVENTS AFTER THE END OF REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to the 30 June 2020 and up to the date of this report.

FINANCIAL REVIEW

Revenue

All of the Group's revenue was generated through our bakery outlets and restaurants. The number of outlets for the respective concepts as at the respective year-ends has been set out in the following table:

	Year ended 30 June	
	2020	2019
Bakery outlets	**18**	18
Fast casual dining restaurants		
— Japanese	**5**	6
— Western	**2**	2
Total	**25**	26

During the Year, our Group derived revenue totalling to approximately S$14.7 million, a decrease of approximately S$1.6 million, or 9.7%, from approximately S$16.3 million for the year ended 30 June 2019. The decrease was principally a result of the outbreak of Coronavirus in Singapore. The table below sets forth a breakdown of the Group's revenue generated by each concept and the percentage of revenue contribution of each concept to the Group's total revenue in each financial year:

	Year ended 30 June			
	2020		2019	
	Total revenue	**% of total revenue**	Total revenue	% of total revenue
	S$	***%***	*S$*	*%*
Bakery outlets	**10,252,620**	**69.6**	10,968,379	67.2
Fast casual dining restaurants				
— Japanese	**3,052,992**	**20.7**	3,541,570	21.7
— Western	**1,433,547**	**9.7**	1,809,418	11.1
Total revenue	**14,739,159**	**100.0**	16,319,367	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Bakery outlets

Our bakery outlets consist of outlets under the "*Proofer*" brand and the "*300BC*" brand. During the Year, we have opened a new outlet under the "*Proofer*" brand at Waterway Point, Punggol, in March. In June 2020, we closed one of the "*300BC*" outlets which is located at Century Square, upon the expiry of rental contract.

During the Year, our bakery outlets have generated total revenue of approximately S$10.3 million, a decrease of approximately S$0.7 million or 6.5% comparing to the financial year ended 30 June 2019. This decrease was largely due to the decrease in customer traffic as a result of the Singapore Government's implementation of the numerous measures in relation to the Coronavirus outbreak.

Fast casual dining restaurants

During the Year, we have closed one of our Japanese fast casual dining restaurants, which was located at Hillion Mall, in February 2020, due to the non-renewal of lease contract as the landlord decided to increase the rent significantly. Our Japanese fast casual dining restaurants, which are under the "*Yuba*" brand, have generated revenue of approximately S$3.1 million, a decrease of S$0.5 million or 13.8% comparing to the financial year ended 30 June 2019. Our Western fast casual dining restaurants, which are under the "*Proofer*" and "*Laura*" brands, have generated revenue of approximately S$1.4 million, a decrease of S$0.4 million or 20.8% comparing to the financial year ended 30 June 2019.

The overall decrease in revenue generated by our fast casual dining restaurants was largely due to the following reasons:

— decrease in customer traffic, as a result of the Singapore Government's implementation of the numerous measures in relation to the Coronavirus outbreak;

— prohibition of dining in at F&B outlets due to the safe distancing measures implemented by the Singapore government from 7 April 2020 to 19 June 2020 in response to the outbreak of the novel coronavirus;

— restriction on dine-ins to a group size of five persons per table, and with safe-distancing requirements of at least one meter between each table within the restaurants from 20 June 2020 onwards.

Other income

Other income recognised by the Group is made up almost entirely of government grants.

Our other income increased by approximately S$0.2 million, or 151.6%, from S$0.2 million for the financial year ended 30 June 2019 to approximately S$0.4 million for the Year. This increase was due to additional grants provided by the Singapore Government during the Year, namely the Job Support Scheme ("**JSS**") and the foreign worker levy ("**FWL**") rebate, to assist companies in coping with the impacts of the Coronavirus outbreak.

JSS was introduced by the Singapore Government in February 2020 to provide relief and assistance to companies amidst the outbreak of Coronavirus with the aim of helping businesses retain their local employees during this period of uncertainty. Under JSS, certain of the Group's subsidiaries (as eligible employers) would receive government grant up to 75% of the gross monthly wage of each local employee (Singapore Citizens and Permanent Residents), subject to a monthly wage cap of S$4,600 per employee. The JSS is intended to provide companies support on wages incurred for the month of April 2020 to December 2020. For the year ended 30 June 2020, the Group recognised JSS grant of S$185,173 (2019: Nil).

Another scheme to aid companies through the outbreak of Coronavirus was the waiver of FWL due in April 2020 and May 2020 to help firms cut costs and improve their cashflow. For the year ended 30 June 2020, the Group recognised FWL rebate of S$109,250 (2019: Nil).

Other losses, net

Other losses, net consist of (i) net foreign exchange losses, (ii) loss on disposal of plant and equipment and (iii) gain on lease modifications.

There was an increase in other losses, net by approximately S$0.2 million, or 678.3% from approximately S$29,000 for the financial year ended 30 June 2019 to approximately S$0.2 million for the Year. This increase was due to foreign exchange losses arising from cash and cash equivalent held by the Group in HK$ and the loss on disposal of plant and equipment subsequent to the closing of two of our outlets during the Year.

Raw materials and consumables used

Raw materials and consumables mainly consist of (i) food ingredients and (ii) packaging materials.

There was a decrease in raw materials and consumables used by approximately S$71,000, or 2.1% from approximately S$3.3 million for the financial year ended 30 June 2019 to S$3.2 million. This decrease was in line with the decrease in revenue during the Year.

Employee benefit cost

Our employee benefit cost comprises (i) wages, salaries and allowances paid to our employees, including our Directors, managerial and operation staff; (ii) employer's contribution to defined contribution plans and (iii) levies on foreign workers and skills development imposed by the Singapore Government.

There was an increase in employee benefit cost by approximately S$0.4 million, or 11.6% from approximately S$3.8 million for the financial year ended 30 June 2019 to approximately S$4.2 million for the Year. This increase was due to the increase in average headcount, in line with the increase in number of outlets across the two years.

Cost of leasing for our operations

Our cost of leasing for operations represented rental-related costs for leasing our bakery outlets, restaurants, head office, central kitchen premises and motor vehicles as shown in the following table:

	Year ended 30 June	
	2020	2019
	S$	*S$*
Expenses under short-term lease and variable lease payments	**293,056**	300,689
Depreciation of right-of-use assets	**4,161,087**	3,846,261
Interest expense on lease liabilities	**1,012,944**	1,024,353
Rent concessions	**(1,188,067)**	–
Total	**4,279,020**	5,171,303

There was a decrease in our cost of leasing for our operations by approximately S$0.9 million, or 17.3%, from approximately S$5.2 million for the year ended 30 June 2019 to approximately S$4.3 million for the Year. This decrease in cost of leasing for our operations was due to the rental relief framework implemented by the Singapore Government during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

On 5 June 2020, the COVID-19 (Temporary Measures) (Amendment) Act (the "**Act**") was passed in Parliament by the Singapore Government. The Act provides a rental relief framework for Small and Medium Enterprises ("**SME**") and specified non-profit organisations (NPOs).

Under the Act, SME and NPOs who are tenant-occupiers will enjoy up to four months of rental relief, subject to meeting certain qualifying conditions. The relief cover rental due from these eligible SME and NPOs for the months of April 2020 to July 2020, and landlords are obliged to provide the rent concessions to tenants who meet the eligibility conditions set forth under the Act.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling S$1,188,067 have been accounted for as negative variable lease payments and recognised in the consolidated statement of comprehensive income for the year ended 30 June 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 July 2019.

The total cash outflow for leases during the years ended 30 June 2020 and 2019 were S$3,901,533 and S$4,735,408 respectively.

Depreciation of plant and equipment

Depreciation expense arises from the systematic allocation of the costs, less respective residual value of our plant and equipment over their respective useful lives.

There was an increase in depreciation expense of approximately S$0.1 million, or 19.5%, from S$0.5 million for the year ended 30 June 2019 to approximately S$0.6 million for the Year. This increase was due to the incurrence of full-years' worth of depreciation charges for outlets which were opened during the financial year ended 30 June 2019, whereas only partial-years' worth of depreciation charges were incurred by these outlets during the financial year ended 30 June 2019.

Other expenses

Our other expenses consist of other operating expenses such as utilities, delivery agent service charges, legal and professional fees, and other miscellaneous administrative expenses.

There was an increase in other expenses of S$0.8 million, or 130.3%. This increase was due:

— increase in professional fees subsequent to the Listing.

— increase in other operating expenses due to the opening of new outlets during the financial year ended 30 June 2019.

Net finance costs

Our net finance costs include interest expense on lease liabilities, bank borrowings, provision for reinstatement and effects of discounting of non-current deposits, offset by interest income on bank deposits earned during the financial year.

There were no significant variances comparing the net finance costs incurred for the Year, totalling approximately to S$1.1 million, and the financial year ended 30 June 2019, totalling approximately to S$1.1 million.

Income tax expense

The Group provides for our Singapore income tax at the statutory rate of 17% on the estimated assessable profit during the respective years.

There was a decrease in income tax expense by approximately S$0.2 million, or 95.6%, from S$0.3 million for the financial year ended 30 June 2019 to approximately S$12,000 for the Year. This decrease was in line with the decrease in profit before tax.

DIVIDEND POLICY

In deciding whether to propose a dividend and in determining the dividend amount, the following will be taken into account, inter alia:

(i) the actual and expected financial performance of our Group;

(ii) retained earnings and distributable reserves of our Company and each of the other members of our Group;

(iii) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of our Group;

(iv) business strategies of our Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

(v) the current and future operations, liquidity position and capital requirements of our Group;

(vi) statutory and regulatory restrictions; and

(vii) other factors that our Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and amended and restated memorandum and articles of association (the "**Articles**") of the Company. The dividend policy of the Company will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

After taking into account the dividend policy of the Company summarised above, the Board does not recommend the payment of final dividend for the Year.

LIQUIDITY AND CAPITAL RESOURCES

The Group financed our operations primarily through cash generated from our operating activities and bank borrowings.

Cash and bank balances

As at 30 June 2020, the Group's cash and bank balances amounted to approximately S$7.1 million (2019: S$2.8 million).

Net current assets

As at 30 June 2020, the Group had net current assets of S$2.1 million (2019: net current liabilities of S$0.3 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to owners of the Company amounted to S$7.2 million (2019: S$5.2 million).

Borrowings

Our borrowings decreased by approximately S$0.4 million or 24.4% from approximately S$1.6 million as at 30 June 2019 to approximately S$1.2 million as at 30 June 2020. The decrease was primarily due to full repayments of several loans during the financial year ended 30 June 2020.

Bank borrowings represent mainly the term loans drawn by the Group. The Group's borrowings, after taking into account repayable-on-demand clause, are repayable as follows:

	As at 30 June	
	2020	2019
	S$	*S$*
On demand or within 1 year	**265,610**	576,917
Between 1 and 2 years	**337,236**	314,237
Between 2 and 5 years	**580,554**	673,963
	1,183,400	1,565,117

The Group's bank borrowings repayable based on the scheduled repayment dates, are as follow:

	As at 30 June	
	2020	2019
	S$	*S$*
Within 1 year	**265,610**	395,865
Between 1 and 2 years	**337,236**	373,859
Between 2 and 5 years	**580,554**	795,393
	1,183,400	1,565,117

For the year ended 30 June 2020, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum (2019: same). The fair value of non-current borrowings approximates the carrying value of the non-current borrowings at the end of each reporting period as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

As at 30 June 2020, the Group's borrowings are secured by corporate guarantees provided by the Company and certain directors of the Company. As at 30 June 2019, the Group's borrowings are secured by personal guarantee provided by certain directors of the Company.

The Group has received consent from the relevant financial institutions for the release of personal guarantee by the executive directors upon listing of the Company's shares on GEM. Such release is currently in progress.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any contingent liabilities (2019: nil).

CHARGES ON ASSETS

As at 30 June 2020, the Group did not have any charges on assets (2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, including our Directors, the Group had a total of 157 employees (2019: 164).

We recognise employees as valuable assets and our success is underpinned by our people. In line with our human resource policies, we are committed to providing attractive remuneration packages, and a fair and harmonious working environment to safeguard the legitimate rights and interests of our employees. The Group regularly reviews our human resource policies which outline the Group's compensation, working hours, rest periods and other benefits and welfare, to ensure compliance with laws and regulations. We always place emphasis on attracting qualified applicants by offering competitive remuneration packages. These packages are reviewed based on employees' performance and reference to prevailing market conditions, and are adjusted in a timely manner to keep them in line with market benchmarking.

SIGNIFICANT INVESTMENT, FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Except on disclosed herein, the Group did not have any significant investments during the Year and did not have any future plans for material investments or capital assets, material acquisition and disposal of subsidiary, associates or joint ventures during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

Our Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

Gearing ratio is calculated as total borrowings (including payables incurred not in our ordinary course of business) divided by the total equity as at the respective reporting dates.

As at 30 June 2020 the Group's gearing ratio was 52% (2019: 76%).

USE OF PROCEEDS FROM THE LISTING AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Up to 30 June 2020, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out in the prospectus issued by the Company on 29 April 2020 (the "**Prospectus**") as follows:

Description	Net proceeds raised	Approximate percentage of total net proceeds raised	Planned use of net proceeds from Listing Date to 30/06/2020	Actual use of net proceeds from Listing Date to 30/06/2020	Actual use as percentage of total net proceeds raised
	S$'000	*%*	*S$'000*	*S$'000*	*%*
New artisanal bakery outlets and fast casual dining restaurants openings					
"*Proofer*" bakery outlets	984	37.0	589	–	–
"*Yuba Hut*" restaurants	683	25.7	236	53	1.9
"*Laura*" restaurants	136	5.1	–	–	–
"*Proofer*" restaurants	196	7.4	–	–	–
Expansion of workforce	246	9.3	–	–	–
Upgrade of existing central kitchen					
Purchase and installation of automated production machineries	69	2.2	–	–	–
Set up of a cake room					
Renovation and establishment of freezer rooms	104	4.3	104	–	–
Purchase and installation of machineries and equipment	65	2.5	–	–	–
Purchase of a lorry	45	1.7	45	–	–
General working capital	128	4.8	18	18	0.7
Total	2,656	100.0	992	71	2.6

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 June 2020:

Purpose	Proposed implementation date	Implementation Plan	Actual implementation activities
New artisanal bakery outlets and fast casual dining restaurants openings	June 2020- June 2021	• open five artisanal bakery outlets under "Proofer" brand; and • open one Japanese fast casual dining restaurants under "Yuba Hut" brand.	• Placed rental deposits for one restaurants under "Yuba" brand
Expansion of workforce	July 2020- June 2021	• No planned activities for the Year	
Upgrade of existing central kitchen	February 2021 *(Note a)*	• No planned activities for the Year	• No planned activities for the Year
Set up of a cake room	February 2021 *(Note a)*	• Renovation and establishment of freezer rooms	• Delayed due to outbreak of Coronavirus
Purchase of a lorry	December 2020 *(Note a)*	• Purchase a lorry for delivery of dough and bakery products.	• Delayed due to outbreak of Coronavirus

Note a: There is delay to the timeline for the use of proceeds as disclosed in the Company's Prospectus (originally expected to be fully utilised on or before August 2020), as the commencement dates for the upgrading of central kitchen, setting up of a cake room and purchase of lorry have been postponed to the respective dates stated above, in light of the impact of the Pandemic.

The net proceeds from the Listing, after deducting related expenses, were approximately S$2.7 million which was less than the S$4.2 million as set out in the allotment results announcement dated 15 May 2020. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus. Additional listing expenses of S$1.9 million were incurred upon listing. These expenses included (I) professional fees and legal fees of approximately S$1.1 million; and (ii) urgent printing cost of approximately S$0.7 million. The total listing expenses amounted to S$7.6 million. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the Environmental, Social and Governance ("**ESG**") report of Singapore Food Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"). The ESG report aims to present a summary of the Group's environmental and social related impacts arising from its business operations in the Food & Beverage industry and the measures taken by the Group to achieve the balance between profitability and sustainability.

REPORTING FRAMEWORK AND BOUNDARY

The ESG report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). The disclosures on both Environmental and Social Aspects in this report include all corporate entities as listed in our financial statements. This report encompasses our business in the operation of bakery, restaurants and café outlets in Singapore. The reporting period is the fiscal year ending 30 June 2020.

APPROACHES TO ESG REPORTING

We follow the principles of "materiality", "quantitative" and "consistency" in preparing the ESG report.

The board (the "**Board**") of directors (the "**Directors**") have identified the material ESG issues from the annual materiality assessment exercise that involved both the key employees and external stakeholders. The Group's environmental and social related impacts and the targets to reduce the negative impacts of material ESG issues are reported in quantitative numbers that are specific and measurable.

We provide honest and reliable information in this ESG report that will allow our stakeholders to keep track of our progress and achievement in the reporting period. This is the first year that the Group has prepared an ESG report, and a comparison with information provided in previous reports will be applicable from next year's ESG report onwards.

REVIEW AND APPROVAL

The Board acknowledges its responsibility for ensuring the integrity of this ESG report. The Board has reviewed and approved the report. To the best of our knowledge, this report adequately addresses the material issues and fairly presents the environmental and social performances of the Group.

