



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

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 8496

INTERIM REPORT
2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the “**Directors**”) of Singapore Food Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 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.*

CONTENTS

CORPORATE INFORMATION	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
MANAGEMENT DISCUSSION AND ANALYSIS	26
DISCLOSURE OF INTERESTS AND OTHER INFORMATION	35

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
Ms. Lei Dan (resigned on 6 February 2021)
Mr. Wong Wah (appointed on 9 February 2021)
Mr. Kuan Hong Kin Daniel
(appointed on 9 February 2021)

AUDIT COMMITTEE

Ms. Lei Dan *(Chairlady)* (resigned on 6 February 2021)
Mr. Wong Wah *(Chairman)*
(appointed on 9 February 2021)
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
(appointed on 9 February 2021)

COMPLIANCE OFFICER

Mr. Goh Leong Heng Aris

AUTHORISED REPRESENTATIVES

Mr. Goh Leong Heng Aris
Mr. Yu Chun Kit

JOINT COMPANY SECRETARIES

Mr. Yu Chun Kit
Ms. Chung Ngar Yu Alice

LEGAL ADVISERS

As to Hong Kong law:
David Fong & Co.
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

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

Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

CORPORATE INFORMATION

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
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F
Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

COMPANY'S WEBSITE

www.proofer.com.sg

STOCK CODE

8496

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries for the three months and six months ended 31 December 2020 (the “Period”), together with the unaudited comparative figures for the three months and six months ended 31 December 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the three months ended 31 December		For the six months ended 31 December	
		2020	2019	2020	2019
		S\$ (Unaudited)	S\$ (Unaudited)	S\$ (Unaudited)	S\$ (Unaudited)
Revenue	3	4,176,017	5,124,706	7,275,179	9,134,793
Other income	4	273,254	21,124	604,617	50,917
Other losses, net	5	(86,627)	(33,268)	(113,697)	(54,476)
Raw materials and consumables used		(921,406)	(1,015,069)	(1,610,894)	(1,894,567)
Employee benefit cost	6	(1,223,628)	(1,073,680)	(2,372,552)	(2,133,816)
Expenses under short-term lease and variable lease payments	10	(82,092)	(76,133)	(143,603)	(144,987)
Rent concessions	10	40,795	–	462,571	–
Depreciation of right-of-use assets	10	(1,084,978)	(942,547)	(2,079,703)	(1,988,230)
Depreciation of plant and equipment		(167,596)	(136,281)	(303,315)	(273,960)
Listing expenses		–	(668,268)	–	(1,567,002)
Other expenses	7	(382,879)	(260,655)	(663,012)	(489,000)
Finance income	8	–	4	4	16
Finance costs	8	(262,860)	(198,992)	(499,737)	(507,386)
Profit before income tax		278,000	740,941	555,858	132,302
Income tax (expense)/credit		(29,875)	21,023	(63,218)	(22,491)
Profit and total comprehensive income for the period attributable to owners of the Company		248,125	761,964	492,640	109,811
Earnings per share for income attributable to owners of the Company (expressed in Singapore cents per share)					
— Basic and diluted (S\$cents)	9	0.10	0.42	0.21	0.06

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 31 December 2020 (unaudited)

	Note	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
ASSETS			
Non-current assets			
Plant and equipment		3,434,038	2,246,728
Right-of-use assets	10	16,617,880	12,556,248
Deferred tax assets		111,794	245,867
Deposits and prepayments	11	1,192,145	1,433,708
		21,355,857	16,482,551
Current assets			
Inventories		149,831	100,829
Trade and other receivables, deposits and prepayments	11	1,441,396	840,596
Amount due from directors		–	99,656
Cash and cash equivalents		5,960,464	7,090,073
		7,551,691	8,131,154
Total assets		28,907,548	24,613,705
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	12	441,360	441,360
Share premium	12	7,100,029	7,100,029
Other reserves	13	1,780,379	1,780,379
Accumulated losses		(1,620,464)	(2,113,104)
Total equity		7,701,304	7,208,664
LIABILITIES			
Non-current liabilities			
Provision for reinstatement cost		434,903	345,289
Lease liabilities	10	13,074,950	9,986,179
Borrowings	14	851,670	917,790
Deferred tax liabilities		19,534	153,608
		14,381,057	11,402,866
Current liabilities			
Trade and other payables	15	1,629,291	1,863,661
Current income tax liabilities		194,471	175,506
Lease liabilities	10	4,783,886	3,697,398
Borrowings	14	217,539	265,610
		6,825,187	6,002,175
Total liabilities		21,206,244	17,405,041
Total equity and liabilities		28,907,548	24,613,705

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 30 June 2020 (Audited)

