



SINGAPORE KITCHEN EQUIPMENT LIMITED

# Resilience and Adaptability

Annual Report 2020



## Our Mission

- Service Excellence
- Product Excellence
- Partnering Our Customers!

## Our Vision

Every Kitchen, A Q'son.



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This annual report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.



# CORPORATE PROFILE

**Singapore Kitchen Equipment Limited** (the “**Company**”) and together with its subsidiaries (“**SKE**” or the “**Group**”), operating with the trade name Q’son Kitchen Equipment Pte. Ltd. (“**Q’son**”), is **one of Singapore’s leading commercial and industrial kitchen solutions providers** for the Food & Beverages (F&B) and hospitality services industries.

# GREAT KITCHENS

WE MAKE IT HAPPEN



Since its inception, SKE has grown to become a one-stop kitchen solutions provider that is synonymous with quality, efficiency and reliability and a value proposition that is widely-recognised in the industry. SKE's expertise lies in its fabrication and servicing competencies. Redefining Chinese restaurant kitchens in Singapore, the Group has changed the commercial kitchen scene from an expensive and elaborate set up to a streamlined and economical one that promises the same level of food quality. Venturing beyond Chinese kitchens, SKE has also contributed to the success of various F&B and hospitality establishments in Singapore and overseas within the private and public sectors including central kitchens, restaurants, integrated resorts, hotels and government agencies.

Providing one-stop kitchen solutions for its commercial and industrial kitchen customers, SKE specialises in design and consultancy services, equipment fabrication, installation and distribution. The Group also operates one of Singapore's largest maintenance and servicing team to support the growing F&B and hospitality services industries in Singapore. With a proven track record, SKE's maintenance and servicing customers extends beyond its fabrication project customers. Priming for growth via scale and scope, SKE has been listed on the Catalist Board of the Singapore Exchange Securities Trading Limited since 22 July 2013.



# Great Kitchens by Q'son

Supporting our Valued  
Clients with Quality  
Products & Services  
to Deliver the Best for  
Their Customers

## La Jia Restaurant

This place has been serving delicious and authentic Sichuan cuisine since 2017. With the exceptional balanced spiciness as their trademark, their mala mix and other dishes will surely leave you salivating for more!

## Lily's @ King Albert Park

This is a Japanese/French fusion restaurant with a relaxing ambiance and alfresco seating areas, and presents food in fine dining style. They serve dishes that taste flavourful and delightful as they look.

## Park Royal Collections Hotel

We are proud to present this project that stirred our creative juices, technical skills and stretched our imagination. Being a luxurious place that it is, Park Royals Collections Hotel is where people get the most out of their city escape with a host of complimentary activities including cooking, weekend yoga sessions, and mixologist classes. There surely is something for everyone to enjoy their unique stay.





### San Shu Gong Private Dining

This is a must-go place for a Fusion of Teochew & Cantonese cuisine done to perfection, in more traditional ways than one. Helmed by our dedicated chefs with more than 20 years of experience and many return customers, it is a dining venue that will not go wrong.

### Swensen's @ T3

Minted in December 2020, Swensen's @ T3 is established to delight all customers with excellent service, exciting food, creative sundaes, desserts and beverages. A hugely popular household brand name that Singaporeans will be familiar with, Swensen's has developed over the years to become a restaurant chain offering not only ice cream, but also fun and friendly casual-dining with a wide selection of hearty food and takeaway novelties.

### Crave @ Ang Mo Kio

This is the perfect place that can satisfy your Nasi Lemak cravings. With an uncommon special flavor, Nasi Lemak has truly captured the hearts (and stomachs) of Singapore! On December 23, 2020 we have officially set up Crave's umpteenth outlet in Ang Mo Kio. Crave's favourite picks include the fluffy and fragrant coconut basmati rice, crispy chicken wings, fish fillet, chicken otoh meatloaf, bergedils, fried eggs, sambal chilli, and Rafee's Corner's Teh Tarik.

### Fei Siong @ Clementi Mall

Founded in 1995, this brand sells "everyday food" with individual stalls in food courts as well as food stalls in specialty standalone shops in shopping malls. We completed the entire project worth of \$500k of more than 20 food court stalls in just a span of 10 days without sacrificing on aesthetics and quality. They have continually expanded and reinvented through the years that led them to be one of the numerous success stories in the local food and beverage industry.

## OUR BUSINESS

On-the-job training for newly recruited technicians and periodic in-house training

One of the leading kitchen equipment maintenance and servicing providers in Singapore

Urgent repairs, cleaning and degreasing of kitchen equipment

Growing service team; increasing operational fleet of 34 vehicles

## House Brands



InnoFlame  
(Chinese cooking range)



Qoolux  
(Industrial refrigeration products)



## THE GROUP'S TWO KEY BUSINESS SEGMENTS ARE FABRICATION AND DISTRIBUTION SEGMENT AND MAINTENANCE AND SERVICING SEGMENT.

### FABRICATION AND DISTRIBUTION SEGMENT

Sticking to what we do best, SKE is able to leverage on our fundamental strength to expand and grow the business. Its subsidiary Q'son established in 1996 has become a strong fabricator of stainless steel products for the commercial kitchens. Many of the processes are automated which save resources and reduce waste. Output had increased by up to 100 times since 1996. With a factory space of approximately 25,000 sq ft and 52 production workers. The Group had made provisions for anticipated increase in output capacity.

