Singapore Food Holdings Limited
新加坡美食控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8496)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Singapore Food Holdings Limited (the "**Company**") is pleased to announce the audited condensed consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 30 June 2021. This announcement, containing the full text of the 2021 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of annual results.

On behalf of the Board of
Singapore Food Holdings Limited
Goh Leong Heng Aris
Chairman and executive Director

Singapore, 28 September 2021

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

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

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

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

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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

Mr. John Lim Boon Kiat
Mr. Kwok Kin Kwong Gary
Mr. Wong Wah
Mr. Kuan Hong Kin Daniel

AUDIT COMMITTEE

Mr. Wong Wah *(Chairman)*
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)*
Mr. John Lim Boon Kiat
Mr. Kuan Hong Kin Daniel

COMPLIANCE OFFICER

Mr. Goh Leong Heng Aris

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Goh Leong Heng Aris
Mr. Yu Chun Kit

COMPANY SECRETARY

Mr. Yu Chun Kit

LEGAL ADVISERS

As to Hong Kong law:
David Fong & Co.
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
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As to Cayman Islands law:
Conyers Dill & Pearman
Cayman Islands attorneys-at-law
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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139 Hennessy Road
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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITOR

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Certified Public Accountants
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The Landmark
11 Pedder Street
Central
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PRINCIPAL BANKERS

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Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
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Singapore 048624

COMPANY'S WEBSITE

www.proofer.com.sg

STOCK CODE

8496

FINANCIAL HIGHLIGHTS

KEY FINANCIAL FIGURES

	Year ended 30 June		
	2021	2020	% change
	S$	*S$*	*%*
Revenue	**14,136,821**	14,739,159	(4.1)
(Loss)/Profit before tax and listing expenses	**(4,815,227)**	1,034,349	(565.5)
Loss before tax	**(4,815,227)**	(2,575,471)	87.0
Net loss attributable to equity holders of the Company	**(4,883,965)**	(2,587,052)	88.5
Total assets	**17,195,016**	24,613,705	(30.1)
Total liabilities	**14,868,877**	17,405,041	(14.6)
Net assets	**2,326,139**	7,208,664	(67.7)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to present the annual report of the Group for the year ended 30 June 2021 (the "**Year**").

FINANCIAL OVERVIEW

During the Year, the Group recognised revenue of approximately S$14.1 million (2020: S$14.7 million) and loss for the Year of approximately S$4.9 million, while the Group recorded profit for the year ended 30 June 2020, after adjusting the listing expenses amounted S$3.6 million, of 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 implemented numerous measures in relation to the Coronavirus outbreak since 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, we have adjusted the locations of new restaurants to minimise reliance on customer flow in downtown areas and central business districts and adopted a more prudent financial management policy in order to cope with the expected decrease in sales from dining-in customers, we will continue to monitor the market situation and evaluate the impact of the outbreak of novel coronavirus on its business operations.

The outbreak of the Coronavirus has undeniably slowed the expansion plans of the Group. Having monitored and assessed the current impact brought by the outbreak of the Coronavirus and the business needs of the Group, we had resolved to change the use of the unutilised net proceeds from the Share Offer. We believe this strategic move will enhance our core competitiveness, enhance synergies and is in the interests of the Group and the Shareholders as a whole. The Directors will continuously assess the plans for the use of the Net Proceeds and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance of the Group.

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 their 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 57, 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 42, 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.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. John LIM Boon Kiat (林文杰), aged 45, 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 45, 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. From January 2020 to December 2020, Mr. Kwok worked 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. Since December 2020, Mr. Kwok has been working as chief financial officer of Well Capital Corporation Limited,a Hong Kong based apparel company.

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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Wah (黃華), aged 37, is an independent non-executive director. He joined our Group in February 2021. He has approximately 15 years of auditing, accounting and company secretarial experience. Mr. Wong obtained a bachelor degree in accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Wong worked in PricewaterhouseCoopers until January 2016. From January 2016 to June 2018, Mr. Wong was the group financial controller, company secretary and authorised representative of AV Promotion Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 8419). From June 2018 to September 2020. Mr. Wong was the chief financial officer and company secretary of a private company. Mr. Wong has been the company secretary and an authorised representative of K Group Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 8475), since October 2020. He has been an independent non-executive director of S&S Intervalue China Limited (previously known as China Futex Holdings Limited) (Stock Code: 8506) since August 2021. Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since January 2010.

Mr. Kuan Hong Kin Daniel (關匡建), aged 31, is an independent non-executive director. He joined our Group in February 2021. He has over seven years of experience in the legal industry. Mr. Kuan was admitted as a barrister in Hong Kong in April 2014. He obtained from The Chinese University of Hong Kong a bachelor's degree in law in November 2012 and the Postgraduate Certificate in Laws in July 2013. From August 2016 to May 2020, Mr. Kuan was a non-executive Director of Kingland Group Holdings Limited (previously known as Sing On Holdings Limited) (Stock Code: 1751; previous Stock Code: 8352).

SENIOR MANAGEMENT

Ms. YONG Shu Mei (楊淑媚), aged 27, 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.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. YU Chun Kit (余俊傑), aged 31, was appointed as one of our joint company secretaries of our Group in September, 2019.

Mr. Yu has approximately 10 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.

COMPLIANCE OFFICER

Mr. Aris Goh is the compliance officer of the Company. For his biographical information, please see "Executive Directors" in this section.

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 2021, the Group has (i) 18 bakery outlets; (ii) 5 Japanese fast casual dining restaurants; (iii) one Western fast casual dining restaurants; (iv) 3 Chinese fast casual dining restaurant; and (v) one beverage kiosk all of which are in Singapore. In addition to this, the Group will open a Western restaurant in Shanghai, the People's Republic of China in the coming year.

For the Year, the Group recorded net loss attributable to the equity holders of the Company of approximately S$4.9 million, while for the year ended 30 June 2020, the Group recorded adjusted net profit attributable to the equity holders of the Company of approximately S$1.0 million after setting aside the non-recurring Listing Expenses amounting to approximately S$3.6 million.

The Directors are of the view that the 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.

— from 16 May 2021 to 13 June 2021, the Phase 2 (Heightened Alerts) measures was implemented by the Singapore Government. During this period, dining in at food and beverage outlets was prohibited, work-from-home will be the default mode of work such the employers must ensure that employees who are able to work from home should do so.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 since last year.

In addition, the Group has ventured into several new concepts. During the year, the Group has commenced operations for one bubble tea outlet, which was converted from a former "Yuba" outlet and three Chinese fast casual dining restaurant.

The Group is striving to expedite the expansion plans laid out in the announcement dated 23 June 2021, 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 2021 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	
	2021	2020
Bakery outlets	**18**	18
Fast casual dining restaurants		
— Japanese	**5**	5
— Western	**1**	2
— Chinese	**3**	–
Beverage kiosk	**1**	–
Total	**28**	25

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, our Group derived revenue totalling to approximately S$14.1 million, a decrease of approximately S$0.6 million, or 4.1%, from approximately S$14.7 million for the year ended 30 June 2020. 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			
	2021		2020	
	Total revenue S$	**% of total revenue %**	Total revenue S$	% of total revenue %
Bakery outlets	**10,340,669**	**73.2**	10,252,620	69.6
Fast casual dining restaurants				
— Japanese	**2,504,597**	**17.7**	3,052,992	20.7
— Western	**584,065**	**4.1**	1,433,547	9.7
— Chinese	**688,105**	**4.9**	–	–
Beverage kiosk	**19,385**	**0.1**	–	–
Total revenue	**14,136,821**	**100.0**	14,739,159	100.0

Bakery outlets

Our bakery outlets consist of outlets under the "*Proofer*" brand and the "*300BC*" brand.

During the Year, our bakery outlets have generated total revenue of approximately S$10.3 million, which remain stable comparing to the financial year ended 30 June 2020.

Fast casual dining restaurants

During the Year, we have opened three Chinese fast casual dining restaurants, which generated approximately S$0.7 million for the Year. Our Japanese fast casual dining restaurants, which are under the "*Yuba*" brand, have generated revenue of approximately S$2.5 million, a decrease of S$0.5 million or 18.0% comparing to the financial year ended 30 June 2020. Our Western fast casual dining restaurants, which are under the "*Proofer*" and "*Laura*" brands, have generated revenue of approximately S$0.6 million, a decrease of S$0.8 million or 59.3% comparing to the financial year ended 30 June 2020.

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;

— 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;

— prohibition of dining in at F&B outlets due to the safe distancing measures implemented by the Singapore government from 16 May 2021 to 13 June 2021 in response to the outbreak of the novel coronavirus.

Other income

Other income mainly consists of government grant. There was an increase in other income of approximately S$0.4 million, or 87.7% from approximately S$0.4 million for the financial year ended 30 June 2020 to approximately S$0.8 million for the Year. This increase was mainly due to the extension of the Job Support Scheme 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.

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$0.4 million, or 192.0% from approximately S$0.2 million for the financial year ended 30 June 2020 to approximately S$0.7 million for the Year. This increase was mainly due to the increase in the loss on disposals of plant and equipment subsequent to the closing of nine of our outlets during the Year, which increased by approximately S$0.7 million, or 871.0%, from approximately S$0.1 million for the year ended 30 June 2020 to S$0.8 million for the Year.

Raw materials and consumables used

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

There was an increase in raw materials and consumables used by approximately S$0.5 million, or 16.0% from approximately S$3.2 million for the financial year ended 30 June 2020 to S$3.7 million for the Year. This increase was due to increase in cost of new material in restaurant business.

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$0.3 million, or 7.7% from approximately S$4.2 million for the financial year ended 30 June 2020 to approximately S$4.5 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	
	2021	2020
	S$	*S$*
Expenses under short-term lease and variable lease payments	**298,813**	293,056
Depreciation of right-of-use assets	**5,015,175**	4,161,087
Interest expense on lease liabilities	**837,268**	1,012,944
Rent concessions	**(543,825)**	(1,188,067)
Total	**5,607,431**	4,279,020

MANAGEMENT DISCUSSION AND ANALYSIS

There was a increase in our cost of leasing for our operations by approximately S$1.3 million, or 31.0%, from approximately S$4.3 million for the year ended 30 June 2020 to approximately S$5.6 million for the Year. This increase in cost of leasing for our operations was due to the increase in depreciation of right-of-use assets, which in line with the increase in number of outlets during the Year.