	Note	Attributable to the equity holders of the Company				
		Share capital S\$	Share premium S\$	Other Reserves S\$	Retained earnings/ (Accumulated losses) S\$	Total S\$
Balance at 1 July 2019		* –	–	1,780,000	3,373,948	5,153,948
Loss and total comprehensive loss for the year		–	–	–	(2,587,052)	(2,587,052)
Transaction with owners, recognised directly in equity						
Share issued by a group company prior to completion of the Reorganisation		–	–	2,600,381	–	2,600,381
Dividends	16	–	–	(2,600,000)	(2,900,000)	(5,500,000)
Effect of the Reorganisation		2	–	(2)	–	–
Shares issued pursuant to the Capitalisation	12	331,018	(331,018)	–	–	–
Shares issued pursuant to the Listing	12	110,340	9,840,273	–	–	9,950,613
Listing expenses charged to share premium		–	(2,409,226)	–	–	(2,409,226)
Balance at 30 June 2020		441,360	7,100,029	1,780,379	(2,113,104)	7,208,664

* Less than S\$1

For the six months ended 31 December 2020 (Unaudited)

	Attributable to the owners of the Company				
	Share capital S\$	Share premium S\$	Other Reserves S\$	Accumulated losses S\$	Total S\$
Balance at 1 July 2020	441,360	7,100,029	1,780,379	(2,113,104)	7,208,764
Profit and total comprehensive income for the financial period	–	–	–	492,640	492,640
Balance at 31 December 2020	441,360	7,100,029	1,780,379	(1,620,464)	7,701,304

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020 (unaudited)

	For the six month ended 31 December	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Cash flow from operating activities		
Cash generated from operations	2,388,638	2,995,173
Income tax paid	(44,253)	(110,765)
Net cash generated from operating activities	2,344,385	2,884,408
Cash flows from investing activities		
Decrease/(increase) in amount due from directors	99,656	(1,375,175)
Purchase of plant and equipment	(1,466,064)	–
Interest income received	4	16
Net cash used in investing activities	(1,366,404)	(1,375,159)
Cash flows from financing activities		
Repayment of borrowings	(114,191)	(703,695)
Interest paid on borrowings	(47,305)	(47,678)
Interest repayment of lease liabilities	(451,898)	(462,279)
Principal repayment of lease liabilities	(1,424,706)	(1,827,100)
Proceeds from Pre-IPO Investor	–	1,220,656
Listing expenses paid	–	(254,804)
Net cash used in financing activities	(2,038,100)	(2,074,900)
Net decrease in cash and cash equivalents	(1,060,119)	(565,651)
Cash and cash equivalents at beginning of the period	7,090,073	2,792,845
Effects of currency translation on cash and cash equivalents	(69,490)	(10,640)
Cash and cash equivalents at end of the period	5,960,464	2,216,554

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1. CORPORATE INFORMATION

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.

The unaudited condensed consolidated financial statements are presented in Singapore dollars ("S\$"), unless otherwise stated.

2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements for the six month ended 31 December 2020 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 unaudited condensed 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 unaudited condensed 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

2. BASIS OF PREPARATION AND REORGANISATION *(Continued)*

The preparation of the unaudited condensed 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 unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial information for the year ended 30 June 2020 as set out in the annual report of the Company dated 30 September 2020 ("**Annual Report**") and the unaudited consolidated financial information for the period ended 30 September 2020 as set out in the first quarterly report of the Company dated 11 November 2020 ("**First Quarterly Report**").

The accounting policies used in the financial highlights for the six months ended 31 December 2020 are the same as those followed in the preparation of the Group's Annual Report.

Taxes on income for the Period are accrued using the tax rate that would be applicable to expected total annual profit or loss. The preparation of unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were similar to those that were applied to the consolidated financial statements for the year ended 30 June 2020.

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 set out in Note 2. The executive directors of the Company have been identified as the chief operating decision maker ("CODM"). The CODM monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group operates under three operating segments:

1. sale of bakery products — operation of retail bakery outlets;
2. operation of restaurants — operation of fast casual dining restaurants.
3. beverage Kiosk

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

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 Period, together with the unaudited comparative figures for the three months and six months ended 31 December 2019, are as follows:

For the six months ended 31 December 2020	Sales of bakery products S\$ (Unaudited)	Operation of restaurants S\$ (Unaudited)	Beverage Kiosk S\$ (Unaudited)	Total S\$ (Unaudited)
Revenue from external customers recognised at a point in time	5,033,063	2,149,772	92,344	7,275,179
Raw materials and consumables used	(1,101,517)	(490,908)	(18,469)	(1,610,894)
Employee benefit cost	(1,735,416)	(596,408)	(40,728)	(2,372,552)
Expenses under short-term lease and variable lease payments	(112,078)	(29,694)	(1,831)	(143,603)
Rent concessions	351,440	111,131	–	462,571
Depreciation of right-of-use assets	(1,573,385)	(499,045)	(7,273)	(2,079,703)
Depreciation of plant and equipment	(211,453)	(90,050)	(1,812)	(303,315)
Delivery agent service charges	(78,923)	(80,897)	(134)	(159,954)
Utilities and other expenses	(227,224)	(71,855)	(5,440)	(304,519)
Finance costs	(322,641)	(127,837)	(1,954)	(452,432)
Other income	399,172	205,445	–	604,617
Other (losses)/ gains, net	(65,718)	18,983	–	(46,735)
Segment results	355,320	498,637	14,703	868,660
Finance income				4
Finance costs				(47,305)
Unallocated other expenses and other losses				(265,501)
Profit before tax				555,858

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the three months ended 31 December 2020	Sales of bakery products S\$ (Unaudited)	Operation of restaurants S\$ (Unaudited)	Beverage Kiosk S\$ (Unaudited)	Total S\$ (Unaudited)
Revenue from external customers recognised at a point in time	2,830,725	1,274,255	71,037	4,176,017
Raw materials and consumables used	(620,994)	(286,829)	(13,583)	(921,406)
Employee benefit cost	(895,350)	(308,656)	(19,622)	(1,223,628)
Expenses under short-term lease and variable lease payments	(64,059)	(16,858)	(1,175)	(82,092)
Rent concessions	28,172	12,623	–	40,795
Depreciation of right-of-use assets	(815,904)	(268,846)	(228)	(1,084,978)
Depreciation of plant and equipment	(119,968)	(46,722)	(906)	(167,596)
Delivery agent service charges	(34,994)	(37,048)	(86)	(72,128)
Utilities and other expenses	(117,529)	(92,254)	(1,998)	(211,781)
Finance costs	(176,989)	(54,105)	(1,151)	(232,245)
Other income	189,128	84,126	–	273,254
Other (losses)/ gains, net	(65,719)	18,984	–	(46,735)
Segment results	136,519	278,670	32,288	447,477
Finance income				–
Finance costs				(30,615)
Unallocated other expenses and other losses				(138,862)
Profit before tax				278,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 31 December 2019	Sales of bakery products S\$ (Unaudited)	Operation of restaurants S\$ (Unaudited)	Total S\$ (Unaudited)
Revenue from external customers recognised at a point in time	6,062,938	3,071,855	9,134,793
Raw materials and consumables used	(1,285,891)	(608,676)	(1,894,567)
Employee benefit cost	(1,418,421)	(715,395)	(2,133,816)
Expenses under short-term lease and variable lease payments	(97,197)	(47,790)	(144,987)
Depreciation of right-of-use assets	(1,396,738)	(591,492)	(1,988,230)
Depreciation of plant and equipment	(187,792)	(86,168)	(273,960)
Delivery agent service charges	(33,252)	(46,493)	(79,745)
Utilities and other expenses	(221,970)	(96,585)	(318,555)
Finance costs	(307,261)	(152,447)	(459,708)
Other income	34,950	15,967	50,917
Other losses	(631)	–	(631)
Segment results	1,148,735	742,776	1,891,511
Finance income			16
Finance costs			(47,678)
Listing expenses			(1,567,002)
Unallocated other expenses and other losses			(144,545)
Profit before income tax			132,302

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the three months ended 31 December 2019	Sales of bakery products S\$ (Unaudited)	Operation of restaurants S\$ (Unaudited)	Total S\$ (Unaudited)
Revenue from external customers recognised at a point in time	3,481,658	1,643,048	5,124,706
Raw materials and consumables used	(695,857)	(319,212)	(1,015,069)
Employee benefit cost	(714,666)	(359,014)	(1,073,680)
Expenses under short-term lease and variable lease payments	(46,212)	(29,921)	(76,133)
Depreciation of right-of-use assets	(621,288)	(321,259)	(942,547)
Depreciation of plant and equipment	(93,006)	(43,275)	(136,281)
Delivery agent service charges	(16,034)	(22,705)	(38,739)
Utilities and other expenses	(121,977)	(52,517)	(174,494)
Finance costs	(92,658)	(89,029)	(181,687)
Other income	10,504	10,620	21,124
Segment results	1,090,464	416,736	1,507,200
Finance income			4
Finance costs			(17,305)
Listing expenses			(668,268)
Unallocated other expenses and other losses			(80,690)
Profit before income tax			740,941

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 Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

4. OTHER INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government grant (i)	273,254	21,124	604,617	50,917

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

5. OTHER LOSSES, NET

	For the three months ended 31 December		For the six months ended 31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net foreign exchange loss	39,892	33,268	66,962	53,537
Loss on disposals of plant and equipment	57,744	–	57,744	939
Gain on lease modifications (note 10 (a))	(11,009)	–	(11,009)	–
	86,627	33,268	113,697	54,476

6. EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	For the three months ended 31 December		For the six months ended 31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wages, salaries and allowances	965,388	883,730	1,864,361	1,761,968
Directors' fee	68,680	–	137,754	–
Employer's contribution to defined contribution plans	78,941	67,913	150,219	133,900
Others	110,619	122,037	220,218	237,948
	1,223,628	1,073,680	2,372,552	2,133,816

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

7. OTHER EXPENSES

	For the three months ended 31 December		For the six months ended 31 December	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Utilities	165,907	123,721	258,591	229,847
Delivery agent service charges	72,128	38,739	159,954	79,745
Auditor's remuneration — audit service	64,500	—	129,000	—
Legal and professional fees	34,470	—	69,539	4,229
Others	45,874	98,195	45,928	175,179
	382,879	260,655	663,012	489,000

8. FINANCE INCOME/(COSTS)

	For the three months ended 31 December		For the six months ended 31 December	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Interest income on bank deposits	—	4	4	16
Interest expense on:				
— lease liabilities	(232,769)	(182,580)	(451,898)	(462,279)
— bank borrowings	(30,615)	(17,305)	(47,305)	(47,678)
— provision for reinstatement	(4,514)	(4,117)	(10,815)	(8,223)
— unwinding of discount on rental deposits	5,038	5,010	10,281	10,794
	(262,860)	(198,992)	(499,737)	(507,386)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

9. EARNING PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	For the three months ended 31 December		For the six months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net profit attributable to equity holders of the Company (S\$)	248,125	761,964	492,640	109,811
Weighted average number of ordinary shares outstanding for basic earnings per share	240,000,000	180,000,000	240,000,000	180,000,000
Basic earnings per share (S\$ cents per share)	0.10	0.42	0.21	0.06

(b) Diluted

For the Period and the three months and six months ended 31 December 2019, diluted earnings per share equals basic earnings per share as there were no dilutive potential ordinary shares in existence during the Period.

10. LEASES**(a) Amounts recognised in the unaudited condensed consolidated statement of financial position**

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Right-of-use assets		
Beginning of financial period/year	12,556,248	16,881,143
Additions	6,908,618	639,381
Derecognition — (i)	(767,283)	(803,189)
Depreciation	(2,079,703)	(4,161,087)
End of financial period/year	16,617,880	12,556,248

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

10. LEASES (Continued)**(a) Amounts recognised in the unaudited condensed consolidated statement of financial position** (Continued)

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Cost as at beginning of financial period/year	24,251,512	25,225,504
Additions	6,908,618	639,381
Derecognition — (i)	(1,354,938)	(1,613,373)
Cost as at end of financial period/year	29,805,192	24,251,512
Accumulated depreciation at beginning of financial period/year	(11,695,264)	(8,344,361)
Depreciation	(2,079,703)	(4,161,087)
Derecognition — (i)	587,655	810,184
End of financial period/year	(13,187,312)	11,695,264
Carrying amount as at end of financial period/year	16,617,880	12,556,248

- (i) During the Period, the Group did not exercise the extension option for certain leases upon expiry of the lease term. Accordingly, the right-of-use assets and lease liabilities pertaining to the extension option periods which were previously recognised by the Group, amounting to S\$767,283 and S\$778,292 respectively were derecognised and a corresponding gain on leases modification amounting to S\$11,009 was recognised in "Other gain/(loss)" in the unaudited condensed consolidated statement of comprehensive income (Note 5).

Analysis of right-of-use assets

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Retail stores	16,532,752	12,537,711
Office	27,790	14,667
Motor vehicles	57,338	3,870
	16,617,880	12,556,248

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Lease liabilities		
Current	4,783,886	3,697,398
Non-current	13,074,950	9,986,179
	17,858,836	13,683,577

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

10. LEASES (Continued)**(b) Amounts recognised in the unaudited condensed consolidated statement of comprehensive income**

	For the three months ended 31 December		For the six months ended 31 December	
	2020	2019	2020	2019
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets				
Retail stores	1,071,216	927,545	2,051,070	1,958,225
Office	9,243	10,956	20,244	21,913
Motor vehicles	4,519	4,046	8,389	8,092
	1,084,978	942,547	2,079,703	1,988,230
Interest expense included in finance cost	232,769	282,580	451,898	462,279
Expenses relating to short-term leases and variable lease payments	82,092	76,133	143,603	144,987
Rent concessions — (ii)	(40,795)	–	(462,571)	–

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

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

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling S\$462,571 have been accounted for as negative variable lease payments and recognised in the unaudited condensed consolidated statement of comprehensive income for the Period with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 July 2020.