Designing of the stainless steel products had been given a boost with upgraded skills and certification by our inhouse designers to satisfy higher end requirements.

To complement the suite of offerings, SKE imports and distributes kitchen products and systems. We work with other manufacturers for better pricing, quality control and training support.

As a progression of our experience and capability, SKE also value adds by way of offering consultancy and design of entire kitchen fit-out based on clients' specifications and requirements.

### MAINTENANCE AND SERVICING SEGMENT

Our subsidiary Q'son has one of the largest servicing teams in Singapore providing kitchen equipment maintenance and technical servicing. Under the Group's annual preventive maintenance agreements, its servicing team undertakes preventive maintenance works and repairs on kitchen equipment to ensure that they are in functioning and good working condition.

SKE also provides equipment servicing capabilities on an ad-hoc basis and for urgent repairs, cleaning and degreasing of kitchen equipment, including exhaust hoods, ducts, and exhaust motors. The technical servicing team is certified and licensed by the relevant authorities to construct and repair gas pipes and fittings, as well as install, repair and test gas appliances and gas meters.

## Third Party / OEM Brands

Distributor



Third Party  
Kitchen Equipment





# CHAIRMAN'S STATEMENT



CHAIRMAN & INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**LIM CHEE SAN**

## DEAR VALUED SHAREHOLDERS,

The Board would like to highlight that certain lapses were brought to the attention of the Audit Committee during the audit of the Company's financial statements for FY2020. These lapses include certain payment transactions between the Group and its major shareholder. The Board has taken a position on these payment transactions and the impact thereof has been reflected in the audited financial statements for FY2020.

As detailed in the Company's announcement released on 11 August 2021, the Board has taken immediate steps to address the aforementioned lapses that were brought to its attention, and had implemented various measures to strengthen internal controls to ensure adherence to proper corporate governance. Arising from the Company's preliminary findings, the Board has appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. as the Company's internal auditors to review and enhance the Company's operating procedures and internal controls. Upon the conclusion of the fact-finding process in respect of these payment transactions in question, which is being undertaken by Rajah &

Tann Singapore LLP, the Board will study the findings of the Rajah & Tann Singapore LLP and the internal auditors and take the necessary actions to enhance the Company's operating procedures and internal controls, and ensure adherence to proper corporate governance.

The Board has been strengthened with the addition of our new Independent Non-Executive Directors and this will undoubtedly bring increased strategic and corporate governance focus to the Company.

We firmly believe that strengthening our internal control measures to adhere to good corporate governance will allow disciplined execution of our business strategy and deliver profitable growth, a stronger financial profile and increased shareholder value.

We are committed to do better in the coming years.

**MR LIM CHEE SAN**

*Chairman & Independent Non-Executive Director*



# CEO STATEMENT



EXECUTIVE DIRECTOR &  
CHIEF EXECUTIVE OFFICER

**CHUA CHWEE CHOO SALLY**

“Our commitment to build **Great Kitchens** has constantly driven us to outdo ourselves year after year, and growing our presence and the Q’son brand beyond Singapore has always been part of our strategic plan.”

## DEAR SHAREHOLDERS,

We are pleased to present to you the Company’s annual report for the financial year ended 31 December 2020 (“FY2020”).

In FY2020, the global economy faced challenges and our industry is no exception. Most of the challenges were similar to those we have experienced in the past but the most prominent of them all is the ongoing outbreak of the COVID-19 pandemic. Even though our financial results were affected by these conditions, our team have managed to deliver significant accomplishments including breaking into new market segments and securing of new customers, that will strengthen and sustain our business over the next few years and position us to lead the industry despite challenging times.

Over the course of FY2020, we had secured new projects from a diversified customer base, including new projects on shorter credit terms, resulting in an effective management of our working capital. These projects consist of renowned clients like PARKROYAL COLLECTION, Fei Siong Group located at Clementi Mall, Fun Toast, Iron Rice Bowl by Chef Heman, Lily’s at King Albert Park, WeWork – Cloud Kitchen, and Crave.

Although the ongoing COVID-19 pandemic continues to evolve causing persistent disruptions to our industry through impositions of local lockdowns and travel restrictions to the global hotel industry to which we mostly cater to, we were able to adapt our strategies to meet the shifting economic conditions with the help and trust of our customers and shareholders.

# CEO STATEMENT

## YEAR IN REVIEW

In FY2020, total revenue decreased 33.49% to S\$22.02 million as compared to S\$33.11 million generated in FY2019<sup>1</sup>. With respect to the Group's fall in sales, the Group's gross profit dropped from S\$10.43 million to S\$6.46 million, turning in a decrease of 38.06%.