The total cash outflow for leases during the years ended 30 June 2021 and 2020 were S$5,886,861 and S$3,901,533 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$0.2 million, or 26.8%, from S$0.6 million for the year ended 30 June 2020 to approximately S$0.8 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 2020, whereas only partial-years' worth of depreciation charges were incurred by these outlets during the financial year ended 30 June 2020.

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 approximately S$0.6 million, or 41.9%. 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 Year.

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 was a decrease in net finance cost of approximately S$0.2 million or 15.1%. The decrease was mainly due to the decrease in lease liability during the Year.

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.

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 2021, the Group's cash and bank balances amounted to approximately S$4.6 million (2020: S$7.1 million).

Net current liabilities/assets

As at 30 June 2021, the Group had net current liabilities of S$2.4 million (2020: net current assets of S$2.1 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$2.3 million (2020: S$7.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

Our borrowings decreased by approximately S$0.3 million or 22.2% from approximately S$1.2 million as at 30 June 2020 to approximately S$0.9 million as at 30 June 2021. The decrease was primarily due to full repayments of several loans during the financial year ended 30 June 2021.

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

	As at 30 June	
	2021	2020
	S$	*S$*
Within 1 year	**346,692**	265,610
Between 1 and 2 years	**345,657**	337,236
Between 2 and 5 years	**228,128**	580,554
	920,477	1,183,400

For the year ended 30 June 2021, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum (2020: 6.25% to 7.0% per annum). 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 2021, the Group's borrowings are secured by corporate guarantees provided by the Company. 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.

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 2021, the Group did not have any contingent liabilities (2020: nil).

CHARGES ON ASSETS

As at 30 June 2021, the Group did not have any charges on assets (2020: nil).

Foreign exchange exposure

The headquarters and principal place of business of the Group is in Singapore with our revenue and cost of sales mainly denominated in Singapore dollars, which is the functional currency of all the Group's operating companies.

However, as the shares of the Company have been listed on GEM on the Stock Exchange on 18 May 2020, the Group retains portion of listing proceeds from share offer denominated in Hong Kong dollars amounting to approximately HK$14.6 million as at 30 June 2021 that are exposed to foreign currency risk. The Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, including our Directors, the Group had a total of 169 employees (2020: 157).

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.

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 2021 the Group's gearing ratio was 74% (2020: 52%).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Up to 30 June 2021, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out as follows:

Description	Original net proceeds raised *(Note 1)* *S$ 000*	Approximate percentage of original net proceeds raised *(Note 1)* *%*	Revised net proceeds raised *(Note 2)* *S$ 000*	Approximately percentage of revised net proceeds raised *(Note 2)* *%*
New artisanal bakery outlets and fast casual dining restaurants openings				
"Proofer" bakery outlets	984	37.0	457	17.2
"Yuba Hut" restaurants	683	25.7	370	13.9
"Laura" restaurant	136	5.1	N/A	N/A
"Proofer" restaurant	196	7.4	N/A	N/A
"Nana" restaurants	N/A	N/A	1,287	48.5
Expansion of workforce	246	9.3	296	11.2
Upgrade of existing central kitchen and set up of a new cake room	238	9.0	N/A	N/A
Purchase of a lorry	45	1.7	N/A	N/A
Enhancing marketing efforts	N/A	N/A	80	3.0
General working capital	128	4.8	166	6.2
Total	2,656	100.0	2,656	100.0

Notes:

1. The original use of net proceeds were set out in the announcement issued by the Company on 15 May 2020.

2. The revised use of net proceeds were set out in the announcement issued by the Company on 23 June 2021 (the "**Announcement**").

Description	Revised net proceeds raised *(Note 2)* *S$ 000*	Planned use of revised net proceeds from Listing Date to 30/06/2021 *S$ 000*	Actual use of revised net proceeds from Listing Date to 30/06/2020 *%*	Actual use of revised net proceeds from 01/07/2020 to 30/06/2021 *%*	Actual use of revised net proceeds from Listing Date to 30/06/2021	Actual use as percentage of total revised net proceeds raised *%*
New artisanal bakery outlets and fast casual dining restaurants openings						
"Proofer" bakery outlets	457	457	–	457	457	100.0
"Yuba Hut" restaurants	370	370	53	317	370	100.0
"Nana" restaurants	1,287	576	–	765	765	59.4
Expansion of workforce	296	99	–	97	97	32.8
Enhancing marketing efforts	80	14	–	26	26	32.5
General working capital	166	92	18	74	92	55.4
Total	2,656	1,608	71	1,736	1,807	68.0

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 June 2021:

Purpose	Proposed implementation date	Implementation Plan	Actual implementation activities
New artisanal bakery outlets and fast casual dining restaurants openings	June 2020- June 2021	• Open three artisanal bakery outlets under "Proofer" brand; • Open two Japanese fast casual dining restaurants under "Yuba Hut" brand; and • Open restaurant under "Nana" brand.	• The Group has opened three artisanal bakery outlets under "Proofer" brand; • The Group has opened two Japanese fast casual dining restaurants under "Yuba Hut" brand • The Group has opened three restaurants under "Nana" brand.
Expansion of workforce	July 2020- June 2021	• Recruit one operation manager to oversee our central kitchen's production and operation; • Recruit three bakers and three chefs for our existing operations and the new cake room; • Recruit one human resource executive to handle labour related matters and training for our employees; • Recruit one account executive to handle procurement and customers complaints; and • Recruit one marketing manager to plan and execute marketing and brands enhancement activities.	• The Group has hired one operation manager to oversee our central kitchen's production and operation; • The Group has hired three bakers and three chefs for our existing operations and the new cake room; • The Group has hired one human resource executive to handle labour related matters and training for our employees; • The Group has hired one account executive to handle procurement and customers complaints; and • The Group has hired one marketing manager to plan and execute marketing and brands enhancement activities.
Enhance marketing effort	June 2021	• Promoting the bakery outlets and restaurant brands through various social media platforms and other marketing channels	• The Group has engaged some marketing agencies to promote in social media.

The business objectives, future plans and planned use of proceeds as stated in the Announcement were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Announcement while the proceeds were applied based on the actual development of the Group's business and the industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

We are pleased to present our ESG report for the year ended 30 June 2021.

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 global outbreak of Covid-19 pandemic has brought devastating impacts to the F&B industry. The Group has responded swiftly to the challenges with dynamic management measures, such as collaborating with local delivery platforms, launching marketing and promotional initiatives, closing unprofitable outlets, open outlets under new concepts, etc.

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. In light of Covid-19's pervasive health impact, we have placed strong 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, food safety 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 include reduction in consumption of energy and resources, minimisation of unsold items and food wastages.

Yours faithfully,
For and on behalf of the Board

Aris Goh
Chairman and Executive Director

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This is the second 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

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 ("**HKEX**"). 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 ended 30 June 2021.

ESG GOVERNANCE STRUCTURE

The Board of Directors has identified the material ESG issues from the annual materiality assessment exercise that involved the ESG working group. The ESG working group that is made up of the Group's key management personnel is responsible for identifying material ESG issues and collecting relevant ESG data periodically.

APPROACHES TO ESG REPORTING

The Report is prepared based on the principles of "materiality", "quantitative", "balance" and "consistency". 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.

REVIEW AND APPROVAL

The Board of Directors acknowledges its responsibility for ensuring the integrity of this ESG report. The Board of Directors 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

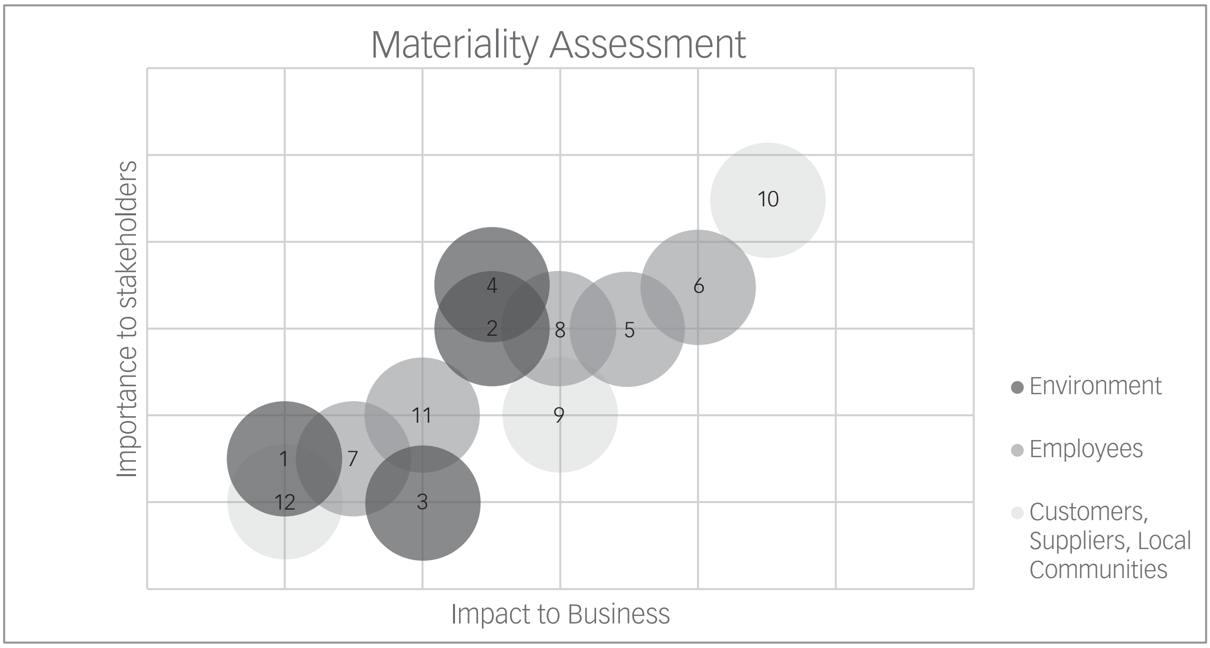
We recognise the importance of stakeholder engagement in the process of identifying ESG issues that are relevant to the Group's business from their expectations and concerns.