The total cash outflow for leases during the six months ended 31 December 2020 and six months ended 31 December 2019 were S\$1,958,696 and S\$2,144,392 respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2020***10. LEASES** *(Continued)***(b) Amounts recognised in the unaudited condensed consolidated statement of comprehensive income** *(Continued)****Impairment assessment of plant and equipment and right-of-use assets***

During the year ended 30 June 2020, and up till the six months ended 31 December 2020, the Group's business performance has been negatively impacted by COVID-19. In particular, the Group's bakery outlets, restaurants and beverage kiosk were affected to a large extent due to the circuit breaker policy imposed by the Singapore government which resulted in a sharp decrease in customers' visits in April to June 2020 ("the circuit breaker period"). In addition, the ban on dining-in during the circuit breaker period has further impacted revenue of the Group's restaurant business. Although management has introduced temporary measures such as set meals for delivery services, the financial performance during the circuit breaker period was inevitably affected. The circuit breaker policy were gradually lifted by the Singapore government in June 2020.

Management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment and right-of-use assets as at 30 June 2020 and 31 December 2020, and concluded that no impairment charge was necessary.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Trade receivables from third parties	65,887	19,625
Rental deposits	2,046,554	1,764,584
Grant receivables	–	206,627
Other prepayments and deposits	521,100	283,468
	2,633,541	2,274,304
Less: non-current portion	(1,192,145)	(1,433,708)
	1,441,396	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 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
1-30 days	65,887	19,625

The maximum exposure to credit risk as at 31 December 2020 and 30 June 2020 is the carrying value of the financial assets mentioned above. The Group does not hold any collateral as security.

As at 31 December 2020 and 30 June 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 31 December 2020 and 30 June 2020, no provision for impairment was made.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

12. 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 and 31 December 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 and 31 December 2020	240,000,000	441,360	7,100,029	7,541,389

*: Less than S\$1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

12. SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

Notes:

- (i) The Company was incorporated in the Cayman Islands on 16 May 2019 as an exempted company with an authorised share capital of HK\$380,000 (S\$66,234 equivalent) divided into 38,000,000 shares of HK\$0.01 each. Upon incorporation, one share of the Company was issued and allotted.
- (ii) On 24 April 2020, the authorised share capital of the Company was increased to HK\$6,000,000 (S\$1,099,752 equivalent) divided into 600,000,000 shares of HK\$0.01 each.
- (iii) Pursuant to the Reorganisation, 999 ordinary shares each was issued to the shareholders of the Company at par value in return for interests of the Operating Companies (Note 1.1).
- (iv) Pursuant to a written resolution of the shareholders passed on 24 April 2020, subject to the share premium account of the Company being credited as a result of the initial public offering of the Company's shares (the "IPO"), the Directors were authorised to allot and issue a total of 179,999,000 shares credited as fully paid at par to the then shareholders of the Company by way of capitalisation of an amount of HK\$1,799,990 (S\$331,018 equivalent) standing to the credit of the share premium account of the Company.
- (v) On 18 May 2020, the Company issued 60,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.90 each pursuant to the IPO. Gross proceeds amounting to HK\$54,000,000 (S\$9,950,613 equivalent) was raised from the IPO, of which HK\$600,000 (S\$110,340 equivalent) and HK\$53,400,000 (S\$9,840,273 equivalent) was credited to the share capital and share premium account respectively. Listing expenses of S\$2,409,226 was deducted from the share premium account.

13. RESERVES

As at 30 June 2020 and 31 December 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.

14. BORROWINGS

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Non-current		
Bank borrowings	851,670	917,790
Current		
Bank borrowings	217,539	265,610
	1,069,209	1,183,400

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2020***14. BORROWINGS** *(Continued)*

Bank borrowings represent mainly the term loans drawn by the Group.

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Within 1 year	322,140	265,610
Between 1 and 2 years	350,184	337,236
Between 2 and 5 years	396,885	580,554
	1,069,209	1,183,400

For the six months ended 31 December 2020, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum (for the year ended 30 June 2020: 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 and 31 December 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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

15. TRADE AND OTHER PAYABLES

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Trade payables:		
— Third parties	622,008	377,844
Other payables:		
— Deferred grant income — (a)	—	370,345
— Goods and services tax payable	23,274	164,090
— Accruals for operating expenses	904,016	881,355
— Others	79,993	70,027
	1,629,291	1,863,661

- (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.

