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 YEAR ENDED 30 JUNE 2020

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*This announcement, 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 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 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.*

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

The board of Directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2020 (the "**Year**") together with the comparative figures for the year ended 30 June 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June	
		2020	2019
	Note	***S$***	*S$*
ASSETS			
Non-current assets			
Plant and equipment		**2,246,728**	2,632,409
Right-of-use assets		**12,556,248**	16,881,143
Deferred tax assets		**245,867**	206,183
Deposits and prepayments	*9*	**1,433,708**	1,138,827
		16,482,551	20,858,562
Current assets			
Inventories		**100,829**	114,410
Trade and other receivables, deposits and prepayments	*9*	**840,596**	758,688
Amount due from directors		**99,656**	4,826,678
Cash and cash equivalents		**7,090,073**	2,792,845
		8,131,154	8,492,621
Total assets		**24,613,705**	29,351,183
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*10*	**441,360**	–
Share premium	*10*	**7,100,029**	–
Other reserves		**1,780,379**	1,780,000
(Accumulated losses)/retained earnings		**(2,113,104)**	3,373,948
Total equity		**7,208,664**	5,153,948
LIABILITIES			
Non-current liabilities			
Provision for reinstatement cost		**345,289**	344,457
Lease liabilities		**9,986,179**	13,887,173
Borrowings		**917,790**	988,200
Deferred tax liabilities		**153,608**	226,608
		11,402,866	15,446,438

		As at 30 June	
		2020	2019
	Note	***S$***	*S$*
Current liabilities			
Trade and other payables	*11*	**1,863,661**	4,134,124
Current income tax liabilities		**175,506**	219,060
Lease liabilities		**3,697,398**	3,820,696
Borrowings		**265,610**	576,917
		6,002,175	8,750,797
Total liabilities		**17,405,041**	24,197,235
Total equity and liabilities		**24,613,705**	29,351,183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

1 GENERAL INFORMATION AND REORGANISATION

Singapore Food Holdings Limited ("the **Company**") was incorporated in the Cayman Islands on 16 May 2019 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

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

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

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

2 BASIS OF PREPARATION

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

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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

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

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

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

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

New standards and interpretations not yet adopted

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

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

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

3 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. The executive directors of the Company have been identified as the chief operating decision maker ("**CODM**"). The CODM monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group operates under two operating segments:

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

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

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

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

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

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

Segment assets and liabilities

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

Information about major customers

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

4. OTHER LOSSES, NET

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

5. FINANCE INCOME/(COSTS)

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

6. INCOME TAX EXPENSE

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

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

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

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

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

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

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

7. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of calculating the basic (loss)/earnings per share has been determined on the assumptions that the Reorganisation and Capitalisation issue as described in Note 10 has become effective since 1 July 2018.

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

(b) Diluted

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

8. DIVIDEND

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

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

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

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

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

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

10. SHARE CAPITAL AND SHARE PREMIUM

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

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

*: *Less than S$1*

Notes:

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

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

(iii) Pursuant to the Reorgansiation, 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.

11. TRADE AND OTHER PAYABLES

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

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

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

OUTLOOK

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

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

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

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

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

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

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:

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

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

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

Bakery outlets

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

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

Fast casual dining restaurants

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

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

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

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

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

Other income

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

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

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

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

Other losses, net

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

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

Raw materials and consumables used

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

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

Employee benefit cost

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

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

Cost of leasing for our operations

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

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

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

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

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

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

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

Depreciation of plant and equipment

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

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

Other expenses

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

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

— increase in professional fees subsequent to the Listing

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

Net finance costs

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

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

Income tax expense

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

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

DIVIDEND POLICY

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

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

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

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

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

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

(vi) statutory and regulatory restrictions; and

(vii) other factors that our Board deems appropriate.

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

DIVIDEND

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and bank balances

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

Net current assets

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

Total equity

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

Borrowings

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

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

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

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

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

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

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

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

CAPITAL STRUCTURE

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

TREASURY POLICY

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

CONTINGENT LIABILITIES

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

CHARGES ON ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

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

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

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

Except on disclosed herein, the Group did not have any significant investments during the Year and did not have any future plans for material investments of 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 2020 the Group's gearing ratio was 52% (2019: 76%).

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

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

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

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

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

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.

DIRECTOR'S SECURITIES TRANSACTIONS

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CLOSURE OF REGISTER OF MEMBER

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 24 April 2020. No share option has been granted under the Share Option Scheme since its adoption.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

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

The annual results of the Company for the Year have been reviewed by the Audit Committee of the Company, which has provided advice and comments thereon.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange and the Company. The annual report for the reporting period containing all the information required by the GEM Listing Rules will be published on the websites of the Stock Exchange and the Company, and dispatched to the Company's shareholders in due course.

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

Singapore, 30 September 2020

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

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.