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	Quarterly	
	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 of Directors 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, SOCIAL AND GOVERNANCE REPORT

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 2021

1. Use motor vehicles that comply with the 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 the (i) the use of motor vehicles and (ii) the consumption of electricity in our Food & Beverage ("**F&B**") outlets and head office.

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 2 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	(1) Delivery of dough and certain bakery products from our central kitchen to the designated outlets. (2) Delivery of marketing materials and 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 utilize 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	SOx Emission Factor	Total fuel consumed (litres)	SOx Emitted (litres)	SOx Emission Intensity (liters/Sq Ft)
Diesel	0.0161	8,446	136	0.000584[1]

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

Fuel Type	CO2 Emission Factor	Total fuel consumed (litres)	CO2 Emitted (litres)	CO2 Emission Intensity (liters/Sq Ft)
Diesel	2.614	8,446	22,078	0.948

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:

Emission factor (tCo2e/KWH)	Total quantity of electricity consumption (kWh)	CO2 Emitted (tCo2e)	GHG emissions intensity (tCO2e/Sq Ft)
0.0004085[2]	1,671,176	682.68	0.0293

1 For the financial year ended 30 June 2021, the Group's total gross floor area was 23,299.48 square feet. This data will also be used for calculating other intensity data in the Report unless otherwise stated.

2 GHG emission data is presented in terms of carbon dioxide equivalent and are based on the "Table of Contents for Singapore Energy Statistics 2020" issued by Energy Market Authority Singapore.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 3% in the next fiscal year, by monitoring the data of food wastes and arranging for more outlets to donate unsold products to non-profit organizations.

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 consumption in total and intensity are shown as follows:

Electricity consumption of F&B outlets (kWh)	Electricity Intensity (KWh/Sq Ft)
1,671,176	71.7

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. During the reporting period, the Group did not have issues in sourcing water that is fit for purpose.

For the reporting period, the Group's water consumption in total and intensity are shown as follows:

Water consumption of F&B outlets (CuM)	Electricity Intensity per floor (CuM/Sq Ft)
6,108	0.262

Targets

The Group targets to reduce electricity and water consumption by 3% in the next fiscal year, by continuing to educate its employees on conservation habits.

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 FY 2021 (kg)	Intensity of material per revenue (kg/SGD)[3]
Paper	24,000	0.0017
Plastics	22,000	0.0016

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.

Targets

The Group targets to reduce the usage of packaging materials by 3% in the next fiscal year.

[3] For the financial year ended 30 June 2021, the Group's total revenue was approximately SGD 14,136,821. This data will also be used for calculating intensity data for packaging materials consumption.

SOCIAL ASPECTS

The Group's current workforce of 162 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.

Social Objectives in 2021

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

2. To take care of our employees' health and safety and ensure compliance with Covid-19 protocols implemented by local governmental authorities.

3. 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.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 30 June 2021, the Group's total headcount is 162, and the employees' profile are as follows:

Recruitment statistics	No. of Headcount	Percentage (%)
By Nationality		
Singapore	90	55.6%
Singapore Permanent Resident	13	8.0%
Malaysia	42	25.9%
China	3	1.9%
Vietnam	14	8.6%
By Employment Type		
Full-time	95	58.6%
Part-time	67	41.4%

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 emphasize 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.

During the reporting period, the employee turnover headcount was 151, the detailed breakdown are as follows:

Turnover statistics	Turnover number
By Nationality	
Singapore	97
Singapore Permanent Resident	3
Malaysia	42
China	3
Vietnam	6
By Employment Type	
Full-time	70
Part-time	81

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 Singapore government authorities have established general and sector-specific advisories for workplace and F&B establishments. This has significant impact on the Group's business operations as we need to comply with more stringent health and safety requirements that are introduced and updated constantly, such as "Safety Management Measures at Food & Beverage Establishments" and Covid-19 (Temporary Measures) (Control Order) Regulations. During our reporting period, the Group did not have any reported cases of non-compliance with the Covid-19 related protocols and regulations in Singapore.

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.

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.

COVID-19 Safe Management Measures for Employees

We have 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 workers at outlets

- 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 workers at workplace

- Employees are instructed to keep their masks on at all times.
- Provide masks and hand sanitisers to employees at the workplaces.
- Disallow employees with unwell symptoms (i.e., fever, cough) to come to work and request for them to rest at home.
- Encourage office workers to adopt work-from-home practices.

Moving forward, employees working at outlets that provide dine-in services will be required to undergo testing once every 14 days such as the antigen rapid test (ART) regardless of their vaccination status under the regular Fast and Easy Testing (FET) regime.

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:

Vaccination-differentiated measures:

- Only customers that satisfy one of the following the criteria are permitted to dine-in at our F&B outlet: (a) fully-vaccinated, (b) recovered from Covid-19 and can provide a valid Pre-Event Test (PET) exemption notice for the duration of his/her dine-in from an MOH-approved COVID-19 test providers, (c) have a valid negative PET result for the duration of his/her dine in from an MOH-approved COVID-19 test provider within the last 24 hours.

Table and Seating Management

- Each dine-in 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.
- Do not accept reservations or walk-ins, or allow in their premises social gatherings with more than 5 people, even if they are split across multiple tables.

Queue Management
• Clearly demarcate queue lines, put up signage to guide customers on where to queue to order and collect food, and ensure at least one-metre spacing between customers at areas such as entrance and cashier counters. • Demarcate a waiting area for customers and delivery personnel to pick up their food.

Contact Tracing
• TraceTogether-only SafeEntry is implemented for customers and visitors at the outlet entrance. • All delivery personnel picking up food orders at F&B outlets with dine-in services must also do TraceTogether-only SafeEntry.

Cleanliness and Hygiene
• Require all service and kitchen staff 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 after meals. • Clean and disinfect the dining table immediately after each group of diners leave. • The common spaces and items, high-touch surfaces, interactive components are cleaned and disinfected after daily operating hours.

We have maintained zero cases of work-related fatalities in each of the past three years 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.

For the reporting period, total 12 of our employees attended SFA's food hygiene training courses with an average of eight training hours, the breakdown is as follows:

Employees Receiving Training	No. of headcount
By Gender	
Male	1
Female	11
By Employment Category	
Staff	12

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 and 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.

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 2021, we have a total of 36 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 criterion 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 had committed an offence under Regulation 13(1) of the Sales of Food (Non-Retail Food Business) Regulations and was liable on conviction to a fine of $1,000. This case of offence was relating to lapses on hygiene and cleanliness practices during routine inspection conducted by SFA officer at the Group's central kitchen on 06 April 2021.

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 60 food handlers and 2 food hygiene officers in our F&B establishments, all of them 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

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.

The Group's Quality Control Manager maintains overall responsibility for monitoring the compliance with the QMS procedures by all our F&B outlets. On an annual 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:

<table>
<tr><th>Inspection Areas</th><th>List of To-Check Items</th></tr>
<tr><td>Kitchen</td><td>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.</td></tr>
<tr><td>Exterior</td><td>• 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.</td></tr>
</table>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

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.

During our reporting period, the customer complaints received were pertaining to the quality of service and products at our 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 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 or food borne illness 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. These policies are communicated to all new employees and directors during their onboarding.

Members of our Board of Directors have attended the anti-corruption and anti-bribery training courses prior to the Group's Initial Public Offering on the Hong Kong Stock Exchange in the previous reporting period. There were no anti-corruption and anti-bribery training courses attended by our directors and employees during our reporting period.

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. It covers whistleblowing reporting procedures and communication channels, appointed whistleblowing officer, protection of the whistle-blower, whistleblowing handling procedures and investigation procedures. During the reporting period, there were no whistleblowing cases reported to the Board of Directors.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX

The ESG Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM.

Disclosure Reference	Description	Section/Declaration
Part B of Appendix 20: 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 the 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 the report
Part C of Appendix 20: "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
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.

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Disclosure Reference	Description	Section/Declaration
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
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 and nature resources impact.

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Disclosure Reference	Description	Section/Declaration
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
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

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Disclosure Reference	Description	Section/Declaration
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.
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

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Disclosure Reference	Description	Section/Declaration
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
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 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 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 during the Year.

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. The chairman is responsible for the leadership and effective running of the Board. While the chief executive officer is responsible for managing and supervising the Group's business and operation.

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.

CORPORATE GOVERNANCE REPORT

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
Mr. John Lim Boon Kiat (林文杰)
Mr. Kwok Kin Kwong Gary (郭建江)
Mr. Wong Wah (黃華)
Mr. Kuan Hong Kin Daniel (關匡建)

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

	Number of meetings held during the Year Attended/Eligible to attend				
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Number of meetings held	14	4	2	3	1
Executive Directors					
Mr. Goh Leong Heng Aris	11	N/A	2	N/A	1
Ms. Anita Chia Hee Mei (Xie Ximei)	11	N/A	N/A	3	1
Independent non-executive Directors					
Ms. Lei Dan (Resigned on 6 February 2021)	5	N/A	N/A	N/A	1
Mr. John Lim Boon Kiat	14	4	2	3	1
Mr. Kwok Kin Kwong Gary	14	4	2	3	1
Mr. Wong Wah (Appointed on 9 February 2021)	9	3	N/A	N/A	N/A
Mr. Kuan Hong Kin Daniel (Appointed on 9 February 2021)	9	N/A	N/A	N/A	N/A

During the Year, the Company held 14 Board meetings, four Audit Committee meetings, 2 Nomination Committee meeting and three Remuneration Committee meeting. All the minutes of the Board meetings and meetings of Board committees were recorded in sufficient details for the matters considered by the Board and the decisions reached.

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 four 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.

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.

The Board members have no financial, business, family or other material/relevant relationships with each other.

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 Year, 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.