BOARD STATEMENT

We are pleased to present our ESG report for the year ended 30 June 2020.

The Board holds the ultimate responsibility for the Group's ESG governance. We always consider the environmental, social and governance risks that are material to our business operations in our strategy formulation and decision-making processes.

The sustainable growth of our business is ever more important today, due to the challenges and impacts brought about by the global outbreak of Coronavirus on the F&B industry.

As such, we have established an ESG working group this fiscal year to better manage and govern the sustainability performance of our business operations. The working group consists of the executive Directors, the Financial Controller, the Chief Procurement Officer, and the Operations & Human Resource Director. They would discuss the implications of any social and environmental events during monthly management meetings, and report the performances of key environmental and social issues to the Board annually.

We recognise that the health of our employees and the safety of our food are the most important drivers of the Group's sustainable development. This year, amidst the COVID-19 crisis, we have placed ever stronger emphasis in monitoring the health condition of our employees and implementing stringent controls to ensure the safety of our products offered to customers.

We are generally satisfied of the Group's performance in meeting the targets of zero COVID-19 infection cases and food safety complaints during the reporting period. There were no reported breaches of local laws and regulations relating to environmental discharges, employment practice, COVID-19 protocol and food hygiene in Singapore.

As we continue our sustainability journey, performance targets that are relevant to the material ESG issues will be progressively added and monitored. The other goals we want to achieve and report in the coming three to five years are the reduction in usage of packaging material, minimisation of unsold items and food wastages, more involvement in helping the local community groups etc amongst others.

Yours faithfully,
For and on behalf of the Board

Aris Goh
Chairman and Executive Director

STAKEHOLDER ENGAGEMENT

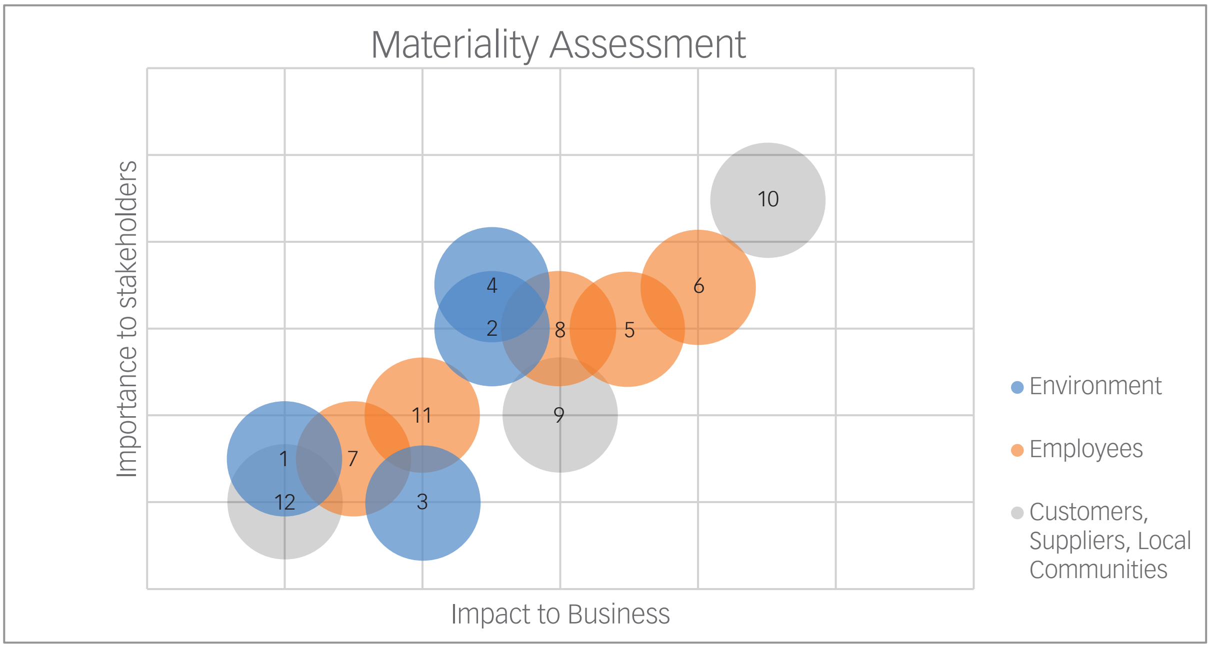
We recognise the importance of stakeholder engagement in the process of identifying ESG issues that are relevant to the Group's business from their expectations and concerns.

Stakeholder	Platforms	Frequency	Key Feedbacks/Issues
Employees	Performance reviews	Annual	• Remuneration and welfares • Safe and healthy working environment • Career development opportunities • Fair and competitive employment practices
	Training courses	Ad-hoc	
	Feedback platforms	Ad-hoc	
	Regular meetings	Monthly	
Customers	Customer service emails	Ad-hoc	• Food hygiene and safety • Food quality and price • Service speed and attitude • Timely response to complaints
	Customer satisfaction surveys	Ad-hoc	
	Verbal communications	Perpetual	
Suppliers	Emails and telephone	Ad-hoc	• Fair competition • Prompt payment cycles • Long-term cooperation
	Suppliers meetings	Ad-hoc	
Investors	Annual/Extraordinary general meetings	Annual	• Financial return on investment • Sustainable business growth • Compliance to listing requirements • Timely and transparent reporting • Sound corporate governance
	Financial result announcements	Bi-annual	
	HKEX announcements	Ad-hoc	
	Annual report	Annual	
Government/ regulatory authorities	Meetings, briefings and reporting	Ad-hoc	• Compliance with laws and regulations • Safe working environment • Food safety and hygiene • Fair employment practices
	Correspondences through emails and letters	Ad-hoc	
Media and public	Social media platform	Ad-hoc	• Corporate social responsibility • Sustainable and responsible business practices
	Website	Perpetual	
	ESG report	Annual	

MATERIALITY ASSESSMENT

The Board discuss and identify the key environmental, social and governance issues faced by the Group annually. The ESG working group has performed the materiality assessment which involved the gathering of information and feedbacks from key employees and other groups of stakeholders to understand their expectations and concerns on ESG related issues.

These issues were then prioritised in order of their importance to stakeholders' decisions and their impacts to the business activities. A total of 12 key areas that are significantly important to the Group have been selected and ranked in the materiality matrix as follows:



Legend:

Environmental Areas	Material Social Areas
1. Air Pollutants and Greenhouse Gas Emissions	5. Employment Practices
2. Food Wastes	6. Health and Safety
3. Water and Electricity Consumptions	7. Training and Development
4. Packaging Materials	8. Labour Standard
	9. Supplier Management
	10. Food Safety and Quality
	11. Anti-Corruption Practices
	12. Donation to Local Community

ENVIRONMENTAL ASPECTS

The Group's business is mainly involved in the operation of bakery outlets, restaurants and cafés in Singapore. The nature of activities carried out by the Group does not result in significant emissions of air pollutants and greenhouse gases, discharges into water and land, generation of hazardous and non-hazardous wastes. Climate-change issues do not have significant impact on the Group's business activities.

Nevertheless, we understand the importance of environmental protection and attempt to adopt eco-friendlier and energy saving practices in our business activities. During the reporting period, we have zero instances of reported breaches with any environmental protection laws and regulations in Singapore.

Environmental targets in 2020

1. Comply with national standards for emissions of air pollutants and greenhouse gases;

2. Minimise food wastages including unsold products; and

3. Reduce consumption of electricity and water by 3% compared to the prior fiscal year.

Material Area 1: Air Pollutants and Greenhouse Gas Emissions

The National Environment Agency ("**NEA**") is the governing body that monitors and controls the emissions of air pollutants and greenhouse gases in Singapore. Laws and regulations to protect the air quality are mainly the Environmental Protection and Management Act ("**EPMA**") and the Environmental Public Health Act ("**EPHA**").

The main source of air pollutants in our business operations is the use of motor vehicles. The greenhouse gases are mainly generated from (i) the use of motor vehicles; and (ii) the consumption of electricity in our F&B outlets and head office.

The common types of air pollutants are Nitrogen Oxides ("**NOx**"), Sulphur Oxides ("**SOx**"), and Particulate Matter ("**PM**"), and the common types of greenhouse gases are Carbon Dioxide ("**CO2**"), Nitrogen Oxide ("**N2O**") and Methane ("**CH^4**").

Motor vehicles — air pollutants and greenhouse gases

All diesel and petrol vehicles used by the Group adhere to the Euro VI Emission standards. These standards were published in 2018 by the NEA to control the emissions generated by motor vehicles and regulate the type and quality of fuel that can be used in Singapore.

The Group has total of two vehicles leased from third-party vendors at the end of our reporting period. The types of fuel and the usage for the vehicles are summarised as follows:

Fleet type	Quantity	Type of fuel	Usage
Operations	2	Diesel	— Delivery of dough and certain bakery products from our central kitchen to the designated outlets. — Delivery of marketing materials and other documents between outlets and the head office.

We have the following practices in place to reduce emissions from motor vehicles:

- Lease brand new vehicles and utilise them for a maximum of three years.
- Lease vehicles that comply with the latest national emission standards.
- Perform regular vehicle maintenance to ensure optimal engine performance and fuel consumption.
- Seek to continuously upgrade the fleet by selecting vehicles that are more fuel efficient and equipped with better eco-friendly technology.

For the reporting period, the total amount of air pollutants (i.e. SOx) emitted from our diesel vehicles are shown in the following table:

Fuel Type	No. of vehicles	SOx Emission Factor	Total fuel consumed (litres)	SOx Emitted (litres)
Diesel	2	0.0161	8,044	130

For the reporting period, the total amount of greenhouse gases (i.e. CO2, CH4, N2O) emitted from our vehicles are summarised in the following table:

Fuel Type	No. of vehicles	CO2 Emission Factor	Total fuel consumed (litres)	CO2 Emitted (litres)
Diesel	2	2.614	8,044	21,027

Vehicle type	Fuel Type	No. of vehicles	CH4 Emission Factor	N2O Emission Factor	Total fuel consumed (litres)	CH4 Emitted (litres)	N2O Emitted (litres)
Light goods	Diesel	2	0.000072	0.000506	8,044	0.579	4.070

Consumption of electricity — greenhouse gases emission

Greenhouse gases are generated during the combustion of fossil fuels to produce electricity. The Group consumes electricity in the F&B outlets (i.e. bakery, restaurant and café) and the head office. The total amount of indirect energy emission of greenhouse gases in our reporting period are as follows:

CO_2 emission factor (kg/kWh)	Total quantity of electricity consumption (kWh)	CO_2 Emitted (kg)
0.8	1,746,266	1,397,015

Targets

The Group targets to reduce total emission of air pollutants and greenhouse gases by 3% in the next fiscal year, by creating greater awareness of energy saving amongst employees and using more energy-efficient motor vehicles.

Material Area 2: Food Wastes

The Group does not produce any hazardous wastes during the course of business operations. As such, the laws and regulations in Singapore relating to hazardous waste does not have a significant impact on our business.

The main non-hazardous wastes generated during the operation of our business are food wastes at our kitchen and unsold products at the end of each operating day. Our food wastes are disposed by a third-party-vendor at the waste-to-energy (WTE) plants for incineration.

We have the following measures in place to reduce food wastages in our business operations:

- "First-In" and "First-Out" policy in our kitchens to reduce expired products.
- Just-in-time and frequent purchases from the suppliers to prevent over-stocking of fresh materials.
- Check that all kitchen food is stored in the refrigerators at the end of each day.
- Daily unsold quantity of food products (i.e. bread) is reported to the management team by the outlet head.
- Four bakery outlets would donate unsold products (i.e. breads) to a non-profit organisation.

Targets

The Group targets to reduce the wastage quantity by 5% in the next fiscal year, by monitoring the data of food wastes and arranging for more outlets to donate unsold products to non-profit organisations.

Material Area 3: Water and Electricity Consumptions

Water and electricity are scarce resources. The Group always encourage employees to adopt electricity and water saving habits in the F&B outlets (i.e. bakery, restaurant and café) and the head office.

Electricity

We recognise that investing in energy conservation not only reduces our carbon footprint but also helps our business in cost saving. The Group's main areas of electricity usage are predominantly across the F&B outlets (i.e. bakery, restaurant and café) and the head office.

We have adopted the following measures to reduce our electricity consumption:

- Turn off electrical appliances (i.e. ovens) in the kitchen half an hour before the end of operating hours.
- Perform regular cleaning and maintenance of refrigerators to consume less electricity.
- Purchase energy-efficient electrical appliances for the F&B outlets, such as LED lights and refrigerators with an NEA Tick Rating System of 4 and above, where 5 ticks represent the highest level of energy efficiency.

For the reporting period, the Group's electricity usages were 1,746,266kwh, where 99% were consumed by the F&B outlets and 1% was from the head office. Electricity consumption of the Group's F&B outlets in total and intensity are shown as follows:

Electricity consumption in 2020 (kWh)	Total floor area of F&B outlets and office (sq ft)	Electricity Intensity per floor (kWh/sq ft)
1,733,369	17,203	101

Water

Our water consumption in the F&B outlets (i.e. bakery, restaurant and café) and the head office are relatively low as compared to electricity usages. We always encourage our employees to adopt water conservation habits to reduce unnecessary wastage.

For the reporting period, the Group's water usages were 6,383CuM, where 99% were consumed by the F&B outlets and 1% was from the head office. Water consumption of the Group's F&B outlets in total and intensity are shown as follows:

Water consumption in 2020 (CuM)	Total floor area of F&B outlets and office (sq ft)	Water Usage per floor (CuM/sq ft)
6,314	17,203	0.37

Material Area 4: Packaging Materials

The Group uses plastic packaging materials for customers to take away their food from the F&B outlets. For the reporting period, the total packaging materials purchased and the intensity of packaging materials per annual revenue are shown as follows:

Type of packaging material	Total purchased quantities in 2020 (kg)	Annual sales of the Group (SGD)	Intensity of material per revenue (kg/SGD)
Paper	22,090	14,739,159	0.0015
Plastic	20,014	14,739,159	0.0014

We have trained our cashiers at all the F&B outlets to ask customers whether plastic bags are needed for their food, and to use fewer plastic bags when packaging food for customers. We replenish the packaging materials only when the stocks are low and based on the actual usage in the prior months.

To reduce the consumption of packaging materials going forward, the Group plans to roll out an initiative called "save 10 cents from bringing your own container" in the next fiscal year. Under this initiative, the customer's bill will be reduced by SGD10 cents each time he/she uses their own container to purchase and take away food.

Targets

The Group targets to reduce the usage of packaging materials by 10% in the next fiscal year, by implementing the initiative of "save 10 cents from bringing your own container".

SOCIAL ASPECTS

The Group's current workforce of 157 endeavour to deliver the best quality of food and service to our customers. We are also committed to maintain a safe, unbiased, rewarding and nurturing working environment for our valuable employees. We run our business with a high standard of code of ethics and compliance with regulatory requirements.

Social Objectives in 2020

To maintain a fair and rewarding working environment for our employees.

1. To take care of our employees' health and safety and achieve zero cases of COVID-19 infection and workplace incidents.

2. To deliver safe and hygiene food to our customers at the best quality and achieve zero food incidents.

Material Area 5: Employment Practices

The Employment Act and the Employment of Foreign Manpower Act are the main labour laws and regulations in Singapore enforced by the Ministry of Manpower ("**MOM**") to safeguard the rights and welfare of employees. During the reporting period, the Group was not aware of any material non-compliance with the local labour laws and regulations.

The Group has established the following policies to govern employment-related practices for all operating entities under the Group. The policies have been formalised in May 2020 after approval by the executive Directors.

Policy name	Policy coverage
Employee Code of Conduct	• General conduct, dress code, attendance and punctuality, confidentiality, conflict of interest, bribery, business gifts, disciplinary procedures and summary dismissal.
Standard Operating Procedures ("**SOP**") on Employee Benefits	• Employee benefits such as employee meals and staff discount.
Human Resource ("**HR**") Policy	• Recruitment, appointment, resignation and termination of employees. • Employee appraisal and the salary review process for daily-rated and monthly-rated employees. • Medical leave, overtime, annual leave and unutilised leave entitlement • Compensation, working hours and rest days.

We also abide by the Tripartite Guidelines on Fair Employment Practices to build a healthy and robust talent pool for the Group. The guidelines were established by the Tripartite Alliance Limited ("**TAL**"), which is a partnership between MOM, National Trade Union Congress and the Singapore National Employers Federation.

Recruitment

We adopt fair and merit-based practices in our recruitment activities by assessing applicants based on their relevant skills, experience and qualifications. We also aim to promote diversity in our workplace and provide equal career opportunities for people from different backgrounds. We do not discriminate against employees' age, race, gender and religion.

As at 30 June 2020, the Group's total headcount is 157, and the employees' profile are as follows:

Recruitment statistics	No. of Headcount	Percentage (%)
By Gender		
Male	42	27
Female	115	73
By Age Group		
18 — 30 years old	12	8
31 — 50 years old	90	57
Over 50 years old	55	35
By Employment Type		
Full-time	85	55
Part-time/Contract/Intern	72	45
By Nationality		
Singapore	88	56
Malaysia	43	27
China	9	6
India	17	11

Retention

We offer competitive remuneration packages consisting of mark to market salaries, variable bonuses, allowances and benefits, annual leaves to attract and retain talents. Annual performance appraisal and salary review are conducted to provide employees with opportunities for increment and promotion.