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Trade payables:		
— SGD	622,008	377,844
Other payables:		
— SGD	1,007,283	1,360,092
— HK\$	—	125,725
	1,629,291	1,863,661

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2020***15. TRADE AND OTHER PAYABLES** *(Continued)*

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
0–30 days	531,761	301,029
31–60 days	78,532	56,215
61–90 days	10,972	17,318
91–120 days	743	3,282
	622,008	377,844

16. DIVIDEND

No dividends have been proposed or paid by the Company or any of its subsidiaries during the Period (six months ended 31 December 2019: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a fast-growing multi-brand Singapore-based Food and Beverages (“F&B”) group that offers broad customer appeal. As at 31 December 2020, the Group has (i) 21 bakery outlets, 19 under the “Proofer” brand and two under the “300BC” brand; (ii) five Japanese fast casual dining restaurants under the “Yuba” brand; (iii) three Western fast casual dining restaurants under “Proofer” and “Laura” brands; (iv) one Chinese fast casual dining restaurant under “Nana” brand; and (v) one beverage kiosk, all of which are in Singapore.

For the Period, the Group recorded net profit attributable to the equity holders of the Company of approximately S\$0.5 million, while for the six months ended 31 December 2019, the Group recorded net profit attributable to the equity holders of the Company of approximately S\$0.1 million.

OUTLOOK

The year 2020 has been a challenging one for many businesses. The Coronavirus has caused unprecedented shifts in market behaviors and preferences. Amidst the challenging scene, the Group did not falter; in fact the Group has stepped up its expansion plans. During the six months ended 31 December 2020, the Group has opened a grand total of nine outlets, comprising (i) four bakery outlets under the “Proofer” brand, (ii) two Japanese casual dining restaurants under the “Yuba” brand, (iii) one Western fast casual dining restaurant under the “Laura” brand, (iv) one Chinese fast casual dining restaurant under the “Nana” brand, and (v) one which has been revamped from a “Yuba” outlet to a beverage kiosk under the “Cara Cara” brand.

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, as the health and safety of our customers is of utmost importance, we have placed more emphasis on online contactless delivery sales. Examples of initiatives would be the widening of offerings on these platforms and the launching of affordable bundle deals.

The 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. 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. The current financial year will be a year of recovery and aggressive expansions. The Group will also devote resources to improving the efficiency of our processes and through all these, enhance the value brought to our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

	As at 31 December	
	2020	2019
Bakery outlets	21	18
Fast casual dining restaurants		
— Japanese	5	6
— Western	3	2
— Chinese	1	—
Beverage Kiosk	1	—
Total	31	26

Our revenue decreased by approximately S\$1.9 million, or 20.4% from approximately S\$9.1 million for the six months ended 31 December 2019 to approximately S\$7.3 million for the Period. This decrease is 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.

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 period:

	Six months ended 31 December			
	2020		2019	
	Total revenue	% of total revenue	Total revenue	% of total revenue
	S\$	%	S\$	%
	(unaudited)		(unaudited)	
Bakery outlets	5,033,063	69.2	6,062,938	66.4
Fast casual dining restaurants				
— Japanese	1,375,225	18.9	2,147,937	23.5
— Western	749,665	10.3	923,918	10.1
— Chinese	24,882	0.3	—	—
Others	92,344	1.3	—	—
Total revenue	7,275,179	100.0	9,134,793	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

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

Our other income increased by approximately S\$0.6 million, or 1,087.5%, from S\$50,917 for the six months ended 31 December 2019 to approximately S\$0.6 million for the Period. This increase was due to additional grants provided by the Singapore Government during the Period, 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.

Other losses, net

Other losses, net, consist of net foreign exchange loss, loss on disposals of plant and equipment and gains and losses on lease modifications.

There was an increase in other losses, net, by S\$59,221 or approximately 108.7% from S\$54,476 for the six months ended 31 December 2019 to S\$113,697 for the Period. This increase was largely arising from the loss on disposal of plant and equipment, following the closure of two outlets during the Period.

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\$0.3 million, or 15.0% from approximately S\$1.9 million for the six months ended 31 December 2019 to approximately S\$1.6 million of the Period. This decrease was in line with the decrease in revenue during the Period.

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\$0.2 million, or 11.2% from approximately S\$2.1 million for the six months ended 31 December 2019 to approximately S\$2.4 million for the Period. This increase was due to the increase in average headcount, in line with the increase in number of outlets across the two period.

Cost of leasing for our operations

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

	For the three months ended 31 December		For the Six months ended 31 December	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Expenses under short-term lease and variable lease payments	82,092	76,133	143,603	144,987
Depreciation of right-of-use assets	1,084,978	942,547	2,079,703	1,988,230
Interest expense on lease liabilities	232,769	282,580	451,898	462,279
Rent concessions	(40,795)	–	(462,571)	–
Total	1,359,044	1,301,260	2,212,633	2,595,496

MANAGEMENT DISCUSSION AND ANALYSIS

There was a decrease in our cost of leasing for our operations by approximately S\$0.4 million, or 14.8%, from approximately S\$2.6 million for the six months ended 31 December 2019 to approximately S\$2.2 million for the Period. This decrease in cost of leasing for our operations was due to the rental relief framework implemented by the Singapore Government during the Period.