CORPORATE GOVERNANCE REPORT

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 Mr. Wong Wah, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary. Mr. Wong Wah is the chairman of our Audit Committee.

During the Year, the Audit Committee held 4 meetings, at which it has reviewed and discussed the Company's audited consolidated financial results for the year ended 30 June 2020 and the unaudited consolidated financial results for the quarterly period ended 30 September 2020 and 31 March 2021 and the interim period ended 31 December 2020 including the accounting principles and practice adopted by the Group, the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, the effectiveness of the Group's risk management and internal control systems as well as the Group internal audit function. The Audit Committee has recommended to the Board to change the auditor and appoint HLB Hodgson Impey Cheng Limited ("**HLB**").

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 Mr. Kuan Hong Kin Daniel 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.

During the Year, the Nomination Committee held 2 meetings, during which it reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors and recommended to the Board for consideration the re-appointment of the retiring Directors at the AGM held on 14 December 2020. The Nomination Committee has also recommended to the Board to appointed Mr. Wong Wah as an independent non-executive Director and the chairman of the Audit Committee and Mr. Kuan Hong Kin Daniel as an independent non-executive Director and member of the Nomination Committee.

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 Year.

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.

During the Year, the Remuneration Committee held 3 meeting, at which the Remuneration Committee reviewed and considered the specific remuneration packages of the executive Directors, the remuneration package of newly appointed independent non-executive Directors and adjustment of the remuneration package of independent non-executive Directors.

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 Mr. John Lim Boon Kiat, Mr. Kwok Kin Kwong Gary, Mr. Wong Wah and Mr. Kuan Hong Kin Daniel 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, Mr. John Lim Boon Kiat, Mr. Kwok Kin Kwong Gary, Mr. Wong Wah and Mr. Kuan Hong Kin Daniel had attended training sessions on obligations, duties and responsibilities of directors during the Year.

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 Year, 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 12 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 Auditors' Report as annexed to this report.

INDEPENDENT AUDITOR'S REMUNERATION

During the Year, 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	287
Non-audit services	–
Grand total	287

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 annual 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.

CORPORATE GOVERNANCE REPORT

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 Year. 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) (Resigned on 6 February 2021)*
Mr. John Lim Boon Kiat *(Independent non-executive Director)*
Mr. Kwok Kin Kwong Gary *(Independent non-executive Director)*
Mr. Wong Wah *(Independent non-executive Director) (Appointed on 9 February 2021)*
Mr. Kuan Hong Kin Daniel *(Independent non-executive Director) (Appointed on 9 February 2021)*

In accordance with Article 83(3) and 84(1) of the Articles, Mr. Wong Wah, Mr. Kuan Hong Kin Daniel, Mr. Goh Leong Heng Aris and Ms. Anita Chia Hee Mei (Xie Ximei) 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 62 to page 126 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 Auditors' 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 four financial years, as extracted from the audited consolidated financial statements, is set out on page 126 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 16 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 22 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

As at 30 June 2021, the reserves available for distribution to the shareholders of the Company is approximately S$1.9 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.

DIRECTORS' REPORT

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 Year, 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 Tuesday, 30 November 2021 to Friday, 3 December 2021, 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 Monday, 29 November 2021.

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.

DIRECTORS' REPORT

(l) 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	17
— Five largest suppliers	53

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 33 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 2021, 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 2021, 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.

DIRECTORS' REPORT

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

As at 30 June 2021, 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 2021, 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 35 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 35 and 12 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 33 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' REPORT

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 from the date of listing. 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. The Company and Anglo Chinese have mutually agreed to terminate the compliance adviser's agreement with effect from 10 February 2021. For further details, please refer to the announcement of the Company dated 11 February 2021.

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Kingsway Capital Limited ("**Kingsway**") as its new compliance adviser with effect from 16 February 2021. Except for the compliance adviser agreement entered into between the Company and Kingsway dated 16 February 2021, neither Kingsway 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.

DIRECTORS' 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.

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

HLB Hodgson Impey Cheng Limited ("**HLB**") has been appointed as the auditor of the Company on 9 July 2021 to fill the casual vacancy following the resignation of PricewaterhouseCoopers. HLB shall hold office until the conclusion of the forthcoming annual general meeting.

The consolidated financial statements of the Group for the Year were audited by HLB who has expressed its willingness to offer itself for re-appointment at the forthcoming annual general meeting.

A resolution will be proposed at the forthcoming annual general meeting of the Company for the re-appointment of HLB as the auditor of the Company.

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

Singapore, 28 September 2021

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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

OPINION

We have audited the consolidated financial statements of Singapore Food Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 125, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 September 2020.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a loss of S$4,883,965 during the year ended 30 June 2021 and, as of that date, the Group had net current liabilities of S$2,400,265. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit address the key audit matters
Impairment assessment of plant and equipment and right-of-use assets	
Refer to Notes 3, 4, 16 and 17 to the consolidated financial statements. As at 30 June 2021, the Group had plant and equipment and right-of-use assets for its bakery outlets and restaurants amounting to S$2,528,414 and S$7,779,434 respectively, which constituted a significant portion of total assets as at 30 June 2021. 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 there were impairment on the Group's plant and equipment and right-of-use assets of S$238,736 and S$2,026,353 respectively during the year ended 30 June 2021.	In testing management's impairment assessment of plant and equipment and right-of-use assets, we have performed the following procedures including but not limited to: • Tested management's assessments as to whether any indication of impairment exists; • For those bakery outlets and restaurants where there was an impairment indicator, assessed the appropriateness of the methodology used by management in determining the recoverable amount; • 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; • 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;

INDEPENDENT AUDITORS' REPORT

Key audit matters	How our audit address the key audit matters
We focused on this area due to the magnitude of the carrying amounts 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.	• 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 • 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 to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

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 issued by the IASB 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.

AUDITORS' 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 auditors' 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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT

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 auditors' 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 director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901

Hong Kong, 28 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

		Year ended 30 June	
		2021	2020
	Note	***S$***	*S$*
Revenue	*7*	**14,136,821**	14,739,159
Other income	*8*	**783,525**	417,491
Other gain/(losses), net	*9*	**(671,347)**	(229,909)
Raw materials and consumables used		**(3,724,682)**	(3,211,872)
Employee benefit costs	*12*	**(4,539,063)**	(4,213,889)
Expenses under short-term lease and variable lease payments	*17*	**(298,813)**	(293,056)
Rent concessions	*17*	**543,825**	1,188,067
Depreciation of right-of-use assets	*17*	**(5,015,175)**	(4,161,087)
Depreciation of plant and equipment	*16*	**(760,155)**	(599,450)
Impairment loss on right-of-use assets	*17*	**(2,026,353)**	–
Impairment loss on plant and equipment	*16*	**(238,736)**	–
Listing expenses		**–**	(3,609,820)
Other expenses	*10*	**(2,130,900)**	(1,501,853)
Finance income	*11*	**67,973**	9,835
Finance costs	*11*	**(942,147)**	(1,109,087)
Loss before income tax		**(4,815,227)**	(2,575,471)
Income tax expense	*14*	**(68,738)**	(11,581)
Loss for the year		**(4,883,965)**	(2,587,052)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**452**	–
Total comprehensive expense for the year		**(4,883,513)**	(2,587,052)
Loss attributable to:			
Owners of the Company		**(4,883,965)**	(2,587,052)
Non-controlling interests		**–**	–
		(4,883,965)	(2,587,052)
Total comprehensive expense attributable to:			
Owners of the Company		**(4,883,513)**	(2,587,052)
Non-controlling interests		**–**	–
		(4,883,513)	(2,587,052)
Loss per share			
— Basic and diluted *(S$ cents)*	*15*	**(2.03)**	(1.38)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	As at 30 June 2021 S$	2020 S$
ASSETS			
Non-current assets			
Plant and equipment	16	**2,528,414**	2,246,728
Right-of-use assets	17	**7,779,434**	12,556,248
Deferred income tax assets	28	**127,151**	245,867
Deposits and prepayments	18	**1,368,120**	1,433,708
		11,803,119	16,482,551
Current assets			
Inventories	19	**111,311**	100,829
Trade and other receivables, deposits and prepayments	18	**725,986**	840,596
Amount due from directors	20	**–**	99,656
Cash and cash equivalents	21	**4,554,600**	7,090,073
		5,391,897	8,131,154
Total assets		**17,195,016**	24,613,705
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	22	**441,360**	441,360
Share premium	22	**7,100,029**	7,100,029
Other reserves	23	**1,780,379**	1,780,379
Exchange reserves	24	**452**	–
Accumulated losses		**(6,997,069)**	(2,113,104)
		2,325,151	7,208,664
Non-controlling interest		**988**	–
Total equity		**2,326,139**	7,208,664
LIABILITIES			
Non-current liabilities			
Provision for reinstatement cost	25	**318,420**	345,289
Lease liabilities	26	**6,121,660**	9,986,179
Borrowings	27	**573,785**	917,790
Deferred tax liabilities	28	**62,850**	153,608
		7,076,715	11,402,866
Current liabilities			
Trade and other payables	29	**3,105,418**	1,863,661
Amount due to directors	20	**121,131**	–
Current income tax liabilities		**33,855**	175,506
Lease liabilities	26	**4,166,109**	3,697,398
Provision for reinstatement cost	25	**18,957**	–
Borrowings	27	**346,692**	265,610
		7,792,162	6,002,175
Total liabilities		**14,868,877**	17,405,041
Total equity and liabilities		**17,195,016**	24,613,705

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

The consolidated financial statements on pages 67 to 125 were approved by the Board of Directors on 28 September 2021 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 2021