We also emphasise that overtime hours should be kept to a minimum. Staff should not be clocking overtime hours unless absolutely necessary and overtime hours are paid and capped in compliance with the Employment Act governed by MOM.

In addition, we have zero tolerance towards any form of sexual harassment or abuse in our workforce. We also endeavour to protect our employees from discrimination, physical or verbal harassment based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. We will respond promptly to any complaints, grievances and concerns raised by our employees regarding any form of discrimination and/or harassment.

Dismissal

We do not tolerate unfair or wrongful dismissal of employees under any circumstances. Employees are only terminated on the grounds of serious violations to Company's Code of Conduct, misconduct that harm the customers or other employees, or criminal wrongdoings. During the reporting period, there were zero cases of dismissal and retrenchment amid the economic impact from COVID-19.

We also prohibit dismissing employees based on their age and offer re-employment opportunities to our senior employees when they turn 62, which is the minimum retirement age in Singapore. The re-employment contracts will be offered to them up to age 67. As at 30 June 2020, the Group has a total of 9 employees under re-employment contracts.

During the reporting period, our employee turnover headcount was 51, the detailed breakdown are as follows:

Turnover statistics	No. of Headcount	Percentage (%)
By Gender		
Male	36	71%
Female	15	29%
By Age Group		
18 — 30 years old	32	63%
31 — 50 years old	18	35%
Over 50 years old	1	2%
By Nationality		
Singapore/PR	7	14%
Malaysia	42	82%
Vietnamese	2	4%

Material Area 6: Health and Safety

In Singapore, the major legislations to protect the employees' health, safety and welfare are the Workplace Health and Safety Act ("**WSH**"), Work Injury Compensation Act ("**WICA**"), and Workplace Safety and Health Guidelines for Hotels and F&B Industries.

In light of COVID-19, the MOM has published general and sector-specific advisories on the implementation of Safe Management Measures at the workplace and in F&B establishments. This would significantly impact the Group's business operations as more stringent health and safety requirements are introduced to comply with the COVID-19 (Temporary Measures) Act 2020.

It has always been the Group's priority to protect the employees' health and safety in our workplace. We have established the "Standard Operating Procedures for Outlet Operations", which covers all precautionary measures that employees must follow to protect their health and safety in their working environment. The SOP have been formalised in May 2020 after approval by the executive Directors.

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Workplace safety and cleanliness

The key control measures that the Group has enforced to ensure workplace safety and cleanliness are as follows:

Topics	Key Control Measures
Workplace Safety	• All employees working at the F&B outlets are required to wear covered shoes. Kitchen staff must wear safety boots that are slip-resistant. • Housekeeping rules are established on service floor and kitchen to reduce and prevent slip, trip and fall hazards. • Equipment such as trolleys and keg trucks are used to minimise the risk of injuries from manual handling manoeuvres. • SOP on the utilisation of electrical equipment and appliances are communicated regularly to employees to minimise the risk of fire and electrical hazards.
Clean and Healthy Working Environment	• Personal hygiene must be practiced by employees at all times. • Proper attire such as uniform, apron, hat and service mask are provided to staff working on service floor and kitchen. • Disposable gloves and clean utensils are provided to food handlers. • Maintain regular cleaning and sanitisation of service floor, kitchen and equipment. • Weekly cleaning schedule checklist to be completed by outlet staff and reviewed by Quality Control ("**QC**") Manager. • Housekeeping inspections are conducted at F&B establishments by QC Manager on a fortnightly basis.

COVID-19 Safe Management Measures for Employees

We also implemented the following Safe Management Measures for all employees at our head office and F&B outlets, to ensure compliance with the Government's advisory guidelines on COVID-19:

Take care of your workers

- Limit the number of employees at the office and F&B outlets, and implement split team arrangements.
- No cross-deployment or interaction between employees in different shifts, teams or worksites.
- Minimise physical contact among employees, conduct regular meeting via tele-conference.

Take care of the workplace

- SafeEntry visitor management system to record all personnel entering workplace.
- Employees are instructed to keep their masks on at all times. Provide masks and hand sanitisers to employees at the workplaces.

Take care of workers who become unwell at the workplace

- Daily checks for temperature and respiratory symptoms for all employees and visitors.
- Disallow employees with unwell symptoms (i.e. fever, cough) to come to work and request them to rest at home.

COVID-19 Safe Management Measures for Customers

We strongly value the health and safety of our customers especially during this COVID-19 pandemic. In line with the Singapore Government's advisory on the re-opening of F&B establishments, we have implemented the following COVID-19 Safe Management Measures:

Table and Seating Management

- Each group is limited to five or fewer persons, with at least one-metre spacing between groups.
- Where tables/seats are fixed, table/seats should be marked out to accommodate groups of no more than five.

Queue Management

- Clearly demarcate queue lines, and ensure at least one-metre spacing between customers at areas such as entrances and cashier counters.

Contact Tracing

- SafeEntry is implemented for customers and visitors at the outlet entrance.

Health Checks

- Conduct temperature screening and checks on visible symptoms for customers at entrances.
- Turn away those who are feeling unwell.

Cleanliness and Hygiene

- Require all service and kitchen staff to put on their masks properly at all times.
- Provide hand sanitisers to customers at the common areas.
- Require the customers to put on masks before food is served and immediately after meals.
- Clean and disinfect the dining table immediately after each group of diners leave.
- The common spaces and items are cleaned and disinfected after daily operating hours.
- Any communal amenities, as well as self-service samples, are not allowed to be used.

We have maintained zero cases of work-related fatalities and none of our employees have been infected with COVID-19, during our reporting period. For the past three years, the Group's reported injuries were also zero.

Material Area 7: Training and Development

We believe that continuous investment in our human capital is crucial for the Group's sustainable business growth. Training and development programs would improve the skills and expertise of our employees to increase productivity and competitiveness at our workplaces.

The Group's HR department is proactive in identifying suitable training courses for our employees. For food handlers in our F&B outlets, they are required to attend mandatory training programmes under the requirements of Singapore Food Agency ("**SFA**"). Our new hires would receive orientations and on-the-job trainings at the workplaces. Likewise, our office executives and management team are also encouraged to attend external courses to upgrade their skills and knowledge in their respective fields.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A summary of the courses attended by our outlet staff and office executives during our reporting period are as follows:

Employee Category	Training Details
Executive Directors & Management	• 40 hours of training from Institute of Singapore Chartered Accountant (ISCA), attended by the Financial Controller. • Four hours of training on Anti-corruption, attended by the two Executive Directors, the Financial Controller, and the Chief Procurement Officer. • Eight hours of training on Hygiene Audit attended by one Executive Director and the Chief Procurement Officer. • Eight hours of training on Hygiene refresher attended by the Quality Control Manager.
Outlet staff	• Eight hours of Food Hygiene Course

For the reporting period, a total of 58 of our employees received trainings with an average of eight training hours. Our training statistics of employees are as follows:

Employees Receiving Training	No. of headcount	Percentage %
By Gender		
Male	33	57%
Female	25	43%
By Employment Category		
Executive Directors	2	3%
Senior Management	2	3%
Middle Management	1	2%
Staff	53	92%

Average Training Hours	2020
By Gender	
Male	8
Female	10
By Employment Category	
Executive Directors	8
Senior Management	28
Middle Management	4
Staff	8

Material Area 8: Labour Standard

Singapore published the Employment (Children and Young Persons) Regulations in 2000, where no child who is below the age of 13 years shall be employed in any occupation. The Prevention of Human Trafficking Act was also enforced in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all business operations in Singapore.

As a law-abiding local enterprise in Singapore, we are committed to ensure that our Group does not hire any child and forced labour. We have formalised the minimum age requirement of 18 years old in the Group's recruitment policies. Our HR department is responsible for collecting and verifying the personal information in each new hire's identity card (i.e. Passport or National Registration Identity Card). A legal-binding employment contract is signed with each employee, for both permanent and part-time positions. Foreign workers are only hired after the work passes that allow them to work legally in Singapore are approved by the MOM.

In addition, the Group has formal procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions etc. For the reporting period, the Group was not aware of any non-compliance with labour-related laws and regulations.

Material Area 9: Supplier management

The Group's purchase activities in operations of F&B outlets are mainly for food-related products such as meat and eggs, vegetables and fruits, flour and sugar, sauces and spices, pastes and jam, drinks and teas, as well as packaging materials, cleaning detergents and equipment etc.

Supplier Selection

We have stringent controls over our vendors selection and evaluation processes, which are formalised in the Group's Procurement and Payables Management Policy. The policy was last updated in May 2020 and approved by the Executive Directors.

Our vendors assessment criteria include food safety, product quality, delivery timeliness, price competitiveness, after-sales services, credit rating and company reputation. The set of criteria apply to both acceptance of new vendors and performance evaluation of existing vendors. We obtain the supplier's profile and qualification documents for validity check. We also perform site visits to the suppliers' facilities to inspect their processes and controls on food safety and quality.

To minimise disruption to business operations and ensure quality of raw materials, our suppliers are all locally sourced in Singapore. As at 30 June 2020, we have a total of 33 active vendors in the Approved Vendors List. To avoid excessive reliance on sole suppliers, we have two to three regular suppliers for each type of purchased material to ensure supply continuity.

Environmental and social impacts of suppliers

We do not include environmental and social factors as an assessment criteria of our vendors. Nevertheless, we will review and terminate the business relationship with the suppliers should there be press and media coverage on the negative environmental and social impacts caused by them, such as excessive pollutions and discharges to the environment, unfair treatment, exploitation of workers and food safety incidents.

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Material Area 10: Food Safety and Quality

The Singapore laws and legislations that govern the standard of food safety in F&B establishments are Sale of Food Act (Chapter 283) and Sale of Food Act (Chapter 283, Section 56(1)) Food Regulations. The SFA is the local authority that regulates the food retail industry to ensure that food sold at retail outlets are safe for consumption.

SFA has also published "Food Hygiene Practices and Guidelines" to help food operators maintain a high standard of food hygiene and food safety in retail food establishments and prevent unpleasant and costly incidents involving food borne illnesses. During the reporting period, the Group did not have any non-compliances with the laws and regulations enforced by SFA.

Food hygiene and safety

All our F&B outlets are operating under the licenses issued by SFA. The validity period of the operating license is one year and has to be renewed yearly. We have a total of 54 food handlers and two food hygiene officers in our F&B establishments, all of them are registered with SFA and have undergone the following courses under SFA requirements:

Job Classification	Courses under SFA Requirements
Food Retail	
Food Handlers	• WSQ Follow Food and Beverage Safety and Hygiene Policies and Procedures Basic Food Hygiene Course ("**BFHC**") • BFHC Refresher Course
Food Hygiene Officers	• WSQ Conduct Food & Beverage Hygiene Audit Course • BFHC Refresher Course • WSQ Apply Food Safety Management System

SFA has also developed a "Grading System for Eating Establishments" based on an annual appraisal of the overall hygiene, cleanliness and housekeeping standards of an F&B establishment. We have summarised the number of outlets that have been awarded A, B, C or D by SFA in our reporting period:

Grade	No. of Outlets/Facilities
A (score of 85% or higher)	1
B (score of 70% — 84%)	–
C (score of 50% — 69%)	–
D (score of 40% — 49%)	1

Quality Assurance

We always place strong emphasis on the safety of our food provided to customers and are committed to ensuring high standards of food quality served in all our F&B outlets. We have implemented an internal Quality Control Management System ("**QMS**") to be followed by all the operating entities under the Group. It was last reviewed in May 2020 and approved by the executive Directors.

The Group's Quality Control Manager maintains overall responsibility for monitoring the compliance with the QMS procedures by all our F&B outlets. On a monthly/fortnightly basis, the Quality Control Manager would inspect the hygiene and service standards in each of our F&B outlets. The QMS checklist includes the following items:

Inspection Areas	List of To-Check Items
Kitchen	**Staff** • Baker appearance standard, and • Accurate scheduling. **Equipment** • Frozen dough, ingredient, croissant storage process, frozen condition, • Proofer handling process, and • Dough handling process. **Cleanliness** • Cleanliness of the floor, oven, chiller, proofer, filter, table top, dustbin, trolley, dough roller/toast slicer/wall, • Dustbin area is clean and rubbish is not overflowing, must have cover for the dustbin, • Flooring under freezers, chillers, oven, proofers must be kept clean, and • Storage to be neat and organised/containers at least 6 inches from floor/flooring is clean. **Product** • Chiller ingredient, • Frozen ingredient, • Sauce, • Frozen dough, and • Croissant.
Exterior	• Lights (ensure no flickering lights), • Outlet signage are clean and working properly, • Glass panels are free of stains and fingerprints, and • Posters are in good condition, proper display and free of dusts.

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Inspection Areas	List of To-Check Items
Lobby Area	**Staff** • Staff are in clean and complete uniforms, and • Staff are healthy and have good personal hygiene/grooming. **Products** • Products are prettily made in terms of colour, shape, size, topping, and filling, • Pack buns nicely, • Price tag and advertising and promotion materials are displayed neatly and visibly, • Products are displayed according to colour and shape contrast concept, and • Number of toast available in the outlet is being tracked to ensure sufficient during day part. **Service** • Greet with eye contact, smile, warm and friendly, • Do suggestive selling, and • State amount clearly, receive and return change with both hands. **Cleanliness** • Cashier counter, cake and beverage chiller are clean and neat, • Island counters are clean and sanitised, • All trays and tongs are clean and not oily, • Service floor with minimum bread debris and dusts, and • Keep underneath of the fridge and sieve clean.

If there are any food quality and safety concerns raised by our employees or received from customers, the outlet manager would be informed immediately to understand the situation. If it is assessed to have severe implications, the outlet manager would inform the Group management on whether to close the outlet temporarily for investigations and follow-up actions to be taken. During our reporting period, the Group did not encounter any food recall events due to health and safety reasons.

Customer Complaint Management

We welcome feedbacks from customers to improve the quality of our food offerings and services. The Group has established a formal Public Relations Management Policy to handle customer complaints received via verbal representation, website's comment section, emails, social media platforms and etc. The policy was formalised in May 2020 and approved by the executive Directors.

For any incidents relating to food borne illness or physical hazard found in food, the Group's management team must be informed immediately for follow-up actions, and the "Food Borne Illness Incident Report"/"Physical Hazard Incident Report" shall be filed with the SFA. During the reporting period, the Group did not encounter any incidents of food borne illnesses suffered by customers.

Most of the customer complaints we have received pertain to the quality of service at the F&B outlets. For verbal feedbacks received from customers, the outlet manager would communicate to the Group management during the regular weekly meetings for follow-up actions to be taken. The written feedback from email, website and social media are received and responded to by the Operations & HR Director, who would provide cash vouchers to customer on a case-by-case basis to resolve their complaints.

During the reporting period, there were no material complaints or claims nor any investigation with respect to food hygiene by any government authorities.

Intellectual Property ("IP") Protection

The logo and name of our brands, namely Proofer, 300BC, Yuba Hut and Laura have been registered as trademarks and protected under the "Trade Marks Act" in Singapore. In the event of IP infringement by third parties, the Group will engage its legal counsel to take necessary action (i.e. warning letters, litigation) against them. During the reporting period, there were no incidents of IP infringement encountered by the Group.

Material Area 11: Anti-Corruption Practices

In Singapore, the legislation governing bribery, extortion, fraud and money laundering include the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act ("**CDSA**") governed by the Commercial Affairs Department and the Anti-Money Laundering and Countering the Financing of Terrorism ("**AML/CFT**") regime under the enforcement of the Monetary Authority of Singapore.

We place great emphasis on ethical conduct and have zero tolerance towards corruption, fraud, money-laundering and other financial crimes. During the reporting period, there were no legal cases against the Group or its employees regarding corruption or money laundering practices.

Anti-corruption training

The Group has established the Code of Conduct for Employees and Directors, Anti-Corruption policy, and Anti-Fraud and Anti-Money Laundering policy in May 2020. These policies are communicated to all new employees and directors during their onboarding.

Members of our Board have attended the anti-corruption and anti-bribery training courses prior to the Group's Initial Public Offering on the Stock Exchange of Hong Kong Limited. The details of the training courses are as follows:

Anti-Corruption and Anti-Bribery Training	FY 2020
Training dates	14 October 2019
Number of training hours	Four hours
Number of attendees	Eight (two executive Directors, three independent non-executive Directors, Financial Controller, Chief Procurement Officer, Corporate Secretary)

Whistleblowing policy

The Group has also established a whistleblowing policy to allow our employees and external stakeholders to report concerns over any unlawful conduct, financial malpractice and/or other wrong-doings. The policy was last updated in May 2020 and approved by the executive Directors. It covers whistleblowing reporting procedures and communication channels, appointment of whistleblowing officer (i.e., the Financial Controller), protection of the whistle-blower, whistleblowing handling procedures and investigation procedures. During the reporting period, there were no whistleblowing cases reported to the Financial Controller.