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\$462,571 have been accounted for as negative variable lease payments and recognised in the unaudited condensed consolidated statement of comprehensive income for the Period with a corresponding adjustment to the lease liability.

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.

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.

Other expenses incurred during the Period was approximately S\$0.7 million (six months ended 31 December 2019: S\$0.5 million).

The increase in other expenses for the Period was due to the audit and professional services required after the Listing.

Income tax expense

Income tax is accrued using the tax rate that would be applicable to expected total annual profit or loss.

There was an increase in income tax by S\$40,727, or approximately 181.1% in line with the increase in profit before taxes comparing the six months ended 31 December 2019 and the Period.

Net profit for the Period

For the Period, the Group recorded net profit attributable to the equity holders of the Company of approximately S\$0.5 million, while for the six months ended 31 December 2019, the Group recorded net profit attributable to the equity holders of the Company of approximately S\$0.1 million. The Directors are of the view that the increase was primarily due to the non-recurring Listing Expenses amounting to approximately S\$1.6 million has incurred for the six months ended 31 December 2019. Setting aside the Listing Expenses, the Group’s adjusted profit for the six months ended 31 December 2019 would be approximately S\$1.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board does not recommend the payment of dividend for the Period.

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 31 December 2020, the Group's cash and bank balances amounted to approximately S\$6.0 million (As at 30 June 2020: S\$7.1 million).

Net current assets

As at 31 December 2020, the Group had net current assets of approximately S\$0.7 million (As at 30 June 2020: net current assets of S\$2.1 million).

This decrease of approximately S\$1.4 million, or 65.9%, is largely due to (i) recognition of current lease liabilities in relation to new lease agreements signed during the Period; (ii) cash outflow arising from the purchase of plant and equipment for outlets which opened during the Period; and (iii) cash outflow arising from rental deposits (non-current) for new lease agreements signed during the Period.

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 approximately S\$7.7 million (2019: S\$7.2 million).

Borrowings

Our borrowings decreased by approximately S\$0.1 million or 9.6% from approximately S\$1.2 million as at 30 June 2020 to approximately S\$1.1 million as at 31 December 2020. The decrease was due to repayment of principal during the Period.

Bank borrowings represent mainly the term loans drawn by the Group.

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

	As at 31 December 2020 S\$ (Unaudited)	As at 30 June 2020 S\$ (Audited)
Within 1 year	322,140	265,610
Between 1 and 2 years	350,184	337,236
Between 2 and 5 years	396,885	580,554
	1,069,209	1,183,400

As at 31 December 2020, bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum (As at 30 June 2020: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2020 and 31 December 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.

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.

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 Period. 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 31 December 2020, the Group did not have any contingent liabilities (As at 30 June 2020: nil).

CHARGES ON ASSETS

As at 31 December 2020, the Group did not have any charges on assets (As at 30 June 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, including our Directors, the Group had a total of 192 employees (As at 30 June 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 Period 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 Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

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

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

Gearing ratio

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

As at 31 December 2020 the Group's gearing ratio was 43% (As at 30 June 2020: 52%).

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

Up to 31 December 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 S\$'000	Approximate percentage of total net proceeds raised %	Planned use of net proceeds from Listing Date to 31/12/2020 S\$'000	Actual use of net proceeds from Listing Date to 31/12/2020 S\$'000	Actual use as percentage of total net proceeds raised %
New artisanal bakery outlets and fast casual dining restaurants openings					
"Proofer" bakery outlets	984	37.0	984	409	15.4
"Yuba Hut" restaurants	683	25.7	683	304	11.4
"Laura" restaurants	136	5.1	23	–	–
"Proofer" restaurants	196	7.4	61	–	–
Expansion of workforce	246	9.3	121	–	–
Upgrade of existing central kitchen					
Purchase and installation of automated production machineries	69	2.2	69	–	–
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	65	–	–
Purchase of a lorry	45	1.7	45	–	–
General working capital	128	4.8	73	73	2.7
Total	2,656	100.0	2,228	786	29.5

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 31 December 2020:

Purpose	Proposed implementation date	Implementation Plan	Actual implementation activities
New artisanal bakery outlets and fast casual dining restaurants openings	June 2020- June 2021	<ul style="list-style-type: none"> open nine artisanal bakery outlets under "Proofer" brand; and open four Japanese fast casual dining restaurants under "Yuba Hut" brand. 	<ul style="list-style-type: none"> opened two artisanal bakery outlets under "Proofer" brand opened two Japanese fast casual dining restaurants under "Yuba Hut" brand
Expansion of workforce	July 2020- June 2021	<ul style="list-style-type: none"> hire staff for the HR, administrative and Finance function to support the expansion of the Group's operations 	<ul style="list-style-type: none"> Delayed due to outbreak of Coronavirus
Upgrade of existing central kitchen	February 2021 (Note a)	<ul style="list-style-type: none"> No planned activities for the Period 	<ul style="list-style-type: none"> No planned activities for the Period
Set up of a cake room	February 2021 (Note a)	<ul style="list-style-type: none"> Renovation and establishment of freezer rooms 	<ul style="list-style-type: none"> Delayed due to outbreak of Coronavirus
Purchase of a lorry	December 2020 (Note a)	<ul style="list-style-type: none"> Purchase a lorry for delivery of dough and bakery products. 	<ul style="list-style-type: none"> In negotiation with the vendor

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Period, and is required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

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

As disclosed in the Company's announcement dated 11 February 2021, the Company and Anglo Chinese have mutually agreed to terminate the compliance adviser's agreement with effect from 10 February. The Company is searching for a replacement compliance adviser pursuant to Rule 6A.27 of the GEM Listing Rules and will make further announcement as soon as the replacement compliance adviser has been appointed. In any event, the appointment will be made within three months of the effective date of the termination.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the required standard of dealings as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

I. Long position in the ordinary shares of the Company

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

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

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

Name of Director	Nature of interest	Number of shares held/interested	Percentage of shareholding
Mr. Goh Leong Heng Aris ("Mr. Aris Goh")	Beneficial owner	1	50%
Ms. Anita Chia Hee Mei ("Ms. Anita Chia")	Beneficial owner	1	50%

Saved as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 December 2020, the following parties (other than the Directors or the chief executive of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

- (1) AA Food is directly owned by Mr. Aris Goh and Ms. Anita Chia in equal share. Since (i) Mr. Aris Goh is the spouse of Ms. Anita Chia; and (ii) AA Food is owned by Mr. Aris Goh and Ms. Anita Chia in equal share, each of Mr. Aris Goh and Ms. Anita Chia is deemed to be interested in all the shares held by AA Food under the SFO.
- (2) Dunman Capital Global Limited is wholly-owned by Mr. Yang. As such, Mr. Yang is deemed to be interested in all the shares held by Dunman Capital Global Limited under the SFO.
- (3) Ms. Zhong Hua is the spouse of Mr. Yang. Accordingly, Ms. Zhong Hua is deemed or taken to be interested in all the shares which Mr. Yang is interested in under the SFO.

Save as disclosed above, as at 31 December 2020, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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 report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions by Directors in respect of the shares of the Company (the "Code of Conduct"). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to 31 December 2020.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 24 April 2020. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted under the Share Option Scheme since its adoption.

AUDIT COMMITTEES

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 3 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.

The unaudited interim results of the Company for the six months ended 31 December 2020 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee members who have provided advice and comments thereon.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

- (1) On 13 January 2021, the Board received a letter with allegations (the “**Allegations**”) that while a payment of discretionary bonus in the amount of S\$930,000 (on top of the service fee of S\$70,000) was made to an external consultant under the listing expenses of the Group, it was, as always intended, re-routed back to the executive Directors and that none of the payment was retained by the external consultant or its purportedly associated party. In response to Allegations, a Board meeting was held on 18 January 2021 for discussion on the Allegations. At the meeting, the executive Directors denied all the Allegations.

In discussions between the executive Directors and the external consultant, the external consultant has agreed to pay an amount equivalent to the discretionary bonus (i.e. S\$930,000) to the Company. The aforesaid payment was fully completed on 25 January 2021. The refund from the external consultant to the Company will be accounted for in its forthcoming financial statement.

- (2) On 5 February 2021, it was resolved by majority of the independent non-executive Directors that an independent board committee comprising the independent non-executive Directors was constituted to conduct an independent inquiry into the Allegations. For further details, please refer to the inside information announcement of the Company dated 9 February 2021.
- (3) On 8 February 2021, Ms. Lei Dan resigned as an independent non-executive Directors, the chairlady of the Audit Committee and a member of the nomination committee (the “**Nomination Committee**”) of the Company. For further details, please refer to the announcement of the Company dated 8 February 2021.
- (4) On 9 February 2021, Mr. Wong Wah and Mr. Kuan Hong Kin Daniel were appointed as new independent non-executive Directors. Mr. Wong was appointed as the chairman of the Audit Committee, while Mr. Kuan was appointed as a member of the Nomination Committee. For further details, please refer to the announcement of the Company dated 9 February 2021.
- (5) On 10 February 2021, the Company has terminated the compliance adviser’s engagement with Anglo Chinese with effect from 10 February 2021. For further details, please refer to the announcement of the Company dated 11 February 2021.

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

Singapore, 11 February 2021

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