		Attributable to the equity holders of the Company							
	Note	Share capital	Share premium	Other reserve	Exchange fluctuation reserve	Retained earnings/ (accumulated losses)	Sub-total	Non-controlling interests	Total equity
		S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
As at 1 July 2019		*	–	1,780,000	–	3,373,948	5,153,948	–	5,153,948
Loss and total comprehensive loss for the year		–	–	–	–	(2,587,052)	(2,587,052)	–	(2,587,052)
Share issued by a group company prior to completion of the Reorganisation		–	–	2,600,381	–	–	2,600,381	–	2,600,381
Dividends	*13*	–	–	(2,600,000)	–	(2,900,000)	(5,500,000)	–	(5,500,000)
Effect of the Reorganisation		2	–	(2)	–	–	–	–	–
Shares issued pursuant to the Capitalisation	*22*	331,018	(331,018)	–	–	–	–	–	–
Shares issued pursuant to the Listing	*22*	110,340	9,840,273	–	–	–	9,950,613	–	9,950,613
Listing expenses charged to share Premium		–	(2,409,226)	–	–	–	(2,409,226)	–	(2,409,226)
As at 30 June 2020 and 1 July 2020		441,360	7,100,029	1,780,379	–	(2,113,104)	7,208,664	–	7,208,664
Loss for the year		**–**	**–**	**–**	**–**	**(4,883,965)**	**(4,883,965)**	**–**	**(4,883,965)**
Other comprehensive income for the year:									
Exchange differences on translation of foreign operation		**–**	**–**	**–**	**452**	**–**	**452**	**–**	**452**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**452**	**(4,883,965)**	**(4,883,513)**	**–**	**(4,883,513)**
Capital contribution from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**988**	**988**
As at 30 June 2021		**441,360**	**7,100,029**	**1,780,379**	**452**	**(6,997,069)**	**2,325,151**	**988**	**2,326,139**

*: 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 2021

		Year ended 30 June	
		2021	2020
	Note	***S$***	*S$*
Cash flow from operating activities			
Loss before income tax		**(4,815,227)**	(2,575,471)
Adjustments for:			
— Depreciation of plant and equipment	*16*	**760,155**	599,450
— Depreciation of right-of-use assets	*17*	**5,015,175**	4,161,087
— Impairment loss on plant and equipment	*16*	**238,736**	–
— Impairment loss on right-of-use asset	*17*	**2,026,353**	–
— Finance costs	*11*	**942,147**	1,109,087
— Finance income	*11*	**(67,973)**	(9,835)
— Gain on lease modifications	*9*	**(269,040)**	(65,356)
— Rent concessions	*17*	**(543,825)**	(1,188,067)
— Reversal of provision for reinstatement cost	*25*	**(27,156)**	(33,115)
— Foreign currency exchange difference	*9*	**109,781**	189,598
— Loss on disposals of plant and equipment	*9*	**830,606**	85,537
Operating profit before working capital changes		**4,199,732**	2,272,915
Changes in working capital:			
— Decrease/(increase) in trade and other receivables, deposits and prepayments		**154,163**	(757,581)
— (Increase)/decrease in inventories		**(10,482)**	13,581
— Increase/(decrease) in trade and other payables		**1,245,875**	(501,323)
Cash generated from operations		**5,589,288**	1,027,592
Income tax paid		**(182,431)**	(167,819)
Net cash generated from operating activities		**5,406,857**	859,773
Cash flows from investing activities			
Decrease/(increase) in amount due from directors		**99,656**	(772,978)
Purchase of plant and equipment		**(2,111,183)**	(299,306)
Interest income received		**28**	38
Net cash used in investing activities		**(2,011,499)**	(1,072,246)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	Year ended 30 June 2021 S$	2020 S$
Cash flows from financing activities			
Gross proceeds for issuance of shares pursuant to the Listing		**–**	9,950,613
Proceeds from pre-IPO investor		**–**	1,220,656
Proceeds from borrowings		**–**	400,000
Repayment of borrowings		**(262,923)**	(781,717)
Interest paid on borrowings		**(85,635)**	(73,724)
Interest repayment of lease liabilities		**(837,268)**	(1,012,944)
Principal repayment of lease liabilities		**(4,750,780)**	(2,595,533)
Increase in amount due to directors		**121,131**	–
Capital contribution from non-controlling interests		**988**	–
Listing expenses paid		**–**	(2,409,226)
Net cash (used in)/generated from financing activities		**(5,814,487)**	4,698,125
Net (decrease)/increase in cash and cash equivalents		**(2,419,129)**	4,485,652
Cash and cash equivalents at beginning of the year		**7,090,073**	2,792,845
Effects of currency translation on cash and cash equivalents		**(116,344)**	(188,424)
Cash and cash equivalents at end of the year	21	**4,554,600**	7,090,073

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

1 GENERAL INFORMATION AND REORGANISATION

Singapore Food Holdings Limited ("the Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. Its immediate and ultimate parent is AA Food Holdings Limited. Its ultimate controlling parties are Goh Leong Heng Aris ("Mr. Goh") who is chairman of the Company and Anita Chia Hee Mei ("Mrs. Goh") who is chief executive officer of the Company. 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.

These consolidated financial statements are presented in Singapore dollars ("S$"), which is also the functional currency of the Company.

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 with effect from 18 May 2020.

2 APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by International Accounting Standards Board (the "IASB") for the first time which are mandatorily effective for the current period for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts — Costs of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[2]
Amendments to IFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021[5]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2021.
[5] Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Going concern basis

During the year ended 30 June 2021, the Group recorded a consolidated net loss of S$4,883,965 and, as of that date, the Group had net current liabilities of S$2,400,265. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

1. ***Financial support***

   A substantial shareholder of the Company has agreed to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from the date of approval of consolidated financial statement.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Going concern basis *(Continued)*

2. Alternate source of funding

The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to right issue, open offer and placing of new shares.

3. Operating plans

Management has been endeavoring to improve the Group's operating results and cash flows through various cost control measures and will focus on the existing business.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionable share of net assets of the relevant subsidiaries upon liquidation.

Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries *(Continued)*

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 this 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 statements of profit or loss and other comprehensive income.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

(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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, or arising from business combinations the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As a lessee *(Continued)*

Right-of-use assets (Continued)

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As a lessee *(Continued)*

Lease liabilities (Continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As a lessee *(Continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- 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;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘loss before income tax’ as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduce to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on plant and equipment and right-of-use assets, other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and the net realisable value. Costs of the inventories are determined on a 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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

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

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment assessment under IFRS 9 (including trade and other receivables and cash at banks). The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, lease liabilities, amount due to directors and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contracts is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowances determined in accordance with IFRS 9; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

Related parties transactions

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control of the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) an entity is related to the Group if any of the following conditions applies:

   (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   (iii) both entities are joint ventures of the same third party;

   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions *(Continued)*

(b) an entity is related to the Group if any of the following conditions applies: *(Continued)*

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgements to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to retails stores and office. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- 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).

During the year ended 30 June 2021, extension options for eight leases were not exercised upon the expiry of the guaranteed lease term. As disclosed in Note 9, gain on lease modifications amounting to S$269,040 (2020: S$65,356) was recognised in the consolidated statement of profit or loss and other comprehensive income, upon derecognition of the relevant lease liabilities and right-of-use assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Deferred tax asset

As at 30 June 2021, no deferred tax asset (2020: S$16,966) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses for non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially in the current year given the significant uncertainty on the potential disruption of the Group's retail and restaurant operations due to the Covid-19 pandemic. In case where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition take place.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

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

Right-of-use assets and plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 30 June 2021, the carrying amounts of right-of-use assets and plant and equipment amounted to S$7,779,434 and S$2,528,414 (2020: S$12,556,248 and S$2,246,728) respectively. Impairment losses amounted to S$2,026,353 and S$238,736 (2020: S$Nil and S$Nil) were recognised for right-of-use assets and plant and equipment respectively during the year ended 30 June 2021. Details of the right-of-use assets and property, plant and equipment are disclosed in Notes 17 and 16 respectively.

5 FINANCIAL INSTRUMENTS

5a. Categories of financial instruments

	2021 ***S$***	2020 *S$*
Financial assets at amortised cost		
— cash and cash equivalents	**4,554,600**	7,090,073
— trade, other receivables and deposits	**2,053,295**	2,021,885
— amount due from directors	**–**	99,656
	6,607,895	9,211,614

	2021 ***S$***	2020 *S$*
Financial liabilities measured at amortised cost		
— lease liabilities	**10,287,769**	13,683,577
— trade and other payables	**3,070,726**	1,289,985
— amount due to directors	**121,131**	–
— borrowings	**920,477**	1,183,400
	14,400,103	16,156,962

5 FINANCIAL INSTRUMENTS *(Continued)*

5b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, deposit, amount due from directors, cash and cash equivalents, trade and other payables, borrowings, amount due to directors and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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.

Market risk

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. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

As at 30 June 2021 and 2020, 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$") and Renminbi ("RMB").

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

	2021 ***S$***	2020 *S$*
Financial assets		
Cash and cash equivalents		
— HK$	**2,533,841**	4,168,145
— RMB	**685,632**	–
	3,219,473	4,168,145
Financial liabilities		
Other payables		
— HK$	**(23,790)**	(125,725)
— RMB	**(34,657)**	–
	(58,447)	(125,725)
Net financial assets subject to currency exposure		
— HK$	**2,510,051**	4,042,420
— RMB	**650,975**	–
	3,161,026	4,042,420

5 FINANCIAL INSTRUMENTS *(Continued)*

5b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Foreign exchange risk (Continued)

Had SGD be strengthened/weakened by 5% (2020: 5%) against HK$ with all other variables held constant, the loss after income tax for the year ended 30 June 2021 would have been higher/lower by S$104,000 (2020: S$168,000).

Had SGD be strengthened/weakened by 5% (2020: nil) against RMB with all other variables held constant, the loss after income tax for the year ended 30 June 2021 would have been higher/lower by S$27,000 (2020: S$nil).

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movement based on interest rate level and outlook.

The Group also exposed to cash flow interest rate risk in relation to its bank balances. The Group considered interest rate risk on bank balances is insignificant and thus no sensitivity analysis is presented.

Credit risk

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

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 and delivery services agents.

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.

5 FINANCIAL INSTRUMENTS *(Continued)*

5b. Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Impairment of financial assets

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

For trade receivables, the Group applies the IFRS 9 simplified approach to measure ECL, which uses a lifetime expected loss allowance. To measure the ECL, 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 ECL rate is minimal during the year.