Material Area 12: Donation to Local Community

The Group is endeavour to help the less-privileged families in the local community. Currently, four bakery outlets — Proofer AMK Hub, Proofer Sun Plaza and Proofer White Sands, Pasir Ris are donating daily unsold bread to the non-profit organisation, Food from the Heart for distribution to its beneficiaries.

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CONTENT INDEX

The ESG report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules.

Disclosure Reference	Description	Section/Declaration
Part B of Appendix 27: Mandatory Disclosure Requirements		
Governance Structure	• A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	• Board Statement
Reporting Principles	• A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: (i) Materiality (ii) Quantitative (iii) Consistency	• About this report
Reporting Boundary	• A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report • If there is a change in the scope, the issuer should explain the difference and reason for the change.	• About this report
Part C of Appendix 27: "Comply or explain" Provisions		
Aspect A1: Emissions	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• Material Area 1: Air Pollutants and Greenhouse Gas Emissions
KPI A1.1	• Types of emissions • Respective emissions data	• Material Area 1: Air Pollutants and Greenhouse Gas Emissions
KPI A1.2	• Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) • Intensity (e.g. per unit of production volume, per facility) where appropriate	• Material Area 1: Air Pollutants and Greenhouse Gas Emissions

Disclosure Reference	Description	Section/Declaration
KPI A1.3	• Total hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility) where appropriate	• Not applicable as the Group's operations do not produce hazardous waste.
KPI A1.4	• Total non-hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• Not reported as the Group did not track the statistics of non-hazardous wastes in the reporting period.
KPI A1.5	• Description of emissions target(s) set • Steps taken to achieve them	• Material Area 1: Air Pollutants and Greenhouse Gas Emissions
KPI A1.6	• Description of how hazardous and non-hazardous wastes are handled • Description of reduction target(s) set and steps taken to achieve them	• Material Area 2: Food Wastes
Aspect A2: Use of Resources	• General Disclosure • Policies on the efficient use of resources, including energy, water and other raw materials	• Material Area 3: Water and Electricity Consumptions
KPI A2.1	• Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) • Intensity (e.g. per unit of production volume, per facility)	• Material Area 3: Water and Electricity Consumptions
KPI A2.2	• Water consumption in total • Intensity (e.g. per unit of production volume, per facility)	• Material Area 3: Water and Electricity Consumptions
KPI A2.3	• Description of energy use efficiency target(s) set • Steps taken to achieve them	• Material Area 3: Water and Electricity Consumptions
KPI A2.4	• Description of whether there is any issue in sourcing water that is fit for purpose, • Water efficiency target(s) set • Steps taken to achieve them	• Material Area 3: Water and Electricity Consumptions
KPI A2.5	• Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	• Material Area 4: Packaging Materials

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Disclosure Reference	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources	• General Disclosure • Policies on minimising the issuer's significant impacts on the environment and natural resources	• Not reported as the Group does not have policies on minimising environmental impact
KPI A3.1	• Description of the significant impacts of activities on the environment and natural resources • Actions taken to manage them	• Not reported as the Group did not participate in any eco-friendly programmes in the reporting period
Aspect A4: Climate Change	• General Disclosure • Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	• Not applicable as the Group did not suffer from any significant climate-related issues in the reporting period.
KPI A4.1	• Description of the significant climate-related issues which have impacted • Actions taken to manage them.	• Not applicable as the Group did not suffer from any significant climate-related issues in the reporting period.
Aspect B1: Employment	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• Material Area 5: Employment Practices
KPI B1.1	• Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	• Material Area 5: Employment Practices
KPI B1.2	• Employee turnover rate by gender, age group and geographical region	• Material Area 5: Employment Practices
Aspect B2: Health and Safety	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• Material Area 6: Health and Safety
KPI B2.1	• Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• Material Area 6: Health and Safety
KPI B2.2	• Lost days due to work injury	• Material Area 6: Health and Safety
KPI B2.3	• Description of occupational health and safety measures adopted • How they are implemented and monitored	• Material Area 6: Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Disclosure Reference	Description	Section/Declaration
Aspect B3: Development and Training	• General Disclosure • Policies on improving employees' knowledge and skills for discharging duties at work. • Description of training activities	• Material Area 7: Training and Development
KPI B3.1	• The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• Material Area 7: Training and Development
KPI B3.2	• The average training hours completed per employee by gender and employee category	• Material Area 7: Training and Development
Aspect B4: Labour Standards	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• Material Area 8: Labour Standard
KPI B4.1	• Description of measures to review employment practices to avoid child and forced labour	• Material Area 8: Labour Standard
KPI B4.2	• Description of steps taken to eliminate such practices when discovered	• Material Area 8: Labour Standard
Aspect B5: Supply Chain Management	• General Disclosure • Policies on managing environmental and social risks of the supply chain	• Not reported as the Group did not have policies on managing environmental and social risks of the supply chain.
KPI B5.1	• Number of suppliers by geographical region	• Material Area 9: Supplier Management
KPI B5.2	• Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Material Area 9: Supplier Management
KPI B5.3	• Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Material Area 9: Supplier Management
KPI B5.4	• Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• Not reported as the Group did not include environmental impact as one of the selection criteria for suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Disclosure Reference	Description	Section/Declaration
Aspect B6: Product Responsibility	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• Material area 10: Food Safety and Quality
KPI B6.1	• Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Material area 10: Food Safety and Quality
KPI B6.2	• Number of products and service-related complaints received and how they are dealt with	• Material area 10: Food Safety and Quality
KPI B6.3	• Description of practices relating to observing and protecting intellectual property rights.	• Material area 10: Food Safety and Quality
KPI B6.4	• Description of quality assurance process and recall procedures	• Material area 10: Food Safety and Quality
KPI B6.5	• Description of consumer data protection and privacy policies, and how they are implemented and monitored	• Not applicable as the Group did not collect any customer data in the reporting period.
Aspect B7: Anti-corruption	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• Material area 11: Anti-Corruption Practices
KPI B7.1	• Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• Material area 11: Anti-Corruption Practices
KPI B7.2	• Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• Material area 11: Anti-Corruption Practices
KPI B7.3	• Description of anti-corruption training provided to directors and staff	• Material area 11: Anti-Corruption Practices

Disclosure Reference	Description	Section/Declaration
Aspect B8: Community Investment	• General Disclosure • Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• Material area 12: Donation to local communities
KPI B8.1	• Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• Material area 12: Donation to local communities
KPI B8.2	• Resources contributed (e.g. money or time) to the focus area	• Material area 12: Donation to local communities

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving and maintaining a high standard of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with the CG Code from the Listing Date up to the date of this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions by Directors in respect of the shares of the Company (the "**Code of Conduct**"). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to 30 June 2020 (the "**Relevant Period**").

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising its affairs. Directors make decisions objectively in the best interests of the Company. The Board meets regularly and Board meetings are held four times a year at quarterly intervals.

CHAIRMAN AND CHIEF EXECUTIVE

The 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. The division of responsibilities between the chairman and chief executive should be clearly established.

To ensure a balance of power and authority, the position of chairman and chief executive officer of the Company are held by different individuals. Mr. Goh Leong Heng Aris is the chairman and Ms. Anita Chia Hee Mei is the chief executive officer.

BOARD COMPOSITION

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is an independent element on the Board, which can effectively exercise independent judgement, and that non-executive Directors should be of sufficient calibre and number for their views to carry weight.

As at the date of this report, the Board comprises the following five Directors:

Executive Directors

Mr. Goh Leong Heng Aris *(chairman of the Board and chief operating officer)*
Ms. Anita Chia Hee Mei (Xie Ximei) *(chief executive officer)*

Independent non-executive Directors

Ms. Lei Dan (雷丹)
Mr. John Lim Boon Kiat (林文杰)
Mr. Kwok Kin Kwong Gary (郭建江)

Biographical details of each Director and relationship between Board members are set out on page 6 to page 9 of this annual report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

No board meetings or general meetings were being held by the Company in the period from Listing Date to 30 June 2020. As the Company was listed on 18 May 2020, the Board did not have any matters to discuss in less than two months. The Company will fully comply with the requirement under code provision A1.1 of the CG code to hold Board meetings four times a year and at approximate quarterly intervals.

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this report.

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The independent non-executive Directors have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors have made various contributions to the Company.

CORPORATE GOVERNANCE REPORT

The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such independent non-executive Director to be independent in accordance with the guidelines set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the Articles, all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following annual general meeting of the Company ("**AGM**") and shall then be eligible for re-election.

ROLE AND RESPONSIBILITIES

The Board supervises the management of the business and affairs of the Company and ensures that it is managed in the best interests of the shareholders of the Company as a whole. The Board is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Company, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management update report to give a balanced and understandable assessment of the performance, position, development and prospects of the Company in sufficient detail.

The Board is also responsible for the corporate governance functions of the Group, which includes:

— To develop and review of the Group's policies and practices on corporate governance;

— To review and monitor the training and continuous professional development of directors and senior management;

— To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

— To develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and

— To review the Group's compliance with the CG Code and disclosure in the corporate governance report.

During the Relevant Period, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three Board committees to oversee specific aspects of the Group's affairs, namely the Audit Committee, Remuneration Committee and Nomination Committee. Each Board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each Board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent profession advice in appropriate circumstances at the Group's expense.

Audit Committee

The Group established the Audit Committee on 24 April 2020 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the CG Code. The primary duties of our Audit Committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our periodic reports and accounts and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. Our Audit Committee comprises three independent non-executive Directors, namely Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary. Ms. Lei Dan is the chairlady of our Audit Committee.

No Audit Committee meetings were held by the Company in the period from Listing Date to 30 June 2020. As the Company was listed on 18 May 2020, the Audit Committee did not have any matters to discuss in less than two months. The Company will comply with the CG Code to hold at least four meetings of the Audit Committee annually and at approximate quarterly intervals.

Nomination Committee

The Group established the Nomination Committee on 24 April 2020 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of our Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (c) assessing the independence of our independent non-executive Directors; and (d) making recommendations to our Board on the appointment and succession planning for our Directors. Our Nomination Committee comprises two independent non-executive Directors, namely Ms. Lei Dan and Mr. John Lim Boon Kiat, and one executive Director, namely Mr. Aris Goh. Mr. Aris Goh is the chairman of our Nomination Committee.

The policy for the nomination of Directors, including the nomination procedure and process, are to invite nominations from Board members or Nomination Committee members. After undertaking adequate due diligence in respect of any such nominee, the Nomination Committee makes recommendations for the Board's consideration and approval. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee makes recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

The Nomination Committee considers the following criteria in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the relevant industry and other relevant sectors;

(c) commitment in respect of sufficient time, interest and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

No Nominating Committee meetings were held by the Company in the period from Listing Date to 30 June 2020. As the Company was listed on 18 May 2020, the Nominating Committee did not have any matters to discuss in less than two months. The Company will comply with the CG Code to hold at least four meetings of the Audit Committee annually and at approximate quarterly intervals.

Board diversity policy

The Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board.

Under the Board Diversity Policy, the Company considers diversity of Board members to be achieved through consideration of a number of aspects, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the objectives of its Board Diversity Policy for the Relevant Period.

Remuneration Committee

The Group established the Remuneration Committee on 24 April 2020 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The primary duties of our Remuneration Committee, under the principle that no Director or any of his/her associates should be involved in deciding his/her own remuneration include, among others, making recommendations to our Board on (a) our remuneration policy and structure for all of our Directors and senior management; (b) the establishment of a formal and transparent procedure for developing remuneration policies; (c) the remuneration packages of our executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; and (d) the remuneration of our non-executive Directors. Our Remuneration Committee comprises two independent non-executive Directors, namely Mr. Kwok Kin Kwong Gary and Mr. John Lim Boon Kiat and one executive Director namely Ms. Anita Chia. Mr. Kwok Kin Kwong Gary is the chairman of our Remuneration Committee.

No Remuneration Committee meetings were held by the Company in the period from Listing Date to 30 June 2020. As the Company was listed on 18 May 2020, the Remuneration Committee did not have any matters to discuss in less than two months. The Company will comply with the CG Code to hold at least four meetings of the Audit Committee annually and at approximate quarterly intervals.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years and such letter of appointment may be terminated by either party giving at least one month's notice in writing. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the AGM in accordance with the Articles.

The Company has received written annual confirmation from each independent non-executive Director of their independence pursuant to the requirements of Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

DIRECTORS' TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of a director's responsibilities under applicable statues and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Company will from time to time provide briefings to all Directors to develop and refresh their knowledge and skills relating to their duties and responsibilities.

All Directors are also encouraged to attend relevant training courses at the Company's expense and they are requested to provide the Company with their training records. According to the training records maintained by the Company, all Directors, namely Mr. Goh Leong Heng Aris, Ms. Anita Chia Hee Mei, Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary had attended training sessions on obligations, duties and responsibilities of directors during the Relevant Period.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or inside information or any use of such information for the advantage of any individual. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of Stock Exchange and the Company in due course.

REMUNERATION OF SENIOR MANAGEMENT

During the Relevant Period, the remuneration bands of senior management is listed as follows:

Band of remuneration (HK$)	No. of person(s)
HK$0 to HK$1,000,000	2

Further details of the remuneration of the Directors and the 5 highest paid employees are set out in note 8 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external independent auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report as annexed to this report.

INDEPENDENT AUDITOR'S REMUNERATION

During the Relevant Period, the fee paid/payable to the external independent auditor of the Company and its affiliates is as follows:

Description	S$'000
Audit services — Annual audit and audit fee relating to the Listing	286
Non-audit services	435
Grand total	721

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems and review of their effectiveness. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the shareholders and the assets of the Company.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavours to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures.

The Group does not have an internal audit department but the Group has conducted an annual review on whether there is a need for such an internal audit department. Given the Group's relatively simple corporate and operation structure, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group including financial, operational and compliance controls and risk management functions and for reviewing its effectiveness.

The Group's risk management and internal control system features the following processes to identify, evaluate and manage significant risks, and review the effectiveness of the risk management and internal control systems, as well as resolve material internal control defects:

- Members of the Board and Audit Committee discuss with the external independent auditor key issues in relation to internal controls, audit findings and risk management;
- The Board and Audit Committee oversees the financial reporting system and internal control procedures; in this process, management is principally responsible for the preparation of Group financial statements including the selection of suitable accounting policies;
- The external independent auditor is responsible for auditing and attesting to Group financial statements and report to the management of the Company from time to time on any weakness in controls which come to their attention; the Board and Audit Committee oversees the respective work of management and external auditors to ensure the management has discharged its duty in respect of having an effective internal control procedures.

During the Year, the Board had conducted a review of the effectiveness of the internal control system which covered all material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board considered the risk management and internal controls systems of the Group to be adequate and effective for the Year.

The Group's risk management and internal control systems are aimed to manage, rather than eliminating, the risk of failure to achieve business objectives and thus can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has the overall responsibility to maintain the adequate resources, staff qualifications and experience, training programs and the budget accounting and financial reporting.

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to the Articles, and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time), the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company by mail at Unit A, 12/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such requisition should specify clearly the name of the eligible shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the eligible shareholder(s) concerned together with a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the eligible shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, 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.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow Article 58 of the Articles for including a resolution at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Procedures by which enquiries may be put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are encouraged to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporate Information" in this report. Shareholders may also make enquires with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community. The Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to, annual, interim and quarterly reports, circulars, announcements, and notices of AGMs are update on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.proofer.com.sg).

In addition, the Company regards the AGM as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the AGM.

CONSTITUTIONAL DOCUMENTS

Except for the adoption of the Articles by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 18 May 2020 in anticipation of the Listing, there were no changes in the constitutional documents of the Company during the Relevant Period. The Articles is available on the respective websites of the Stock Exchange and the Company.

DIRECTORS' REPORT

The Board is pleased to submit this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 16 May 2019. Its shares were listed on GEM of the Stock Exchange on 18 May 2020. Pursuant to the reorganisation of the Group in connection with the Listing (the "**Reorganisation**"), the Company became the holding company of the Group on 24 April 2020. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" to the Prospectus.

DIRECTORS

The name of every person who was a Director at any point during the Year and up to date of this report is as follows:

Mr. Goh Leong Heng Aris *(Executive Director)*
Ms. Anita Chia Hee Mei (Xie Ximei) *(Executive Director)*
Ms. Lei Dan *(Independent non-executive Director)*
Mr. John Lim Boon Kiat *(Independent non-executive Director)*
Mr. Kwok Kin Kwong Gary *(Independent non-executive Director)*

In accordance with Article 84(1) of the Articles, Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary will retire from the Board by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this report.

RESULTS/BUSINESS REVIEW

The results of the Group for the Year are set out on page 65 to page 121 of this report. The business review of the Group for the Year, which includes the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Independent Auditor's Report" of this annual report. The review forms part of this directors' report.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the past three financial years, as extracted from the audited consolidated financial statements, is set out on page 122 of this annual report. This summary does not form part of the audited financial statements.

PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 21 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

As at 30 June 2020, the reserves available for distribution to the shareholders of the Company is approximately S$6.8 million.