For 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 12m ECL 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 2021 and 2020. The ECL 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 management believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The ECL rate is minimal during the year.

For bank balances, the credit risk on bank balances are limited because the majority of the counterparties are reputable banks with high credit-ratings assigned by International credit-ratio agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rate, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

5 FINANCIAL INSTRUMENTS *(Continued)*

5b. Financial risk management objectives and policies *(Continued)*

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.

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:

	Weighted average interest rate	On demand and less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$
As at 30 June 2021							
Trade and other payables	**–**	**3,105,418**	**–**	**–**	**–**	**3,105,418**	**3,105,418**
Borrowings	**6.71**	**396,990**	**372,228**	**251,746**	**–**	**1,020,964**	**920,477**
Amount due to directors	**–**	**121,131**	**–**	**–**	**–**	**121,131**	**121,131**
Lease liabilities	**5.43**	**4,606,725**	**3,832,128**	**2,628,895**	**–**	**11,067,748**	**10,287,769**
As at 30 June 2020							
Trade and other payables	–	1,289,985	–	–	–	1,289,985	1,863,661
Borrowings	6.72	344,147	391,960	619,524	–	1,355,631	1,183,400
Lease liabilities	6.52	4,391,189	3,942,139	6,817,962	119,151	15,270,441	13,683,577

Fair value estimation

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

6 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	
	2021	2020
	S$	*S$*
Borrowings *(Note 27)*	**920,477**	1,183,400
Lease liabilities *(Note 26)*	**10,287,769**	13,683,577
Less: Cash and cash equivalents *(Note 21)*	**(4,554,600)**	(7,090,073)
Net debt	**6,653,646**	7,776,904
Total equity	**2,326,139**	7,208,664
Total capital	**8,979,785**	14,985,568
Gearing ratio	**74%**	52%

The Group was in compliance with all financial covenants imposed by the relevant bank for the financial years ended 30 June 2021 and 2020.

7 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 3. 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; and

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.

7 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment result as presented below represents operating profit/loss before unallocated 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 2021	Sales of bakery products *S$*	Operation of restaurants *S$*	Total *S$*
Revenue from external customers recognised at a point in time	10,340,669	3,796,152	14,136,821
Raw materials and consumables used	(2,674,821)	(1,049,861)	(3,724,682)
Employee benefit cost	(2,928,199)	(1,315,036)	(4,243,235)
Expenses under short-term lease and variable lease payments	(222,626)	(11,791)	(234,417)
Rent concessions	401,168	142,657	543,825
Depreciation of right-of-use assets	(3,557,141)	(1,458,034)	(5,015,175)
Depreciation of plant and equipment	(483,530)	(276,625)	(760,155)
Delivery agent service charges	(167,292)	(152,510)	(319,802)
Impairment loss on right-of-use assets	(1,876,409)	(149,944)	(2,026,353)
Impairment loss on plant and equipment	(211,966)	(26,770)	(238,736)
Utilities and other expenses	(740,215)	(323,343)	(1,063,558)
Finance income	52,765	15,180	67,945
Finance costs	(604,325)	(252,187)	(856,512)
Other income	411,138	372,387	783,525
Other losses	(187,962)	(373,604)	(561,566)
Segment results	(2,448,746)	(1,063,329)	(3,512,075)
Finance income			28
Finance costs			(85,635)
Unallocated other expenses and other losses			(1,217,545)
Loss before income tax			(4,815,227)

7 REVENUE AND SEGMENT INFORMATION *(Continued)*

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)

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Information about major customers

There is no single external customer which contributed to more than 10% of the Group's revenue during the years ended 30 June 2021 and 2020.

Geographical information

The Group's revenue is all derived from operations in Singapore and the Group's non-current assets are all located in Singapore.

All revenue contracts are for one year or less, as permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 OTHER INCOME

	Year ended 30 June	
	2021	2020
	S$	*S$*
Government grant *(Note (i))*	**775,601**	416,250
Others	**7,924**	1,241
	783,525	417,491

Note:

(i) Government grant mainly comprised Job Support Scheme ("JSS"), foreign worker levy ("FWL") rebate, Special Employment Credit ("SEC"), Wage Credit Scheme ("WCS"), Job Growth Incentive ("JGI") 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 March 2021.

In Budget 2021, JSS was extended by up to 6 months for firms in Tiers 1 and 2 sectors, covering wages paid from April 2021 to September 2021. The level and duration of support each employer receives depends on the sector in which the employer operates.

For the year ended 30 June 2021, the Group recognised JSS grant of S$683,695 (2020: S$185,173).

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.

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 2021, the Group recognised SEC grant of S$45,059 (2020: S$37,688).

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$18,854 was recognised by the Group during the year ended 30 June 2021 (2020: S$35,139).

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 EDG grant of S$49,000.

JGI

The JGI supports employers to expand local hiring from September 2020 to September 2021 (inclusive), so as to create good and long-term jobs for locals. For the year ended 30 June 2021, the Group recognised JGI grant of S$27,993 (2020: S$nil).

9 OTHER GAIN/(LOSSES), NET

	Year ended 30 June	
	2021	2020
	S$	*S$*
Net foreign exchange loss	**(109,781)**	(209,728)
Loss on disposals of plant and equipment	**(830,606)**	(85,537)
Gain on lease modifications	**269,040**	65,356
	(671,347)	(229,909)

10 OTHER EXPENSES

	Year ended 30 June	
	2021	2020
	S$	*S$*
Utilities	**426,729**	445,899
Delivery agent service charges	**319,802**	156,377
Auditors' remuneration — audit service	**287,140**	285,000
Legal and professional fees	**882,089**	346,133
Others	**215,140**	268,444
	2,130,900	1,501,853

11 FINANCE INCOME/(COSTS)

	Year ended 30 June	
	2021	2020
	S$	*S$*
Interest income on:		
— bank deposits	**28**	38
— unwinding of discount on rental deposits	**67,945**	9,797
	67,973	9,835
Interest expense on:		
— lease liabilities	**(837,268)**	(1,012,944)
— bank borrowings	**(85,635)**	(73,724)
— provision for reinstatement cost	**(19,244)**	(22,419)
	(942,147)	(1,109,087)

12 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 30 June	
	2021	2020
	S$	*S$*
Wages, salaries and allowances	**3,666,930**	3,485,318
Directors' fee	**90,880**	33,030
Employer's contribution to defined contribution plans	**370,586**	304,672
Others	**410,667**	390,869
	4,539,063	4,213,889

(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 2021 and 2020 are analysed below:

	2021	2020
	S$	*S$*
Wages, salaries and allowances	**295,025**	306,270
Employer's contribution to defined contribution plans	**50,190**	43,389
Others	**724**	632
	345,939	350,291

The emoluments of these individuals fell within the following bands:

	2021	2020
HK$1 — HK$1,000,000 (equivalent from S$1 to S$173,225)	**5**	5

(b) Emoluments of senior management

Other than the emoluments of the directors and the five highest paid individuals as disclosed in notes 35(a) and 12(a) respectively, the emoluments of the senior management fell within the following bands:

	2021	2020
HK$1 — HK$1,000,000 (equivalent from S$1 to S$173,225)	**2**	2

13 DIVIDEND

The Board of directors do not recommend the payment of any dividend for the year ended 30 June 2021 (2020: Nil).

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.

14 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% (2020: 17%) on the estimated assessable profit during the year. The amount of income tax expense charged to profit or loss represents:

	Year ended 30 June	
	2021	2020
	S$	*S$*
Tax expense/(credit) attributable to loss:		
— Current income tax	**–**	175,508
— Deferred income tax *(Note 28)*	**27,958**	(112,684)
	27,958	62,824
Underprovision/(overprovision) in respect of prior years:		
— Current income tax	**40,780**	(51,243)
Income tax expense	**68,738**	11,581

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

	Year ended 30 June	
	2021	2020
	S$	*S$*
Loss before income tax	**(4,815,227)**	(2,575,471)
Tax calculated at the rates applicable in different jurisdictions (2020: 17%)	**(819,605)**	(437,830)
Tax effect of:		
— Singapore stepped income exemption — *(i)*	**(7,398)**	(112,056)
— Expenses not deductible for tax purposes	**799,805**	697,180
— Income not subject to tax	**(189,144)**	(31,480)
— Tax incentives — *(ii)*	**–**	(52,990)
— Underprovision/(overprovision) in respect of prior years	**40,780**	(51,243)
— Tax losses not recognised	**227,334**	–
— Derecognition of deferred tax arising from tax losses	**16,966**	–
Income tax expense	**68,738**	11,581

(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 the partial tax exemption scheme for the financials year ended 30 June 2021 and 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.

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For the year ended 30 June 2021

15 LOSS PER SHARE

	Year ended 30 June 2021 S$	2020 S$
Loss:		
Loss for the purpose of calculating basic loss per share	**(4,883,965)**	(2,587,052)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating for basic loss per share	**240,000,000**	187,068,493

The basic and diluted loss per share are the same as there were no potential ordinary shares in issue for the years ended 30 June 2021 and 2020.

16 PLANT AND EQUIPMENT

	Leasehold improvements S$	Machineries S$	Furniture and fixtures S$	Computer and IT equipment S$	Motor vehicle S$	Total S$
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
Year ended 30 June 2021						
Opening net book amount	**957,080**	**835,916**	**222,564**	**231,168**	**–**	**2,246,728**
Additions	**1,786,436**	**63,471**	**39,845**	**72,873**	**148,558**	**2,111,183**
Depreciation	**(517,723)**	**(140,340)**	**(31,286)**	**(70,806)**	**–**	**(760,155)**
Impairment	**(135,552)**	**(60,916)**	**(19,236)**	**(23,032)**	**–**	**(238,736)**
Disposals	**(381,202)**	**(299,288)**	**(72,827)**	**(77,289)**	**–**	**(830,606)**
Closing net book amount	**1,709,039**	**398,843**	**139,060**	**132,914**	**148,558**	**2,528,414**
As at 30 June 2021						
Cost	**2,711,402**	**736,864**	**226,226**	**235,391**	**148,558**	**4,058,441**
Accumulated depreciation	**(1,002,363)**	**(338,021)**	**(87,166)**	**(102,477)**	**–**	**(1,530,027)**
Net book amount	**1,709,039**	**398,843**	**139,060**	**132,914**	**148,558**	**2,528,414**

Refer to Note 17 for impairment assessment of plant and equipment.