DIVIDEND POLICY

In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account, inter alia:

(i) the actual and expected financial performance of our Group;

(ii) retained earnings and distributable reserves of our Company and each of the other members of our Group;

(iii) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of our Group;

(iv) business strategies of our Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;

(v) the current and future operations, liquidity position and capital requirements of our Group;

(vi) statutory and regulatory restrictions; and

(vii) other factors that our Board deems appropriate

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles. The dividend policy of the Company will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific period.

FINAL DIVIDEND

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Board confirms that during the Relevant Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 9 December 2020 to Monday, 14 December 2020, both days inclusive, during which no transfer of shares of the Company will be effected. In the case of shares of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Tuesday, 8 December 2020.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 24 April 2020 (the "**Adoption Date**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("**Invested Entity**").

(B) Participants of the Share Option Scheme

(1) Any employee (whether full time or part time employee, including any executive Director) of our Company, any of its subsidiaries and any Invested Entity;

(2) Any non-executive Director (including independent non-executive Director) of our Company, any of its subsidiaries or any Invested Entity;

(3) Any supplier of goods or services to any member of our Group or any Invested Entity;

(4) Any customer of any member of our Group or any Invested Entity;

(5) Any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(6) Any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(7) Any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(8) Any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of our Group, and for the purposes of the Share Option Scheme, the option may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust.

(C) Total number of shares available for Issue under the Share Option Scheme

Under the Share Option Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the total number of shares in the Company in issue on the Listing Date, being 24,000,000 shares in the Company (representing 10% of the shares in issue of the Company as at the date of this report).

(D) Maximum Entitlement of Each Participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of shares in the Company in issue.

(E) Period within which the Shares must be taken up under an Option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) Minimum period for which an Option must be held before it can be exercised

Unless otherwise determined by our Board and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(G) Amount payable on acceptance of an option and the Period within which payments shall be made

A consideration of HK$1 is payable on acceptance of the offer of grant of an option. An option may be offered for acceptance for a period of 21 days from the date on which the letter containing the offer is delivered to that participant.

(H) Basis of determining the Exercise Price

The exercise price in respect of any particular option shall, subject to any adjustment made pursuant to the terms of the Share Option Scheme, be such price as determined by our Board, but in any case shall not be less than the highest of (i) the closing price of the shares in the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; (ii) the average closing price of the shares in the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share in the Company on the date of grant of the option.

(I) Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

As of the report date, no share option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since the Adoption Date.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

As a bakery outlet and restaurant chain, we have a large and diverse customer base. Our revenue deemed from our five largest customers accounted for less than 5% of our total revenue for the Year.

PURCHASES	%
— The largest supplier	20
— Five largest suppliers	55

None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Year, details of significant transactions with its related parties or transactions undertaken in the normal course of business are set out in note 29 to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

DONATIONS

During the Year, the Group did not make any cash donation.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' And Chief Executive's Interests And Short Positions In The Shares, The Underlying Shares Or Debentures Of The Company And Its Associated Corporations

As at 30 June 2020, the interests and short positions of the Directors and 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 Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the required standard of dealings as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

I. Long position in the ordinary shares of the Company

Name of Director	Nature of interest	Long/short positions	Number of shares held/ interested	Percentage of shareholding
Mr. Goh Leong Heng Aris ("**Mr. Aris Goh**")	Interest in a controlled corporation *(Note)*	Long	153,000,000	63.75%
Ms. Anita Chia Hee Mei ("**Ms. Anita Chia**")	Interest in a controlled corporation *(Note)*	Long	153,000,000	63.75%

Note:

These shares were held by AA Food Holdings ("**AA Food**"), a controlled corporation of Mr. Goh Leong Heng Aris and Ms. Anita Chia Hee Mei.

II. Long position in the ordinary shares of associated corporation — AA Food

Name of Director	Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Aris Goh	Beneficial owner	1	50%
Ms. Anita Chia	Beneficial owner	1	50%

Saved as disclosed above, as at 30 June 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.

Substantial Shareholders' Interests And Other Persons' Interests And Short Positions In The Shares, And Underlying Shares Of The Company

As at 30 June 2020, the following parties (other than the Directors or the chief executive of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial shareholder	Nature of interest	Number of shares held/ interested	Long/Short Positions	Percentage of shareholding
AA Food *(note 1)*	Beneficial interest	153,000,000	Long	63.75%
Mr. Aris Goh *(note 1)*	Interest in a controlled corporation	153,000,000	Long	63.75%
Ms. Anita Chia *(note 1)*	Interest in a controlled corporation	153,000,000	Long	63.75%
Dunman Capital Global Limited *(note 2)*	Beneficial interest	27,000,000	Long	11.25%
Mr. Yang Fan ("**Mr. Yang**") *(note 2)*	Interest in a controlled corporation	27,000,000	Long	11.25%
Ms. Zhong Hua *(note 3)*	Interest of spouse	27,000,000	Long	11.25%

Notes:

(1) AA Food is directly owned by Mr. Aris Goh and Ms. Anita Chia in equal share. Since (i) Mr. Aris Goh is the spouse of Ms. Anita Chia; and (ii) AA Food is owned by Mr. Aris Goh and Ms. Anita Chia in equal share, each of Mr. Aris Goh and Ms. Anita Chia is deemed to be interested in all the shares held by AA Food under the SFO.

(2) Dunman Capital Global Limited is wholly-owned by Mr. Yang. As such, Mr. Yang is deemed to be interested in all the shares held by Dunman Capital Global Limited under the SFO.

(3) Ms. Zhong Hua is the spouse of Mr. Yang. Accordingly, Ms. Zhong Hua is deemed or taken to be interested in all the shares which Mr. Yang is interested in under the SFO.

Save as disclosed above, as at 30 June 2020, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' SERVICE CONTRACTS

All executive Directors currently in office have entered into service agreements with the Company for a term of three years commencing from the Listing Date and shall continue unless terminated by either party giving no less than three months' written notice served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by either party giving no less than one month's written notice served by either party on the other.

The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

Save as disclosed above, none of the Directors who are proposed to be re-elected at the forthcoming AGM has entered into a service contract or an appointment letter with our Company or any of our subsidiaries (other than contracts or appointment letters expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' REMUNERATION

The Directors' emoluments are subject to the Company's shareholders' approval at general meetings and such emoluments shall be determined by the Board and the Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of remuneration of the Directors are set out in note 31 to the consolidated financial statements.

EMOLUMENT POLICY

The Company has established the Remuneration Committee in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors and senior management's remuneration, on the establishment of a formal and transparent procedure for developing remuneration policy, and on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of office or appointment.

Under the remuneration policy of the Company, the Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Details of the Directors' remuneration and the five highest paid individuals are set out in notes 31 and 8 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Articles provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty by any of the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Details of the continuing connected transactions and related party transactions are set out in the Corporate Governance Report and note 29 to the consolidated financial statements.

Notwithstanding the above, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time during the Year was a Director or his/her connected entity had, directly or indirectly, a material interest subsisted at any time during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except for the Share Option Scheme, neither the Company nor any of its subsidiary undertakings was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Year.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the Year.

INTEREST IN COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the GEM Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS

Each of controlling shareholders of the Company, Mr. Aris Goh, Ms. Anita Chia and AA Food has confirmed to the Company of their respective due compliance with the terms of the deed of non-competition (the "**Deed of Non-Competition**") since the Listing Date and up to the date of this report.

Our independent non-executive Directors have reviewed compliance of the Deed of Non-Competition and were satisfied that the terms of the Deed of Non-Competition had been duly complied with and enforced since the Listing Date and up to the date of this report.

During the Year, the Board had not received any written confirmation from any of our Directors in respect of interest in any business (other than our Group) which is or is likely to be directly or indirectly in competition with our business.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**") as the compliance adviser. Except for the compliance adviser agreement entered into between the Company and Anglo Chinese dated 24 October 2019, neither Anglo Chinese nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the best knowledge of the Directors, the Company maintained a sufficient amount of public float for its shares as required under the GEM Listing Rules.

DIRECTORS' REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with all laws and regulations and regularly monitors and gathers information about changes in laws, rules and regulations relevant to the Group's businesses to ensure the Group's observance of those applicable laws, rules and regulations, especially those which may have material impact on the Group.

INDEPENDENT AUDITOR

The consolidated financial statements for the Year were audited by PricewaterhouseCoopers, who will retire at the forthcoming AGM, and being eligible, offer itself for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the independent auditor of the Company will be proposed at the forthcoming AGM.

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

Singapore, 30 September 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Singapore Food Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Singapore Food Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 121, which comprise:

- the consolidated statement of financial position as at 30 June 2020;
- the consolidated statement of 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 30 June 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.

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 impairment assessment of plant and equipment and right-of-use assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of plant and equipment and right-of-use assets	
Refer to Notes 2.6, 4(a), 14 and 15 to the consolidated financial statements. As at 30 June 2020, the Group had plant and equipment and right-of-use assets for its bakery outlets and restaurants amounting to S$2.2 million and S$12.6 million respectively, which constituted a significant portion of total assets as at 30 June 2020. Plant and equipment and right-of-use assets are subject to impairment assessment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management reviews the financial performance of individual bakery outlets and restaurants at the end of each reporting period to identify if an impairment indicator exists. Where indicators of impairment are identified, management identifies the relevant cash-generating units ("CGU") to which these plant and equipment and right-of-use assets belong and estimates the recoverable amounts of these CGUs based on the fair value less costs of disposal and value in use calculation, whichever is higher. Based on the results of the assessments conducted, management determined that no provision for impairment on the Group's plant and equipment and right-of-use assets was necessary as at 30 June 2020.	In testing management's impairment assessment of plant and equipment and right-of-use assets, we have performed the following procedures: • We tested management's assessments as to whether any indication of impairment exists; • For those bakery outlets and restaurants where there was an impairment indicator, we assessed the appropriateness of the methodology used by management in determining the recoverable amount; • We compared the forecast operating results prepared in the prior year with the current year's performance of the relevant bakery outlets and restaurants to assess the accuracy of management's historical estimation; • We assessed the reasonableness of the annual revenue growth rate adopted by management in the discounted cash flow projections by comparing them with historical performance of individual bakery outlets and restaurants, external economic data and financial budget approved by management; • We assessed the reasonableness of the discount rate adopted by management with the involvement of our in-house valuation specialist and by reference to external data of comparable companies in the market;

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area due to the magnitude of the carrying values of plant and equipment and right-of-use assets and the significance of management's judgments adopted in the key assumptions used in the impairment assessment, such as annual revenue growth rate and discount rate.	• We evaluated the sensitivity analysis prepared by management on the key assumptions of the discounted cash flow projections to evaluate the extent of such changes to the recoverable amount; and • We considered the appropriateness of the relevant disclosures in the consolidated financial statements. Based on our procedures performed, we found the key assumptions used by management in the impairment assessment of plant and equipment and right-of-use assets were supported by available 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 the Audit Committee 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.

The Audit Committee is 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- 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.

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

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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 Leung Po Wah, Pauline.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

		Year ended 30 June	
		2020	2019
	Note	***S$***	*S$*
Revenue	5	**14,739,159**	16,319,367
Other income	6	**417,491**	165,959
Other losses, net	7	**(229,909)**	(29,538)
Raw materials and consumables used		**(3,211,872)**	(3,282,434)
Employee benefit cost	8	**(4,213,889)**	(3,776,468)
Expenses under short-term lease and variable lease payments	15	**(293,056)**	(300,689)
Rent concessions	15	**1,188,067**	–
Depreciation of right-of-use assets	15	**(4,161,087)**	(3,846,261)
Depreciation of plant and equipment	14	**(599,450)**	(501,531)
Listing expenses		**(3,609,820)**	(1,279,667)
Other expenses	9	**(1,501,853)**	(652,111)
Finance income	10	**38**	69
Finance costs	10	**(1,099,290)**	(1,104,646)
(Loss)/profit before income tax		**(2,575,471)**	1,712,050
Income tax expense	11	**(11,581)**	(260,712)
Net (loss)/profit and total comprehensive (loss)/income for the year attributable to equity holders of the Company		**(2,587,052)**	1,451,338
(Loss)/earnings per share			
— Basic and diluted *(S$ cents)*	12	**(1.38)**	0.81

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June	
		2020	2019
	Note	**S$**	S$
ASSETS			
Non-current assets			
Plant and equipment	14	**2,246,728**	2,632,409
Right-of-use assets	15	**12,556,248**	16,881,143
Deferred tax assets	16	**245,867**	206,183
Deposits and prepayments	17	**1,433,708**	1,138,827
		16,482,551	20,858,562
Current assets			
Inventories	18	**100,829**	114,410
Trade and other receivables, deposits and prepayments	17	**840,596**	758,688
Amount due from directors	19	**99,656**	4,826,678
Cash and cash equivalents	20	**7,090,073**	2,792,845
		8,131,154	8,492,621
Total assets		**24,613,705**	29,351,183
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	21	**441,360**	–
Share premium	21	**7,100,029**	–
Other reserves	22	**1,780,379**	1,780,000
(Accumulated losses)/retained earnings		**(2,113,104)**	3,373,948
Total equity		**7,208,664**	5,153,948
LIABILITIES			
Non-current liabilities			
Provision for reinstatement cost	24	**345,289**	344,457
Lease liabilities	15	**9,986,179**	13,887,173
Borrowings	25	**917,790**	988,200
Deferred tax liabilities	16	**153,608**	226,608
		11,402,866	15,446,438
Current liabilities			
Trade and other payables	26	**1,863,661**	4,134,124
Current income tax liabilities		**175,506**	219,060
Lease liabilities	15	**3,697,398**	3,820,696
Borrowings	25	**265,610**	576,917
		6,002,175	8,750,797
Total liabilities		**17,405,041**	24,197,235
Total equity and liabilities		**24,613,705**	29,351,183

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

The consolidated financial statements on pages 70 to 121 were approved by the Board of Directors on 30 September 2020 and were signed on its behalf.

Goh Leong Heng Aris
Director

Anita Chia Hee Mei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Attributable to the equity holders of the Company				
		Share capital S$	Share premium S$	Other reserves S$	Retained earnings/ (accumulated losses) S$	Total S$
Balance at 1 July 2018		*	–	1,680,000	1,922,610	3,602,610
Profit and total comprehensive income for the year		–	–	–	1,451,338	1,451,338
Transaction with owners, recognised directly in equity						
Incorporation of companies prior to completion of the Reorganisation		–	–	100,000	–	100,000
Balance at 30 June 2019		*	–	1,780,000	3,373,948	5,153,948
Balance at 1 July 2019		–	–	1,780,000	3,373,948	5,153,948
Loss and total comprehensive loss for the year		–	–	–	(2,587,052)	(2,587,052)
Transaction with owners, recognised directly in equity						
Share issued by a group company prior to completion of the Reorganisation		–	–	2,600,381	–	2,600,381
Dividends	23	–	–	(2,600,000)	(2,900,000)	(5,500,000)
Effect of the Reorganisation		2	–	(2)	–	–
Shares issued pursuant to the Capitalisation	21	331,018	(331,018)	–	–	–
Shares issued pursuant to the Listing	21	110,340	9,840,273	–	–	9,950,613
Listing expenses charged to share premium		–	(2,409,226)	–	–	(2,409,226)
Balance at 30 June 2020		441,360	7,100,029	1,780,379	(2,113,104)	7,208,664

*: *Less than S$1*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	Year ended 30 June 2020 S$	2019 S$
Cash flow from operating activities			
Cash generated from operations	*28*	**1,027,592**	8,498,377
Income tax paid		**(167,819)**	(32,464)
Net cash generated from operating activities		**859,773**	8,465,913
Cash flows from investing activities			
Increase in amount due from directors		**(772,978)**	(2,683,004)
Purchase of plant and equipment		**(299,306)**	(1,300,979)
Interest income received		**38**	69
Net cash used in investing activities		**(1,072,246)**	(3,983,914)
Cash flows from financing activities			
Gross proceeds for issuance of shares pursuant to the Listing		**9,950,613**	–
Proceeds from issuance of shares by a subsidiary of the Group prior to completion of the Reorganisation		**–**	100,000
Proceeds from pre-IPO investor		**1,220,656**	1,378,550
Proceeds from borrowings		**400,000**	990,000
Repayment of borrowings		**(781,717)**	(203,171)
Interest paid on borrowings		**(73,724)**	(53,726)
Interest repayment of lease liabilities		**(1,012,944)**	(1,024,353)
Principal repayment of lease liabilities		**(2,595,533)**	(3,410,366)
Listing expenses paid		**(2,409,226)**	(222,339)
Net cash generated from/(used in) financing activities		**4,698,125**	(2,445,405)
Net increase in cash and cash equivalents		**4,485,652**	2,036,594
Cash and cash equivalents at beginning of the year		**2,792,845**	771,562
Effects of currency translation on cash and cash equivalents		**(188,424)**	(15,311)
Cash and cash equivalents at end of the year	*20*	**7,090,073**	2,792,845

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

Singapore Food Holdings Limited ("the Company") was incorporated in the Cayman Islands on 16 May 2019 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 the Company's registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") principally engage in the manufacturing and retailing of bakery products and operation of restaurants.

Prior to the incorporation of the Company and the completion of a reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM ("GEM") of The Stock Exchange of Hong Kong Limited ("the Listing"), the Group's business was operated by its subsidiaries incorporated in Singapore and Proofer Bakery & Pizzeria (collectively known as the "Operating Companies"), a sole proprietorship in Singapore, all of which were controlled by Goh Leong Heng Aris ("Mr. Goh") and Anita Chia Hee Mei ("Mrs. Goh") (together, the "Goh Family"). Upon completion of the Reorganisation on 24 April 2020, the Company became the holding company of the other companies comprising the Group.

The Company's shares have been listed on GEM since 18 May 2020.

These consolidated financial statements are presented in Singapore dollars ("S$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

Immediately prior to the Reorganisation, the Group's business was conducted through the Operating Companies. Pursuant to the Reorganisation, the Group's business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business as defined under IFRS. The Reorganisation is merely a reorganisation of the Group's business with no change in management and the ultimate owners of the Group's business remain unchanged.

The Group resulting from the Reorganisation is therefore regarded as a continuation of the Group's business under the Operating Companies. Accordingly, the consolidated financial statements have been prepared and presented as a continuation of the Group's business as if the Group structure has existed as at 1 July 2018.

The preparation of 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 financial statements are disclosed in Note 4.

The Group has early adopted Amendment to IFRS 16 "Covid-19-Related Rent Concessions" retrospectively from 1 July 2019. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession relating to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments due on or before 30 June 2021; and

c) there is no substantive change to other terms and conditions of the lease

A lessee that makes this election shall account for any change in lease payment resulting from the rent concession as a negative variable lease payments in profit or loss in the period in which the reduction in lease payment occurs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and amendments are effective for annual periods beginning on or after 1 July 2020 and have not been applied in preparing these financial statements.

		Effective for annual periods beginning on or after
Amendments to: IFRS 10 and IFRS 28	Sale or contribution of assets between an investor and its associates or joint venture	To be determined
Amendments to: IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to: IFRS 3	Definition of a Business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to: IFRS 39, IFRS 7 and IFRS 9	Hedge accounting	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

The Group will adopt the above relevant new and amendments to existing standards when they become effective. Management is in the process of assessing the impact of those new standards and amendments to existing IFRSs, and they expect the adoption of the above IFRSs will not have any significant financial impact to the Group.

2.2 Consolidation

Consolidation

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

Business combinations

Except for business combination under common control, 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 incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred 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. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re¬measurement are recognised in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 the consolidated statement of comprehensive income.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

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 financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and accessing performance of the operating segments, has been identified as the Company's executive directors, who make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "finance cost" All other foreign exchange gains and losses impacting the consolidated statement of comprehensive income are presented within "other losses".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 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 are translated at the closing exchange rates at the reporting date;

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to the consolidated statement of comprehensive income on disposal or partial disposal of the entity giving rise to such reserve.

2.5 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to consolidated statement of comprehensive income during the financial period in which they are 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
Leasehold improvements	Shorter of lease term or 6 years
Machineries	10 years
Furniture and fixtures	10 years
Computers and IT equipment	5 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Plant and equipment *(Continued)*

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.

Losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses" in the consolidated statement of comprehensive income.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the assets 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 accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the consolidated statement of comprehensive income.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows;

- the contractual terms give rise to cash flows that are solely payments of principal and interest.

See Note 27 for details about categories of financial assets at amortised cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial assets *(Continued)*

(b) 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.

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. Interest income from these financial assets is included in finance income using the effective interest rate method.

Subsequent measurement of such debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on 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.

For other receivables, the Group applies either 12-month expected credit losses or lifetime expected credit losses, 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, impairment is measured as lifetime expected credit losses.

(d) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Group has transferred substantially all risks and rewards of ownership.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out ("FIFO") method and comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 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.

2.12 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income as other income or finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the combined statement of financial position date, in which case they are presented as non-current liabilities.

2.13 Borrowing costs

There were no qualifying assets during the year. All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of 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 reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates position 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 combined financial information. However, deferred income tax are not recognised if they arise from the initial recognition of goodwill, or 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 combined statement of financial position date 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.

(c) *Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(d) *Investment tax credit*

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 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 on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(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 end of reporting period.

2.16 Provisions for reinstatement cost

Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased premises agreed to be carried out upon the expiry of the relevant leases using a pre-tax discount rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as right-of-use assets in the consolidated statement of financial position (see Note 2.19).

2.17 Other provisions

Other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating loss.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Revenue recognition

Revenue is recognised when or as control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods to the customer in an amount that reflects the consideration expected to be collected in exchange for those products or services.

At contract inception, an assessment is performed to identify performance obligation for each promise to transfer to the customer a product or a service that is distinct. To identify the performance obligations, the Group consider all the products and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

The Group determines whether control of a product or a service is transferred to a customer over time or at a point in time based on the analysis of the following three criteria. Revenue is recognised over time if any of such criteria are met that the Group:

- provide all the benefits received and consumed simultaneously by the customer; or
- create and enhance an asset that the customer controls as the Group perform; or
- do not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the above criteria for satisfying a performance obligation over time are met.

The Group recognises incremental costs incurred in obtaining contracts with customers as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

(a) Sales of bakery products

Revenue from sales of bakery products is recognised at a point in time when the products are delivered.

(b) Operations of restaurants

The Group operates chains of restaurants and provides catering services. Revenue is recognised when the related services have been rendered to customers, as a single performance obligation and when payment is received at the same time.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Leases

The Group leases various properties and motor vehicles to operate its business. Property leases are typically made for fixed periods of three years, with the option to renew for another three years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are subsequently depreciated using the straight-line method from the lease commencement date to the end of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The discount rate used by the Group is 7.0% (2019: 6.5%), which approximates the Group's incremental borrowing rate.

Payments associated with short-term leases are recognised on a straight-line basis as "rental expenses" in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of less than 12 months.

Extension options of a range of 1-3 years are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

The Group early adopted the Amendment to IFRS 16 "Covid-19-Related Rent Concessions" retrospectively from 1 July 2019, as disclosed in Note 2.1. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the conditions as set out in Note 2.1 are met:

2.20 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted in reporting the related expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Dividend distribution

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

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Such intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and

(b) the amount of expected loss computed using the impairment methodology under IFRS 9.

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. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Market risk

(i) Foreign exchange risk

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

As at 30 June 2020 and 2019, the Group has exposure to foreign exchange risk as a result of transactions that are denominated in currencies other than SGD. The foreign currency giving rise to this risk is mainly Hong Kong Dollar ("HK$").

The Group's currency exposure with respect to HK$ is as follows:

	As at 30 June	
	2020	2019
	S$	*S$*
Financial assets		
Cash and cash equivalents	**4,168,145**	350,375
Financial liabilities		
Other payables	**(125,725)**	(1,751,602)
Net financial assets/(liabilities) subject to currency exposure	**4,042,420**	(1,401,227)

Had SGD be strengthened/weakened by 5% against HK$ will all other variables held constant, the loss before tax for the year ended 30 June 2020 would have been higher/lower by S$202,000.

Had SGD be strengthened/weakened by 5% against HK$ will all other variables held constant, the profit before tax for the year ended 30 June 2019 would have been higher/lower by S$70,000.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings with creditworthy licensed banks and financial institutions. During the year, the Group is not exposed to material interest rate risk as most of the bank borrowings bore interest at fixed rates.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables, deposits and amount due from directors.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with investment grade credit rating are accepted.

The Group has policies in place to ensure that sales are made to customers through channels with appropriate credit histories and to limit the amount of credit exposure to credit card companies.

Sales to customers are required to be settled in cash or using electronic payment means, mitigating credit risk. There are no significant concentrations of credit risk. The Group is not exposed to major credit risk with respect to its business.

(ii) Impairment of financial assets

Trade receivables, grant receivables, deposits and other receivables, amount due from directors and cash and cash equivalent of the Group are subject to the expected credit loss model.

For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the invoice date. The expected loss rates are based on the payment profiles of sales over a period of 12 months before end of reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. According to the above mentioned consideration, the Group does not expect any significant default possibility and the expected credit loss rate is minimal during the year.

For grant receivables, deposits and other receivables, management assesses the credit quality of the counterparties, taking into account the historical risk of default and capacity to meet its contractual cash flow obligations in the near term. Loss allowance recognised, if any, was limited to 12-month expected losses as these financial assets at amortised cost are considered to be of low credit risk primarily because historically they had no history of default and the debtors had capacity to meet their contractual cash flow obligations in the near term. No impairment loss are provided for such financial assets as at 30 June 2020 and 2019. The expected credit loss rate is minimal during the year.

For amount due from directors, the balance is managed collectively at the group level under the overall group treasury strategy. Management consider that the directors would have the capacity to meet their obligations in the near term. The expected credit loss rate is minimal during the year.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term. The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets that the Group considers appropriate and long term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances and available credit lines which enable the Group to continue its business in the foreseeable future.

As at 30 June 2020 and 2019, all of the Group's cash and cash equivalents are expected to be readily available for managing liquidity risk. As at 30 June 2020, the Group had net current asset of S$2,128,979 based on which the directors of the Company believe that the Group has sufficient capital to meet its liquidity needs.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. The amounts of the Group's borrowings in the table below included interest payments computed using contractual rate as follows:

	On demand S$	Less than 1 year S$	Between 1 and 2 years S$	Between 2 and 5 years S$	More than 5 years S$	Total S$
As at 30 June 2020						
Trade and other payables	**–**	**1,289,985**	**–**	**–**	**–**	**1,289,985**
Borrowings	**–**	**344,147**	**391,960**	**619,524**	**–**	**1,355,631**
Lease liabilities	**–**	**4,391,189**	**3,942,139**	**6,817,962**	**119,151**	**15,270,441**
As at 30 June 2019						
Trade and other payables	–	3,497,546	–	–	–	3,497,546
Borrowings	238,829	376,594	370,487	762,174	–	1,748,084
Lease liabilities	–	4,832,705	4,617,356	10,089,604	946,283	20,485,948

The following table summarise the maturity analysis of the Group's borrowings with repayable-on-demand clauses based on agreed schedule repayments set out in the loan agreements. The amounts included interest payments computed using contractual rate as follows:

	Less than 1 year S$	Between 1 and 2 years S$	Between 2 and 5 years S$	Total S$
As at 30 June 2019				
Borrowings	70,833	70,438	129,137	270,408

All loans with repayable on demand clauses due longer than one year from 30 June 2019 were fully repaid during the 12 months ended 30 June 2020.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Capital risk 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings plus total lease liabilities less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated statement of financial position plus net debt.

	As at 30 June	
	2020	2019
	S$	*S$*
Borrowings *(Note 25)*	**1,183,400**	1,565,117
Lease liabilities *(Note 15)*	**13,683,577**	17,707,869
Less: Cash and cash equivalents *(Note 20)*	**(7,090,073)**	(2,792,845)
Net debt	**7,776,904**	16,480,141
Total equity	**7,208,664**	5,153,948
Total capital	**14,985,568**	21,634,089
Gearing ratio	**52%**	76%

The Group was in compliance with all financial covenants imposed by the relevant bank for the financial years ended 30 June 2020 and 2019. Decrease in gearing rate from 76% in 2019 to 52% in 2020 is due to decreased in net debt and increased in total equity of the Group following the Listing.

(e) Fair value estimation

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

The fair value of non-current borrowings are disclosed in Note 25.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment assessment of plant and equipment and right-of-use assets

Plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, including, among others, the economic impact of the unprecedented COVID-19 pandemic on the operations of the Group. Impairment loss on such assets is recognised as the amount by which the carrying amount exceeds its recoverable amount in accordance with the accounting policy stated in Note 2.6. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, which are based on the best information available to reflect the amount obtainable at each reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The determination of recoverable amounts requires the use of estimates and judgements.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business (i.e. the "value-in-use"); and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including the growth rate and whether these cash flow projections of a cash-generating unit (i.e. a retail shop) are discounted using an appropriate rate.

(b) Critical judgement in determining the lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retails stores and office, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

During the year ended 30 June 2020, extension options for two leases were not exercised upon the expiry of the guaranteed lease term. As disclosed in Note 7, gain on modification of leases amounting to S$65,356 (2019: Nil) was recognised in the consolidated statement of comprehensive income, upon derecognition of the relevant lease liabilities and right-of-use assets.

5 REVENUE AND SEGMENT INFORMATION

The operating segments have been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies set out in Note 2. The executive directors of the Company have been identified as the chief operating decision maker ("CODM"). The CODM monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group operates under two operating segments:

1. sale of bakery products — operation of retail bakery outlets;

2. operation of restaurants — operation of fast casual dining restaurants.

The CODM considers the business from a product perspective. They reviewed the qualitative factors such as business activities, economic and legal characteristics and quantitative factors such as financial performance to assess the performance of the operating segments.

Segment result as presented below represents operating profit before finance income, unallocated finance costs, listing expense and unallocated other expenses and other losses. The segment information provided to the CODM for the year is as follows:

For the year ended 30 June 2020	Sales of bakery products S$	Operation of restaurants S$	Total S$
Revenue from external customers recognised at a point in time	10,252,620	4,486,539	14,739,159
Raw materials and consumables used	(2,407,855)	(804,017)	(3,211,872)
Employee benefit cost	(2,726,433)	(1,454,427)	(4,180,860)
Expenses under short-term lease and variable lease payments	(205,068)	(87,988)	(293,056)
Rent concessions	979,911	208,156	1,188,067
Depreciation of right-of-use assets	(2,920,611)	(1,240,476)	(4,161,087)
Depreciation of plant and equipment	(420,971)	(178,479)	(599,450)
Delivery agent service charges	(66,828)	(89,549)	(156,377)
Utilities and other expenses	(534,480)	(179,869)	(714,349)
Finance costs	(654,250)	(344,317)	(998,567)
Other income	278,529	138,962	417,491
Other losses	(11,733)	(8,448)	(20,181)
Segment results	1,562,831	446,087	2,008,918
Finance income			38
Finance costs			(100,723)
Listing expenses			(3,609,820)
Unallocated other expenses and other losses			(873,884)
Loss before income tax			(2,575,471)

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

For the year ended 30 June 2019	Sales of bakery products S$	Operation of restaurants S$	Total S$
Revenue from external customers recognised at a point in time	10,968,379	5,350,988	16,319,367
Raw materials and consumables used	(2,341,801)	(940,633)	(3,282,434)
Employee benefit cost	(2,311,493)	(1,464,975)	(3,776,468)
Expenses under short-term lease and variable lease payments	(168,119)	(132,570)	(300,689)
Depreciation of right-of-use assets	(2,735,652)	(1,110,609)	(3,846,261)
Depreciation of plant and equipment	(362,028)	(139,503)	(501,531)
Delivery agent service charges	(62,007)	(99,911)	(161,918)
Utilities and other expenses	(275,689)	(58,207)	(333,896)
Finance costs	(346,465)	(672,196)	(1,018,661)
Other income	142,399	23,560	165,959
Other losses	(29,538)	–	(29,538)
Segment results	2,477,986	755,944	3,233,930
Finance income			69
Finance costs			(85,985)
Listing expenses			(1,279,667)
Unallocated other expenses			(156,297)
Profit before income tax			1,712,050

Segment assets and liabilities

The Group does not monitor the measurement of total assets and liabilities by each reportable segment due to the nature of the Group's operations. All of the Group's non-current assets are located in Singapore.

Information about major customers

There is no single external customer which contributed to more than 10% of the Group's revenue during the year.

6 OTHER INCOME

	Year ended 30 June	
	2020	2019
	S$	*S$*
Government grant (i)	**416,250**	158,893
Others	**1,241**	7,066
	417,491	165,959

(i) Government grant mainly comprised Job Support Scheme ("JSS"), foreign worker levy ("FWL") rebate, Special Employment Credit ("SEC"), Wage Credit Scheme ("WCS") and Enterprise Development Grant ("EDG") granted to the Group by the Singapore authorities.

JSS

JSS was introduced by the Singapore Government in February 2020 to provide relief and assistance to companies amidst the outbreak of Coronavirus (COVID-19), with the aim of helping businesses retain their local employees during this period of uncertainty. Under JSS, certain of the Group's subsidiaries (as eligible employers) would receive government grant up to 75% of on the gross monthly wage of each local employee (Singapore Citizens and Permanent Residents), subject to a monthly wage cap of S$4,600 per employee. The JSS is intended to provide companies support on wages incurred for the month of April 2020 to December 2020.

For the year ended 30 June 2020, the Group recognised JSS grant of S$185,173 (2019: Nil).

FWL

Another scheme to aid companies through the outbreak of the COVID-19 was the waiver of FWL due in April 2020 and May 2020 to help firms cut costs and improve their cashflow. For the year ended 30 June 2020, the Group recognised FWL rebate of S$109,250 (2019: Nil).

SEC

Under SEC, Singapore Government provides wage offsets to employers hiring Singaporean workers aged 55 and above and earning up to S$4,000 a month. For the year ended 30 June 2020, the Group recognised SEC grant of S$37,688 (2019: S$33,294).