16 PLANT AND EQUIPMENT *(Continued)*

The plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Shorter of lease term or 6 years
Machineries	10 years
Furniture and fixtures	10 years
Computers and IT equipment	5 years
Motor vehicle	10 years

17 RIGHT-OF-USE ASSETS

	Retail stores S$	Office S$	Motor vehicles S$	Total S$
As at 30 June 2020				
Carrying amount	12,537,711	14,667	3,870	12,556,248
As at 30 June 2021				
Carrying amount	**7,730,181**	**–**	**49,253**	**7,779,434**
For the year ended 30 June 2020				
Depreciation charge	4,101,010	43,982	16,095	4,161,087
For the year ended 30 June 2021				
Depreciation charge	**4,996,145**	**–**	**19,030**	**5,015,175**
Impairment	**2,026,353**	**–**	**–**	**2,026,353**

	Year ended 30 June	
	2021 S$	2020 S$
Expenses relating to short-term leases and variable lease payment	**298,813**	293,056
Total cash outflows for leases *(Note a)*	**5,886,861**	3,901,533
Addition of right-of-use assets *(Note b)*	**6,637,715**	639,381

Notes:

(a) Amount includes payment of principal and interest portion of lease liabilities, variable lease payments and short-term leases. These amounts could be presented in operating or financing cash flows.

(b) Amount includes right-of-use assets resulting from new leases entered and lease modification.

For both years, the Group leases various retail stores, office and vehicles for its operation. Leases contracts are entered into for fixed term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

17 RIGHT-OF-USE ASSETS *(Continued)*

Rent concessions

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$543,825 (2020: S$1,188,067) have been recognised in profit or loss for the years ended 30 June 2021 and 2020, with a corresponding adjustment to the lease liabilities.

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

During the years ended 30 June 2021 and 2020, the Group's business performance has been negatively impacted by COVID-19. 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 2021 and 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. That calculation used cash flow projections based on financial budgets approved by management covering a 5-year period and adopted a revenue growth rate of 5.2% (2020: -16.3% to 1.0%) for the year ending 30 June 2021 and 1.5% (2020: 1.5%) for the following years. Other key assumption adopted in the impairment assessment is the discount rate of 10.9% (2020: 8.5%), which was determined based on the market's weighted average cost of capital.

The results of the assessment indicated that the impairment charge amounted to S$2,026,353 and S$238,736 (2020: S$Nil and S$Nil) was made to right-of-use assets and plant and equipment respectively. The Group has also determined that a zero revenue growth after the first year will result in additional impairment loss amounted to S$155,999 and S$27,512 (2020: S$Nil and S$Nil) for right-of-use assets and plant and equipment respectively while a 2% increase in discount rate will have no further adverse impact for both years.

18 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June	
	2021	2020
	S$	*S$*
Trade receivables from third parties	**6,740**	19,625
Rental deposits	**1,650,773**	1,764,584
Grant receivables	**201,510**	206,627
Other prepayments and deposits	**235,083**	283,468
	2,094,106	2,274,304
Less: non-current portion	**(1,368,120)**	(1,433,708)
	725,986	840,596

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.

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

	As at 30 June	
	2021	2020
	S$	*S$*
1-30 days	**6,740**	19,625

The maximum exposure to credit risk as at 30 June 2021 and 2020 is the carrying value of the financial assets mentioned above. The Group does not hold any collateral as security.

As at 30 June 2021 and 2020, 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 2021 and 2020, no provision for impairment was made.

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19 INVENTORIES

	As at 30 June	
	2021	2020
	S$	*S$*
Raw materials and packaging materials	**111,311**	100,829

20 AMOUNTS DUE FROM/(TO) DIRECTORS

Amounts due from/(to) directors are unsecured, interest-free, denominated in SGD and repayable on demand.

21 CASH AND CASH EQUIVALENTS

	As at 30 June	
	2021	2020
	S$	*S$*
Cash at banks	**4,283,496**	7,029,267
Cash on hand	**271,104**	60,806
	4,554,600	7,090,073

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

	As at 30 June	
	2021	2020
	S$	*S$*
SGD	**1,335,127**	2,921,928
HK$	**2,533,841**	4,168,145
RMB	**685,632**	–
	4,554,600	7,090,073

For the year ended 30 June 2021, the Group's bank deposits carried effective interest rate of 0.0006% per annum (2020: 0.0005% per annum).

22 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, 1 July 2020 and 30 June 2021	600,000,000	1,099,752

	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 *(Note (i))*	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, 1 July 2020 and 30 June 2021	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.

22 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

Notes: (Continued)

(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).

(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.

23 RESERVES

As at 30 June 2021 and 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.

24 EXCHANGE RESERVES

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency Singapore dollars are recognised directly in other comprehensive income and accumulated in exchange reserves. Exchange differences accumulated in the exchange reserves are reclassified to profit or loss on the disposal of the foreign operations.

25 PROVISION FOR REINSTATEMENT COST

	As at 30 June	
	2021	2020
	S$	*S$*
Beginning of year	**345,289**	344,457
Reversal made during the year	**(27,156)**	(21,587)
Unwinding of discount *(Note 11)*	**19,244**	22,419
	337,377	345,289
Less: non-current portion	**(318,420)**	(345,289)
	18,957	–

26 LEASE LIABILITIES

The Group entered into lease arrangements with independent third parties in relation to certain retail stores, office and vehicles. The lease terms ranged from 2 to 10 years (2020: 3 to 10 years). The weighted average incremental borrowing rates applied to lease liabilities was ranged from 3.82% to 7.00% and ranged from 6.50% to 7.00% per annum as at 30 June 2021 and 2020, respectively.

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	**2021**	2020
	S$	*S$*	**S$**	*S$*
Within one year	**4,606,725**	4,391,189	**4,166,110**	3,804,883
Within a period of more than one year but not exceeding two years	**3,832,128**	3,942,139	**3,588,341**	3,393,881
Within a period of more than two years but not exceeding five years	**2,628,895**	6,817,962	**2,533,318**	6,373,431
More than five years	**–**	119,151	**–**	111,382
	11,067,748	15,270,441	**10,287,769**	13,683,577
Less: Future finance charge	**(779,979)**	(1,586,864)		
Present value of lease obligation	**10,287,769**	13,683,577	**10,287,769**	13,683,577
Less: Amount due for settlement within twelve months shown under current liabilities			**(4,166,109)**	(3,697,398)
Amount due for settlement after twelve months shown under non-current liabilities			**6,121,660**	9,986,179

27 BORROWINGS

	As at 30 June	
	2021	2020
	S$	*S$*
Non-current		
Bank borrowings	**573,785**	917,790
Current		
Bank borrowings	**346,692**	265,610
	920,477	1,183,400

27 BORROWINGS *(Continued)*

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

	As at 30 June	
	2021	2020
	S$	*S$*
Within 1 year	**346,692**	265,610
Between 1 and 2 years	**345,657**	337,236
Between 2 and 5 years	**228,128**	580,554
	920,477	1,183,400

For the year ended 30 June 2021, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.00% per annum (2020: 6.25% to 7.00% per annum). 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 2021, the Group's borrowings are secured by corporate guarantees provided by the Company. 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.

28 DEFERRED INCOME TAX

	As at 30 June	
	2021	2020
	S$	*S$*
Deferred income tax assets		
To be recovered after more than 12 months	**127,151**	245,867
Deferred income tax liabilities		
To be settled after more than 12 months	**(62,850)**	(153,608)
	64,301	92,259

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 2019	3,010,337	–	3,010,337
(Charged)/credited to profit or loss *(Note 14)*	(684,129)	16,966	(667,163)
As at 30 June 2020 and 1 July 2020	2,326,208	16,966	2,343,174
Charged to profit or loss *(Note 14)*	(577,287)	(16,966)	(594,253)
As at 30 June 2021	**1,748,921**	**–**	**1,748,921**

28 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 2019	2,804,154	226,608	3,030,762
Credited to profit or loss *(Note 14)*	(706,847)	(73,000)	(779,847)
As at 30 June 2020 and 1 July 2020	2,097,307	153,608	2,250,915
Credited to profit or loss *(Note 14)*	(475,537)	(90,758)	(566,295)
As at 30 June 2021	**1,621,770**	**62,850**	**1,684,620**

At the end of the reporting period, the Group has estimated unused tax losses of S$1,337,258 (2020: S$99,800) available for offset against future profits. As at 30 April 2021, no deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

29 TRADE AND OTHER PAYABLES

	As at 30 June	
	2021 ***S$***	2020 *S$*
Trade payables	**841,491**	377,844
Other payables:		
— Deferred grant income — *(Note (a))*	**–**	370,345
— Goods and services tax payable	**34,692**	164,090
— Accruals for operating expenses	**1,180,231**	881,355
— Others *(Note (b))*	**1,049,004**	70,027
	3,105,418	1,863,661

Notes:

(a) 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.

(b) There were S$930,000 (2020: S$nil) payable to an independent third party for consultancy service.

29 TRADE AND OTHER PAYABLES *(Continued)*

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

	As at 30 June	
	2021	2020
	S$	*S$*
Trade payables:		
— SGD	**841,491**	377,844
Other payables:		
— SGD	**2,205,480**	1,360,092
— HK$	**23,790**	125,725
— RMB	**34,657**	–
	3,105,418	1,863,661

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

The average credit period on trade payables is 30-90 days. The ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June	
	2021	2020
	S$	*S$*
0–30 days	**279,530**	301,029
31–60 days	**257,121**	56,215
61–90 days	**217,181**	17,318
91–120 days	**87,659**	3,282
	841,491	377,844

30 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings *S$*	Lease liabilities *S$*	Dividend payable *S$*	Total *S$*
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 17)*	–	(1,188,067)	–	(1,188,067)
— Derecognition of lease liabilities	–	(868,545)	–	(868,545)
— Declaration of dividend *(Note 13)*	–	–	5,500,000	5,500,000
— Offset against amount due from directors	–	–	(5,500,000)	(5,500,000)
As at 30 June 2020 and 1 July 2020	1,183,400	13,683,577	–	14,866,977
— Finance cost	**85,635**	**837,268**	**–**	**922,903**
Cash flows				
— Interest paid	**(85,635)**	**(837,268)**	**–**	**(922,903)**
— Principal elements of payments	**(262,923)**	**(4,750,780)**	**–**	**(5,013,703)**
Non-cash changes				
— Additions to lease liabilities	**–**	**6,540,838**	**–**	**6,540,838**
— Rent concessions *(Note 17)*	**–**	**(543,825)**	**–**	**(543,825)**
— Derecognition of lease liabilities	**–**	**(4,642,041)**	**–**	**(4,642,041)**
As at 30 June 2021	**920,477**	**10,287,769**	**–**	**11,208,246**

31 RETIREMENT BENEFITS PLANS

The Group operates a Central Provident Fund Scheme (the "CPF Scheme") under the Central Provident Fund Act (Chapter 36 of the Laws of Singapore) for employees employed under the jurisdiction of the Employment Act (Chapter 91 of the Laws of Singapore). The CPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the CPF Scheme, the employer and its employees are each required to make contributions to the CPF Scheme at generally 17% and 20% of the employees' relevant income, subject to a cap of monthly relevant income of generally SGD6,000. There are different CPF rates applied to the senior workers aged 55 and above. Contributions to the CPF Scheme vest immediately.

During the years ended 30 June 2021 and 2020, the Group had no forfeited contributions under the CPF and the retirement benefits scheme utilised to reduce the existing levels of contributions. As at 30 June 2021 and 2020, there was no forfeited contribution under the CPF and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

32 SUBSIDIARIES

As at 30 June 2021 and 2020, the Company has direct or indirect interests in the following subsidiaries:

Name of entity	Principal activities	Place and date of incorporation	Particulars of share capital	Effective interest held as at 30 June 2021 %	2020 %
Directly held by the Company					
AA United Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	**100**	100
AA International Holdings Limited[#]	Investment holding	British Virgin Islands, 8 July 2020	US$50,000	**100**	100
Indirectly held by the Company					
Laura Food Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	**100**	100
Proofer Boulangerie Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	**100**	100
Yuba Hut Holdings Limited	Investment holding	British Virgin Islands, 21 January 2019	US$1,000	**100**	100
Anita Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 10 March 2014	S$100,000	**100**	100
Aris Gourmet Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 7 February 2014	S$200,000	**100**	100
Laura Baguette Pte. Ltd.	Operation of restaurants	Singapore, 31 May 2017	S$100,000	**100**	100
Laura Cafe Pte. Ltd.	Operation of restaurants	Singapore, 9 April 2019	S$100,000	**100**	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**	100
Proofer Boulangerie Pte. Ltd.	Retailing of confectionery and bakery products	Singapore, 17 January 2014	S$200,000	**100**	100

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For the year ended 30 June 2021

32 SUBSIDIARIES *(Continued)*

Name of entity	Principal activities	Place and date of incorporation	Particulars of share capital	Effective interest held as at 30 June 2021 %	2020 %
Proofer Pizzeria Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 28 September 2017	S$100,000	**100**	100
Proofer (Tanjong Pagar) Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 22 April 2015	S$100,000	**100**	100
Yuba Hut Pte. Ltd.	Operation of restaurants	Singapore, 24 February 2017	S$200,000	**100**	100
Yuba Hut (Hillion) Pte. Ltd.	Operation of restaurants	Singapore, 24 November 2016	S$100,000	**100**	100
Yuba Hut (Northpoint) Pte. Ltd.	Operation of restaurants	Singapore, 30 December 2016	S$100,000	**100**	100
Yuba Hut (POIZ) Pte. Ltd.	Operation of restaurants	Singapore, 3 January 2018	S$170,000	**100**	100
300 BC Bakery Pte. Ltd.	Retailing of confectionary and bakery products	Singapore, 6 February 2018	S$110,000	**100**	100
Caracara Tea Pte. Ltd.	Retailing of snack bars and bubble tea	Singapore, 13 May 2020	S$100,000	**100**	100
Food Lab Pte Ltd.#	Operation of restaurants	Singapore, 8 July 2020	S$100,000	**100**	–
SG International Food Holdings Ltd.#	Investment holding	Hong Kong, 7 September 2020	HK$1,000	**100**	–
上海超凱帆盛餐飲管理有限公司#	Operation of restaurants	People's Republic of China, 14 April 2021	US$3,000,000	**100**	–
戀食餐飲管理（上海）有限公司#	Operation of restaurants	People's Republic of China, 9 June 2021	RMB500,000	**99**	–

The companies are newly incorporated during the year.

33 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 12 and 35, is as follows:

	Year ended 30 June	
	2021	2020
	S$	*S$*
Wages, salaries and allowances	**410,503**	202,330
Employer's contribution to defined contribution plans	**54,526**	32,899
Others	**701**	504
	465,730	235,733

(b) Balances with related parties

	As at 30 June	
	2021	2020
	S$	*S$*
Amount due (to)/from directors	**(121,131)**	99,656

Terms and currency denomination of the balances with related parties are disclosed in Note 20. Such balances are non-trade in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

		As at 30 June	
		2021	2020
	Note	***S$***	*S$*
ASSETS			
Non-current asset			
Investment in subsidiaries		**39,541,007**	39,722,677
Current assets			
Prepayments		**14,700**	–
Cash and cash equivalents		**2,524,665**	4,167,190
		2,539,365	4,167,190
Total assets		**42,080,372**	43,889,867
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**441,360**	441,360
Reserves	*(i)*	**46,822,704**	46,822,704
Accumulated losses	*(i)*	**(7,169,949)**	(5,764,832)
Total equity		**40,094,115**	41,499,232
LIABILITIES			
Current liabilities			
Other payables		**1,184,930**	367,290
Amounts due to subsidiaries		**801,327**	2,023,345
Total liabilities		**1,986,257**	2,390,635
Total equity and liabilities		**42,080,372**	43,889,867

The statement of financial position of the Company was approved by the Board of Directors on 28 September 2021 and was signed on its behalf.

Goh Leong Heng Aris
Director

Anita Chia Hee Mei
Director

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

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

Note (i): Reserve movement of the Company

	Note	Share premium S$	Other reserve S$	Accumulated losses S$	Total S$
As at 1 July 2019		–	–	(1,292,365)	(1,292,365)
Loss and total comprehensive expense for the year		–	–	(4,472,467)	(4,472,467)
Effect of the Reorganisation		–	39,722,675	–	39,722,675
Shares issued pursuant to the Capitalisation	22	(331,018)	–	–	(331,018)
Shares issued pursuant to the Listing	22	9,840,273	–	–	9,840,273
Listing expenses charged to share premium	22	(2,409,226)	–	–	(2,409,226)
As at 30 June 2020 and 1 July 2020		7,100,029	39,722,675	(5,764,832)	41,057,872
Loss and total comprehensive expense for the year		**–**	**–**	**(1,405,117)**	**(1,405,117)**
As at 30 June 2021		**7,100,029**	**39,722,675**	**(7,169,949)**	**39,652,755**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

35 BENEFIT AND INTEREST OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the years ended 30 June 2021 and 2020 was as follows:

Name	Fees	Salaries and allowances	Employer's contribution to defined contribution plans	Other benefits	Total
	S$	*S$*	*S$*	*S$*	*S$*
Year ended 30 June 2021					
Executive directors					
Mr. Goh	**–**	**89,981**	**12,958**	**–**	**102,939**
Mrs. Goh (#)	**–**	**85,041**	**16,968**	**–**	**102,009**
Independent non-executive Directors					
Ms. Lei Dan	**15,044**	**–**	**–**	**–**	**15,044**
Mr. John Lim Boon Kiat	**25,790**	**–**	**–**	**–**	**25,790**
Mr. Kwok Kin Kwong Gary	**25,790**	**–**	**–**	**–**	**25,790**
Mr. Wong Wah	**12,128**	**–**	**–**	**–**	**12,128**
Mr. Kuan Hong Kin Daniel	**12,128**	**–**	**–**	**–**	**12,128**
	90,880	**175,022**	**29,926**	**–**	**295,828**
Year ended 30 June 2020					
Executive directors					
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

(#) Mrs. Goh was appointed Chief Executive of the Group throughout the years ended 30 June 2021 and 2020.

Ms. Lei Dan was resigned as Independent Non-executive Directors of the Company on 6 February 2021.

Mr. Wong Wah and Mr. Kuan Hong Kin Daniel were appointed as Independent Non-executive Directors of the Company on 9 February 2021.

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 the years ended 30 June 2021 and 2020.

35 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 amounts due from/(to) directors as presented on the consolidated statement of financial position.

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.

36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

37 AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements was approved and authorised for issued by the Board of Directors on 28 September 2021.

FINANCIAL SUMMARY

A summary of key financial figures of the Group for the last four financial years, extracted from audited financial statements in this annual report and the Prospectus of the Company dated 29 April 2020, is as follows.

KEY FINANCIAL FIGURES

	Year ended 30 June			
	2021	2020	2019	2018
	S$	*S$*	*S$*	*S$*
Revenue	**14,136,821**	14,739,159	16,319,367	9,591,303
(Loss)/profit before income tax and listing expenses	**(4,815,227)**	1,034,349	2,991,717	917,531
(Loss)/profit before income tax	**(4,815,227)**	(2,575,471)	1,712,050	917,531
Net (loss)/profit attributable to owners of the Company	**(4,883,965)**	(2,587,052)	1,451,338	861,174
Total assets	**17,195,016**	24,613,705	29,351,183	19,377,762
Total liabilities	**14,868,877**	17,405,041	24,197,235	15,775,152
Net assets	**2,326,139**	7,208,664	5,153,948	3,602,610