WCS

Under WCS, Singapore Government would co-fund certain percentage of wage increases given to Singaporean employees earning a gross monthly wage of up to S$4,000. WCS grant amounting to S$35,139 was recognised by the Group during the year ended 30 June 2020 (2019: S$34,210).

EDG

EDG is a programme that helps small and medium sized enterprises (SMEs) in Singapore to build capabilities across ten key business areas. Under the programme, SMEs can obtain up to 70% government grants to defray the costs of qualifying projects. For the year ended 30 June 2020, the Group recognised CDG grant of S$49,000 (2019: S$68,100).

7 OTHER LOSSES, NET

	Year ended 30 June	
	2020	2019
	S$	*S$*
Net foreign exchange loss	**(209,728)**	(15,311)
Loss on disposals of plant and equipment	**(85,537)**	(14,227)
Gain on lease modifications *(note 15 (a))*	**65,356**	–
	(229,909)	(29,538)

8 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 30 June	
	2020	2019
	S$	*S$*
Wages, salaries and allowances	**3,485,318**	3,306,799
Directors' fee	**33,030**	–
Employer's contribution to defined contribution plans	**304,672**	253,286
Others	**390,869**	216,383
	4,213,889	3,776,468

(a) Five highest paid individuals

Details of the remuneration of the five highest paid individuals (who are all non-directors) for the years ended 30 June, 2020 and 2019 are analysed below:

	Year ended 30 June	
	2020	2019
	S$	*S$*
Wages, salaries and allowances	**306,270**	182,225
Employer's contribution to defined contribution plans	**43,389**	19,958
Others	**632**	153
	350,291	202,336

The emoluments of these individuals fell within the following bands:

	Year ended 30 June	
	2020	2019
	Number of individuals	Number of individuals
HK$1 — HK$500,000 (equivalent from S$1 to S$89,941)	**5**	5

8 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

(b) Emoluments of senior management

Other than the emoluments of the directors and the five highest paid individuals as disclosed in notes 31(a) and 8(a) respectively, the emoluments of the senior management fell within the following bands:

	Year ended 30 June	
	2020	2019
	Number of individuals	Number of individuals
HK$1 — HK$500,000 (equivalent from S$1 to S$89,941)	**2**	2

9 OTHER EXPENSES

	Year ended 30 June	
	2020	2019
	S$	*S$*
Utilities	**445,899**	333,896
Delivery agent service charges	**156,377**	161,918
Auditor's remuneration — audit service	**285,000**	8,000
Legal and professional fees	**346,133**	22,926
Others	**268,444**	125,371
	1,501,853	652,111

10 FINANCE INCOME/(COSTS)

	Year ended 30 June	
	2020	2019
	S$	*S$*
Interest income on bank deposits	**38**	69
Interest expense on:		
— lease liabilities	**(1,012,944)**	(1,024,353)
— bank borrowings	**(73,724)**	(53,679)
— provision for reinstatement	**(22,419)**	(18,885)
— unwinding of discount on rental deposits	**9,797**	(7,729)
	(1,099,290)	(1,104,646)

11 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% (2019: 17%) on the estimated assessable profit during the year. The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	Year ended 30 June	
	2020	2019
	S$	*S$*
Tax expense attributable to profit/(loss):		
— Current income tax	**175,508**	185,474
— Deferred income tax *(Note 16)*	**(112,684)**	75,238
	62,824	260,712
Over provision in prior financial years:		
— Current income tax	**(51,243)**	–
Income tax expense	**11,581**	260,712

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

	Year ended 30 June	
	2020	2019
	S$	*S$*
(Loss)/profit before tax	**(2,575,471)**	1,712,050
Tax calculated at domestic tax rate of 17% (2019: 17%)	**(437,830)**	291,049
Tax effect of:		
— Singapore stepped income exemption – *(i)*	**(112,056)**	(202,091)
— Expenses not deductible for tax purposes	**697,180**	220,030
— Income not subject to tax	**(31,480)**	–
— Tax incentives – *(ii)*	**(52,990)**	(55,904)
— Overprovision in prior years	**(51,243)**	–
— Others	**–**	7,628
Income tax expense	**11,581**	260,712

(i) Singapore stepped income exemption comprises partial tax exemption scheme and also tax exemption scheme for new start-up companies. The tax exemption schemes for new start-up companies are introduced by the tax authorities under which new start-up companies are given tax exemption for the first three consecutive years of assessment upon meeting certain ownership criteria.

The Group qualifies for both the partial tax exemption scheme and tax exemption scheme for new start-up companies during the financial year ended 30 June 2019. However, the Group only qualify for the partial tax exemption scheme for the financial year ended 30 June 2020. This is because the subsidiaries of the Group fail to meet the ownership criteria for the tax exemption scheme for new start-up companies which require new start-up companies to be held by at least one shareholder who is an individual holding at least 10% of the ordinary shares.

(ii) Tax incentives refers to corporate income tax rebate given to all qualifying companies to ease business costs.

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of calculating the basic (loss)/earnings per share has been determined on the assumptions that the Reorganisation and Capitalisation issue as described in Note 21 has become effective since 1 July 2018.

	Year ended 30 June	
	2020	2019
	S$	*S$*
Net (loss)/profit attributable to equity holders of the Company	**(2,587,052)**	1,451,338
Weighted average number of ordinary shares outstanding for basic earnings per share	**187,068,493**	180,000,000
Basic (loss)/earnings per share (S$ cents per share)	**(1.38)**	0.81

(b) Diluted

For the year ended 30 June 2020 and 2019, diluted (loss)/earnings per share equals basic (loss)/earnings per share.

13 SUBSIDIARIES

As at 30 June 2020, the Company has direct or indirect interests in the following subsidiaries:

Name of companies	Principal activities	Place and date of incorporation	Particulars of share capital	Effective interest held as at 30 June 2020 %
Directly held by the Company				
AA United Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	100
Indirectly held by the Company				
Laura Food Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	100
Proofer Boulangerie Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	100
Yuba Hut Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	100
Anita Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 10 March 2014	S$100,000	100
Aris Gourmet Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 7 February 2014	S$200,000	100
Laura Baguette Pte. Ltd.	Operation of restaurants	Singapore, 31 May 2017	S$100,000	100
Laura Cafe Pte. Ltd.	Operation of restaurants	Singapore, 9 April 2019	S$100,000	100
Proofer Bakery Pte. Ltd.	Manufacturing and retailing of confectionery and bakery products, and operation of restaurant	Singapore, 2 July 2014	S$200,000	100
Proofer Boulangerie Pte. Ltd.	Retailing of confectionery and bakery products	Singapore, 17 January 2014	S$200,000	100
Proofer Pizzeria Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 28 September 2017	S$100,000	100
Proofer (Tanjong Pagar) Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 22 April 2015	S$100,000	100
Yuba Hut Pte. Ltd.	Operation of restaurants	Singapore, 24 February 2017	S$200,000	100
Yuba Hut (Hillion) Pte. Ltd.	Operation of restaurants	Singapore, 24 November 2016	S$100,000	100
Yuba Hut (Northpoint) Pte. Ltd.	Operation of restaurants	Singapore, 30 December 2016	S$100,000	100
Yuba Hut (POIZ) Pte. Ltd.	Operation of restaurants	Singapore, 3 January 2018	S$170,000	100
300 BC Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 6 February 2018	S$110,000	100
Caracara Tea Pte. Ltd.	Retailing of snack bars and bubble tea	Singapore, 13 May 2020	S$100,000	100

14 PLANT AND EQUIPMENT

	Leasehold improvements S$	Machineries S$	Furniture and fixtures S$	Computer and IT equipment S$	Total S$
As at 1 July 2018					
Cost	1,385,808	801,832	220,764	145,009	2,553,413
Accumulated depreciation	(435,947)	(174,082)	(46,310)	(49,886)	(706,225)
Net book amount	949,861	627,750	174,454	95,123	1,847,188
Year ended 30 June 2019					
Opening net book amount	949,861	627,750	174,454	95,123	1,847,188
Additions	667,449	414,128	111,752	107,650	1,300,979
Depreciation	(326,285)	(104,449)	(28,879)	(41,918)	(501,531)
Disposals	–	(7,904)	(3,362)	(2,961)	(14,227)
Closing net book amount	1,291,025	929,525	253,965	157,894	2,632,409
As at 30 June 2019					
Cost	2,053,257	1,204,160	327,516	247,659	3,832,592
Accumulated depreciation	(762,232)	(274,635)	(73,551)	(89,765)	(1,200,183)
Net book amount	1,291,025	929,525	253,965	157,894	2,632,409
Year ended 30 June 2020					
Opening net book amount	**1,291,025**	**929,525**	**253,965**	**157,894**	**2,632,409**
Additions	**130,374**	**30,936**	**6,238**	**131,758**	**299,306**
Depreciation	**(385,621)**	**(122,590)**	**(34,073)**	**(57,166)**	**(599,450)**
Disposals	**(78,698)**	**(1,955)**	**(3,566)**	**(1,318)**	**(85,537)**
Closing net book amount	**957,080**	**835,916**	**222,564**	**231,168**	**2,246,728**
As at 30 June 2020					
Cost	**2,026,270**	**1,232,303**	**328,900**	**343,482**	**3,930,955**
Accumulated depreciation	**(1,069,190)**	**(396,387)**	**(106,336)**	**(112,314)**	**(1,684,227)**
Net book amount	**957,080**	**835,916**	**222,564**	**231,168**	**2,246,728**

Refer to Note 15 for impairment assessment of plant and equipment.

15 LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 30 June	
	2020	2019
	S$	*S$*
Right-of-use assets		
Beginning of financial year	**16,881,143**	12,800,382
Additions	**639,381**	7,927,022
Derecognition — *(i)*	**(803,189)**	–
Depreciation	**(4,161,087)**	(3,846,261)
End of financial year	**12,556,248**	16,881,143

	As at 30 June	
	2020	2019
	S$	*S$*
Cost as at beginning of financial year	**25,225,504**	17,298,482
Additions	**639,381**	7,927,022
Derecognition — *(i)*	**(1,613,373)**	–
Cost as at end of financial year	**24,251,512**	25,225,504
Accumulated depreciation at beginning of financial year	**(8,344,361)**	(4,498,100)
Depreciation	**(4,161,087)**	(3,846,261)
Derecognition — *(i)*	**810,184**	–
End of financial year	**(11,695,264)**	(8,344,361)
Carrying amount as at end of financial year	**12,556,248**	16,881,143

(i) During the current financial year, the Group did not exercise the extension option for certain leases upon expiry of the lease term. Accordingly, the right-of-use assets and lease liabilities pertaining to the extension option periods which were previously recognised by the Group, amounting to S$803,189 and S$868,545 respectively were derecognised and a corresponding gain on leases modification amounting to S$65,356 was recognised in "Other gain/(loss)" in the consolidated statement of comprehensive income (Note 7).

Analysis of right-of-use assets

	As at 30 June	
	2020	2019
	S$	*S$*
Retail stores	**12,537,711**	16,802,943
Office	**14,667**	58,235
Motor vehicles	**3,870**	19,965
	12,556,248	16,881,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

15 LEASES *(Continued)*

(a) Amounts recognised in the consolidated statement of financial position *(Continued)*

	As at 30 June	
	2020	2019
	S$	*S$*
Lease liabilities		
Current	**3,697,398**	3,820,696
Non-current	**9,986,179**	13,887,173
	13,683,577	17,707,869

(b) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 30 June	
	2020	2019
	S$	*S$*
Depreciation charge of right-of-use assets		
Retail stores	**4,101,010**	3,797,356
Office	**43,982**	36,724
Motor vehicles	**16,095**	12,181
	4,161,087	3,846,261
Interest expense included in finance cost	**1,012,944**	1,024,353
Expenses relating to short-term leases and variable lease payments	**293,056**	300,689
Rent concessions — *(ii)*	**(1,188,067)**	–

(ii) On 5 June 2020, the COVID-19 (Temporary Measures) (Amendment) Act (the "Act") was passed in Parliament by the Singapore government. The Act provides a rental relief framework for Small and Medium Enterprises ("SME") and specified non-profit organisations (NPOs).

Under the Act, SME and NPOs who are tenant-occupiers will enjoy up to 4 months of rental relief, subject to meeting certain qualifying conditions. The relief cover rental due from these eligible SME and NPOs for the months of April 2020 to July 2020, and the landlord are obliged to provide the rent concessions to tenants who meet the eligibility conditions set forth under the Act.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling S$1,188,067 have been accounted for as negative variable lease payments and recognised in the consolidated statement of comprehensive income for the year ended 30 June 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 July 2019.

The total cash outflow for leases during the years ended 30 June 2020 and 2019 were S$3,901,533 and S$4,735,408 respectively.

15 LEASES *(Continued)*

(b) Amounts recognised in the consolidated statement of comprehensive income *(Continued)*

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

During the year ended 30 June 2020, the Group's business performance has been negatively impacted by COVID-19. In particular, both the Group's bakery outlets and restaurants were affected to a large extent due to the circuit breaker policy imposed by the Singapore government which resulted in a sharp decrease in customers' visits in April to June 2020 ("the circuit breaker period"). In addition, the ban on dining-in during the circuit breaker period has further impacted revenue of the Group's restaurant business. Although management has introduced temporary measures such as set meals for delivery services, the financial performance during the circuit breaker period was inevitably affected. The circuit breaker policy were gradually lifted by the Singapore government in June 2020.

Management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment and right-of-use assets as at 30 June 2020. In this connection, management reviewed the results of operation of each bakery outlet and restaurant, representing different cash-generating units ("CGUs") in determining whether any impairment indicator exists with each of the CGUs under review. For those outlets where an impairment indicator was noted, management assessed the recoverable amount of the CGU based on value-in-use calculation using projected cashflow over the lease term of each outlet.

In preparing the value-in-use calculation of the relevant CGU, management considered the unprecedented economic impact of COVID-19 on the Group's operation and the expected pace of recovery of the economy of Singapore and has a adopted a revenue growth rate ranging from -16.3% to 1.0% for the year ending 30 June 2021 and 1.5% for the following years. Other key assumption adopted in the impairment assessment is the discount rate of 8.5%, which was determined based on the market's weighted average cost of capital.

The results of the assessment indicated that no impairment charge was necessary as at 30 June 2020. The Group has also determined that a zero revenue growth beyond 30 June 2021 or a 2% increase in discount rate will not result in any impairment loss for the year ended 30 June 2020.

16 DEFERRED INCOME TAX

	As at 30 June	
	2020	2019
	S$	*S$*
Deferred income tax assets		
To be recovered after more than 12 months	**245,867**	206,183
Deferred income tax liabilities		
To be settled after more than 12 months	**(153,608)**	(226,608)
Deferred income tax assets — net	**92,259**	(20,425)

The movement in the deferred income tax assets of the Group during the year are as follows:

	Lease liabilities	Tax losses and unclaimed capital allowances	Total
	S$	*S$*	*S$*
Deferred income tax assets			
As at 1 July 2018	2,257,714	64,661	2,322,375
Credited/(charged) to the consolidated statement of comprehensive income *(Note 11)*	752,623	(64,661)	687,962
As at 30 June 2019	3,010,337	–	3,010,337
As at 1 July 2019	**3,010,337**	**–**	**3,010,337**
(Charged)/credited to the consolidated statement of comprehensive income *(Note 11)*	**(684,129)**	**16,966**	**(667,163)**
As at 30 June 2020	**2,326,208**	**16,966**	**2,343,174**

16 DEFERRED INCOME TAX *(Continued)*

The movement in the deferred income tax liabilities of the Group during the year are as follows:

	Right-of-use assets *S$*	Accelerated tax depreciation *S$*	Total *S$*
Deferred income tax liabilities			
As at 1 July 2018	2,134,517	133,045	2,267,562
Charged to the consolidated statement of comprehensive income *(Note 11)*	669,637	93,563	763,200
As at 30 June 2019	2,804,154	226,608	3,030,762
As at 1 July 2019	**2,804,154**	**226,608**	**3,030,762**
Credited to the consolidated statement of comprehensive income *(Note 11)*	**(706,847)**	**(73,000)**	**(779,847)**
As at 30 June 2020	**2,097,307**	**153,608**	**2,250,915**

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June **2020** ***S$***	 2019 *S$*
Trade receivables from third parties	**19,625**	26,491
Rental deposits	**1,764,584**	1,403,406
Grant receivables	**206,627**	–
Prepayments for listing expense	**–**	405,027
Other prepayments and deposits	**283,468**	62,591
	2,274,304	1,897,515
Less: non-current portion	**(1,433,708)**	(1,138,827)
	840,596	758,688

Trade receivables comprised, among others, receivables from credit card institutions for customers' payments settled by credit cards and receivables from delivery services agents. Such amounts are normally settled within 3 to 15 business days from transaction dates. Generally, there is no credit period granted to customers.

The Group's trade receivables and other receivables and deposits are denominated in SGD. The carrying amount of trade receivables approximate their fair values due to their short-term maturities.

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	As at 30 June	
	2020	2019
	S$	*S$*
1-30 days	**19,625**	26,491

The maximum exposure to credit risk as at 30 June 2020 and 2019 is the carrying value of the financial assets mentioned above. The Group does not hold any collateral as security.

As at 30 June 2020 and 2019, no trade receivables were past due.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. General approach is adopted in measuring expected credit losses for other receivables. As at 30 June 2020 and 2019, no provision for impairment was made.

18 INVENTORIES

	As at 30 June	
	2020	2019
	S$	*S$*
Raw materials and packaging materials	**100,829**	114,410

19 AMOUNT DUE FROM DIRECTORS

Amount due from directors is unsecured, interest-free, denominated in SGD and repayable on demand.

All balances due from directors as at 30 June 2020 have been repaid subsequent to 30 June 2020.

20 CASH AND CASH EQUIVALENTS

	As at 30 June	
	2020	2019
	S$	*S$*
Cash at banks	**7,029,267**	2,738,321
Cash on hand	**60,806**	54,524
	7,090,073	2,792,845

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

	As at 30 June	
	2020	2019
	S$	*S$*
SGD	**2,921,928**	2,442,470
HK$	**4,168,145**	350,375
	7,090,073	2,792,845

For the year ended 30 June 2020, the Group's bank deposits carried effective interest rate of 0.0005% per annum (2019: 0.004% per annum).

21 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	**Equivalent nominal value of ordinary share**
		S$
Authorised:		
Ordinary shares of HK$0.01 each		
As at 16 May 2019 (date of incorporation) and 30 June 2019 *(Note (i))*	38,000,000	66,234
Increase in authorised share capital *(Note (ii))*	562,000,000	1,033,518
As at 30 June 2020	600,000,000	1,099,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

21 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

	Number of ordinary shares	Share capital S$	Share premium S$	Total S$
Issued and fully paid:				
As at 16 May 2019 (date of incorporation) and 30 June 2019	1	*	–	*
Shares issued pursuant to the Reorganisation *(Note (iii))*	999	2	–	2
Shares issued pursuant to Capitalisation *(Note (iv))*	179,999,000	331,018	(331,018)	–
Shares issued pursuant to the Listing *(Note (v))*	60,000,000	110,340	9,840,273	9,950,613
Listing expenses charged to share premium *(Note (v))*	–	–	(2,409,226)	(2,409,226)
As at 30 June 2020	240,000,000	441,360	7,100,029	7,541,389

*: *Less than S$1*

Notes:

(i) The Company was incorporated in the Cayman Islands on 16 May 2019 as an exempted company with an authorised share capital of HK$380,000 (S$66,234 equivalent) divided into 38,000,000 shares of HK$0.01 each. Upon incorporation, one share of the Company was issued and allotted.

(ii) On 24 April 2020, the authorised share capital of the Company was increased to HK$6,000,000 (S$1,099,752 equivalent) divided into 600,000,000 shares of HK$0.01 each.

(iii) Pursuant to the Reorganisation, 999 ordinary shares each was issued to the shareholders of the Company at par value in return for interests of the Operating Companies (Note 1.1).

(iv) Pursuant to a written resolution of the shareholders passed on 24 April 2020, subject to the share premium account of the Company being credited as a result of the initial public offering of the Company's shares (the "IPO"), the Directors were authorised to allot and issue a total of 179,999,000 shares credited as fully paid at par to the then shareholders of the Company by way of capitalisation of an amount of HK$1,799,990 (S$331,018 equivalent) standing to the credit of the share premium account of the Company.

(v) On 18 May 2020, the Company issued 60,000,000 ordinary shares of HK$0.01 each at a price of HK$0.90 each pursuant to the IPO. Gross proceeds amounting to HK$54,000,000 (S$9,950,613 equivalent) was raised from the IPO, of which HK$600,000 (S$110,340 equivalent) and HK$53,400,000 (S$9,840,273 equivalent) was credited to the share capital and share premium account respectively. Listing expenses of S$2,409,226 was deducted from the share premium account.

22 RESERVES

As at 30 June 2019, reserves of the Group comprise the combined capital of the Operating Companies prior to the completion of the Reorganisation.

As at 30 June 2020, reserves of the Group represent the difference between value of the consideration paid by the Company to the then shareholders of the Group and the combined capital of the Operating Companies after completion of the Reorganisation on 24 April 2020.

23 DIVIDEND

No dividend has been declared by the Company since its date of incorporation and up to 30 June 2020. The directors have resolved not to declare any dividend for the financial year ended 30 June 2020.

During the year ended 30 June 2020, dividends amounting to S$5,500,000 were declared by certain operating companies now comprising the Group to the then owners of those companies. The dividends are settled by offsetting the balances due from the directors who are also the shareholders of these operating companies.

24 PROVISION FOR REINSTATEMENT COST

	As at 30 June	
	2020	2019
	S$	*S$*
Beginning of year	**344,457**	236,113
(Reversal)/provision made during the year	**(21,587)**	89,459
Unwinding of discount	**22,419**	18,885
End of year	**345,289**	344,457

25 BORROWINGS

	As at 30 June	
	2020	2019
	S$	*S$*
Non-current		
Bank borrowings	**917,790**	988,200
Current		
Bank borrowings	**265,610**	338,088
Bank borrowings with repayable-on-demand clause	**–**	238,829
	1,183,400	1,565,117

25 BORROWINGS *(Continued)*

Bank borrowings represent mainly the term loans drawn by the Group. The Group's borrowings, after taking into account repayable-on-demand clause, are repayable as follows:

	As at 30 June	
	2020	2019
	S$	*S$*
On demand or within 1 year	**265,610**	576,917
Between 1 and 2 years	**337,236**	314,237
Between 2 and 5 years	**580,554**	673,963
	1,183,400	1,565,117

The Group's bank borrowings repayable based on the scheduled repayment dates, are as follow:

	As at 30 June	
	2020	2019
	S$	*S$*
Within 1 year	**265,610**	395,865
Between 1 and 2 years	**337,236**	373,859
Between 2 and 5 years	**580,554**	795,393
	1,183,400	1,565,117

For the year ended 30 June 2020, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum (2019: same). The fair value of non-current borrowings approximates the carrying value of the non-current borrowings at the end of each reporting period as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

As at 30 June 2020, the Group's borrowings are secured by corporate guarantees provided by the Company and personal guarantees provided by the executive directors of the Company. As at 30 June 2019, the Group's borrowings are secured by personal guarantee provided by the executive directors of the Company.

The Group has received consent from the relevant financial institutions for the release of personal guarantee by the executive directors upon listing of the Company's shares on GEM. Such release is currently in progress.

26 TRADE AND OTHER PAYABLES

	As at 30 June	
	2020	2019
	S$	*S$*
Trade payables:		
— Third parties	**377,844**	1,018,817
Other payables:		
— Receipts from pre-IPO investor — (a)	**–**	1,378,550
— Deferred grant income — (b)	**370,345**	–
— Goods and services tax payable	**164,090**	316,090
— Accruals for operating expenses	**881,355**	657,840
— Accruals for listing expenses	**–**	688,519
— Others	**70,027**	74,308
	1,863,661	4,134,124

(a) Prior the completion of the Reorganisation, Dunman Capital (the "pre-IPO investor") injected partial consideration to a company now comprising the Group. As the issuance of shares to the pre-IPO investor has not occurred as at 30 June 2019, the partial consideration received was recognised within other payables.

(b) Deferred grant income balance represents Job Support Scheme ("JSS") of which the recognition of the related grant income has been deferred as the Group will recognise such income on a systematic basis in order to match them with the employees benefit costs which the JSS grant intends to compensate.

The Group's trade and other payables are denominated in the following currencies:

	As at 30 June	
	2020	2019
	S$	*S$*
Trade payables:		
— SGD	**377,844**	1,018,817
Other payables:		
— SGD	**1,360,092**	1,363,705
— HK$	**125,725**	1,751,602
	1,863,661	4,134,124

The carrying amount of trade and other payables approximate their fair values due to their short maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

26 TRADE AND OTHER PAYABLES *(Continued)*

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

	As at 30 June	
	2020	2019
	S$	*S$*
0–30 days	**301,029**	255,155
31–60 days	**56,215**	270,321
61–90 days	**17,318**	255,152
91–120 days	**3,282**	144,000
Over 120 days	**–**	94,189
	377,844	1,018,817

27 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June	
	2020	2019
	S$	*S$*
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
— cash and cash equivalents	**7,090,073**	2,792,845
— trade, other receivables and deposits	**2,021,885**	1,429,897
— amount due from directors	**99,656**	4,826,678
	9,211,614	9,049,420
Liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
— lease liabilities	**13,683,577**	17,707,869
— trade and other payables	**1,289,985**	3,497,546
— borrowings	**1,183,400**	1,565,117
	16,156,962	22,770,532

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Reconciliation of profit for the year to cash generated from operations

	Year ended 30 June	
	2020	2019
	S$	*S$*
Cash flow from operating activities		
(Loss)/profit for the year	**(2,587,052)**	1,451,338
Adjustments for:		
— Income tax expense	**11,581**	260,712
— Depreciation of plant and equipment	**599,450**	501,531
— Depreciation of right-of-use asset	**4,161,087**	3,846,261
— Finance costs	**1,099,290**	1,104,646
— Finance income	**(38)**	(69)
— Gain on lease modification	**(65,356)**	–
— Rent concession	**(1,188,067)**	–
— Reversal of provision for reinstatement cost	**(33,115)**	–
— Foreign currency exchange difference	**189,598**	15,311
— Loss on disposals of plant and equipment	**85,537**	14,227
Operating profit before working capital changes	**2,272,915**	7,193,957
Changes in working capital:		
— Trade and other receivables, deposits and prepayments	**(757,581)**	32,775
— Inventories	**13,581**	(27,301)
— Trade and other payables	**(501,323)**	1,298,946
Cash generated from operations	**1,027,592**	8,498,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Borrowings S$	Lease liabilities S$	Dividend payable S$	Total S$
As at 1 July, 2018	778,335	13,280,672	–	14,059,007
— Finance cost	53,679	1,024,353	–	1,078,032
Cash flows				
— Borrowings drawdown	990,000	–	–	990,000
— Interest paid	(53,726)	(1,024,353)	–	(1,078,079)
— Principal elements of payments	(203,171)	(3,410,366)	–	(3,613,537)
Non-cash changes				
— Additions to lease liabilities	–	7,837,563	–	7,837,563
As at 30 June, 2019	1,565,117	17,707,869	–	19,272,986
As at 1 July, 2019	**1,565,117**	**17,707,869**	**–**	**19,272,986**
— Finance cost	**73,724**	**1,012,944**	**–**	**1,086,668**
Cash flows				
— Borrowings drawdown	**400,000**	**–**	**–**	**400,000**
— Interest paid	**(73,724)**	**(1,012,944)**	**–**	**(1,086,668)**
— Principal elements of payments	**(781,717)**	**(2,595,533)**	**–**	**(3,377,250)**
Non-cash changes				
— Additions to lease liabilities	**–**	**627,853**	**–**	**627,853**
— Rent concessions *(Note 15)*	**–**	**(1,188,067)**	**–**	**(1,188,067)**
— Derecognition of lease liabilities *(Note 15)*		**(868,545)**	**–**	**(868,545)**
— Declaration of dividend *(Note 23)*	**–**	**–**	**5,500,000**	**5,500,000**
— Offset against amount due from directors *(Note 19)*	**–**	**–**	**(5,500,000)**	**(5,500,000)**
As at 30 June 2020	**1,183,400**	**13,683,577**	**–**	**14,866,977**

29 RELATED PARTY TRANSACTIONS

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.

The directors are of the view that the following parties were related parties that had material transactions or balances with the Group during the year.

Name	Relationship with the Group
Mr. Goh Leong Heng Aris	Director and Controlling Shareholder
Ms. Anita Chia Hee Mei (Mrs. Goh)	Director and Controlling Shareholder

Save as disclosed elsewhere in these financial statements, the Group has the following significant transactions carried out with related parties in the ordinary course of business during the year.

(a) Key management compensation

The aggregate remuneration of key personal management, including the Company's directors and certain highest paid employees, as disclosed in Notes 8 and 31, is as follows:

	Year ended 30 June	
	2020	2019
	S$	*S$*
Wages, salaries and allowances	**202,330**	56,545
Employer's contribution to defined contribution plans	**32,899**	9,588
Others	**504**	141
	235,733	66,274

(b) Balances with related parties

	As at 30 June	
	2020	2019
	S$	*S$*
Amount due from directors	**99,656**	4,826,678

Terms and currency denomination of the balances with related parties are disclosed in Note 19. Such balances are non-trade in nature and have been settled subsequent to 30 June 2020.

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

		As at 30 June	
		2020	2019
	Note	***S$***	*S$*
ASSETS			
Non-current assets			
Investment in subsidiaries	*(i)*	**39,722,677**	–
		39,722,677	–
Current assets			
Prepayments		**–**	405,027
Cash and cash equivalents		**4,167,190**	–
		4,167,190	405,027
Total assets		**43,889,867**	405,027
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**441,360**	*
Reserves	*(ii)*	**46,822,704**	–
Accumulated losses	*(ii)*	**(5,764,832)**	(1,292,365)
Total equity		**41,499,232**	(1,292,365)
LIABILITIES			
Current liabilities			
Other payables		**367,290**	688,519
Amount due to subsidiaries		**2,023,345**	1,008,873
Total liabilities		**2,390,635**	1,697,392
Total equity and liabilities		**43,889,867**	405,027

*: *less than S$1*

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

Goh Leong Heng Aris	**Anita Chia Hee Mei**
Director	*Director*

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Statement of financial position of the Company *(Continued)*

Notes (i): Refer to Note 13 for details of subsidiaries of the Company

Notes (ii): Reserve movement of the Company

	Note	Share premium S$	Contributed surplus S$	Accumulated losses S$	Total S$
Balance at 16 May 2019 (date of incorporation)		*	–	–	*
Loss and total comprehensive loss for the year		–	–	(1,292,365)	(1,292,365)
Balance at 30 June 2019		*	–	(1,292,365)	(1,292,365)
Balance at 1 July 2019		–	–	(1,292,365)	(1,292,365)
Loss and total comprehensive loss for the year		–	–	(4,472,467)	(4,472,467)
Transaction with owners, recognised directly in equity					
Effect of the Reorganisation		–	39,722,675	–	39,722,675
Shares issued pursuant to the Capitalisation	21	(331,018)	–	–	(331,018)
Shares issued pursuant to the Listing	21	9,840,273	–	–	9,840,273
Listing expenses charged to share premium	21	(2,409,226)	–	–	(2,409,226)
Balance at 30 June 2020		7,100,029	39,722,675	(5,764,832)	41,057,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

31 BENEFIT AND INTEREST OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the years ended 30 June 2020 and 2019 was as follows:

Name	Fees *S$*	Salaries and allowances *S$*	Employer's contribution to defined contribution plans *S$*	Other benefits *S$*	Total *S$*
Year ended 30 June 2020					
Mr. Goh	**11,895**	**42,640**	**5,752**	**–**	**60,287**
Mrs. Goh (#)	**11,895**	**42,640**	**7,248**	**–**	**61,783**
Independent non-executive Directors					
Ms. Lei Dan	**3,063**	**–**	**–**	**–**	**3,063**
Mr. John Lim Boon Kiat	**3,063**	**–**	**–**	**–**	**3,063**
Mr. Kwok Kin Kwong Gary	**3,063**	**–**	**–**	**–**	**3,063**
	32,979	**85,280**	**13,000**	**–**	**131,259**
Year ended 30 June 2019					
Mr. Goh	–	28,876	4,896	–	33,772
Mrs. Goh (#)	–	27,669	4,692	–	32,361
	–	56,545	9,588	–	66,133

(#) Mrs. Goh was appointed Chief Executive of the Group throughout the financial years ended 30 June 2020 and 2019.

Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary were appointed as Independent Non-executive Directors of the Company on 24 April 2020 and therefore no remuneration was paid during the year ended 30 June 2019.

The remuneration shown above represents remuneration received and receivable from the Group by these directors. No directors waived or agreed to waive any emolument, and there were no emoluments paid by the Group to any Directors as an inducement to join or upon joining the Group or as a compensation for loss of office during each of the year ended 30 June, 2020 and 2019.

31 BENEFIT AND INTEREST OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(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 year.

ii. Directors, termination benefits

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

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

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year, other than amount due from directors as presented on the balance sheet.

v. Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

FINANCIAL SUMMARY

KEY FINANCIAL FIGURES

	Year ended 30 June		
	2020	2019	2018
	S$	*S$*	*S$*
Revenue	**14,739,159**	16,319,367	9,591,303
Profit before tax and listing expenses	**1,034,349**	2,991,717	917,531
(Loss)/Profit before tax	**(2,575,471)**	1,712,050	917,531
Net (loss)/profit attributable to owners of the Company	**(2,587,052)**	1,451,338	861,174
Total assets	**24,613,705**	29,351,183	19,377,762
Total liabilities	**17,405,041**	24,197,235	15,775,152
Net assets	**7,208,664**	5,153,948	3,602,610