The industries that are key to our operations – the Food & Beverage as well as Hospitality industries in Singapore – had been severely affected and had remained challenging. But, by the same token, the changing circumstances also present new opportunities which we can capitalise on to continue to drive growth. For instance, we saw an increase in demand by our customers for cloud kitchens. While we still have much work to do, we are very pleased with what we have achieved, particularly in the last quarter of the financial year.

## ACCELERATE SUSTAINABLE GROWTH

Throughout FY2020, we continued to accelerate our digitalisation efforts to beyond marketing. We deployed technological solutions including in respect of our back end systems which led to elimination of human errors, less paper usage, higher accuracy, and greater efficiency in repetitive and complex tasks. As such, we have not only maintained our existing investments, but we also targeted new investments to optimise sales and profitability, and create more value for shareholders.

Our confidence roots from our people. With respect to the ongoing pandemic, our first priority has been implementing measures to keep our frontline employees safe and healthy, as they carry out the important work to keep our Company operating. As available projects and jobs were scarce and operating cost was fixed, our staff had embraced the Company's quickly adopted mantra "Save Jobs, Stay Together" by tolerating paycuts of 20% - 50% to help the Company overcome the economic downturn caused by the COVID-19 pandemic.

The COVID-19 pandemic has pushed businesses to be more agile and responsive to certain disruptions in order to survive and ensure business continuity. Similar to most of the companies which are adapting and implementing the work from home (WFH) arrangement, we have also transitioned most of our office staff to do the same. We can assure you that our team is prepared to deliver for all stakeholders regardless of duration of the pandemic. We are proud of how our employees have come together to support the Company. We all are grateful for their courage and sacrifice

## STRATEGY IN AN UNCERTAIN ECONOMIC ENVIRONMENT

Our commitment to sustainability has never been stronger. We will continue to invest in our long-term future by advancing our performance and implementing various cost-cutting measures to

manage operating expenses and preserve cash. We will continue to trust in our people who believe in the importance of our work and in each other. The Group will also actively pursue new projects particularly in market segments which are relatively less affected by the effects of the COVID-19 pandemic such as cloud/smart kitchens, community care centres, nursing homes, central kitchens, army cookhouses and training kitchens. While FY2020 was riddled with challenges, we are all hard at work to do all we can to make next year a prosperous year.

For FY2021, our focus has been and will be on how best we can grow our business and provide value to the market by leveraging our wide portfolio of kitchen system solutions. We will execute our strategy in a disciplined manner, so as to deliver profitable growth, a stronger financial profile and increased shareholder value.

## CORPORATE GOVERNANCE MATTERS

Certain lapses in internal controls had surfaced in the course of the audit of the Company's financial statements for FY2020, including the payment to the Company's ultimate holding company, QKE Holdings Pte. Ltd. ("QKEH"), of reimbursement claims made by QKEH for 8 payment transactions that it had paid on behalf of the Group between April 2018 to May 2019 (the "8 Payment Transactions"). The 8 Payment Transactions totalling S\$1.39

<sup>1</sup> The FY2019 audited financial statements have been restated due to prior year adjustments. Please refer to the FY2020 audited financial statements, including "Note 31 Prior year adjustments" for more details.

million were made without the approval of the Board. Other irregularities identified in the course of the audit of the Company's financial statements for FY2020 include (i) alterations of supplier's invoices, cheque images, bank statements, (ii) discovery of payment vouchers which were constructed for payments that were not made out by the Group, (iii) contracts with customers which were not identified in prior periods resulting in improper recognition of revenue in previous financial years, and (iv) arrangements with customers which were inconsistent with those management representations which were provided in prior audit.

The Company's preliminary findings indicated that the alteration of certain documents were made without instructions from, and knowledge and approval by, the Executive Directors, including the CEO. In respect of the 8 Payment Transactions, QKEH had agreed to refund, and has refunded, the sums paid out inclusive of interests. As a result, the Group has not suffered any monetary loss arising from the 8 Payment Transactions.

Arising from the Company's preliminary findings, the Board has appointed Baker Tilly Consultancy (Singapore) Pte Ltd as the Company's internal auditor to carry out an internal audit on the system of internal controls.

We would like to assure shareholders that the Management views these lapses in internal controls seriously, and has engaged Rajah & Tann Singapore LLP to review the 8 Payment Transactions and to report its findings to the Board and the Management.

### APPRECIATION

We would like to thank the Board and the Senior Management for their guidance and support, as well as our customers and shareholders for their continued trust as we make important and uncharted territory progress. Most importantly, we are grateful to our employees for their unstinting support and can-do attitude.

### NEW LEADERSHIP

On behalf of the Management, we would like to welcome Mr Ang Chiang Meng, Mr Choo Kok Kiong, and Mr Lim Chee San to the Board of the Company ("Board") as Independent Non-Executive Directors. We look forward to working with the new Board members to create value for our shareholders.

### MS CHUA CHWEE CHOO SALLY

*Executive Director &  
Chief Executive Officer*

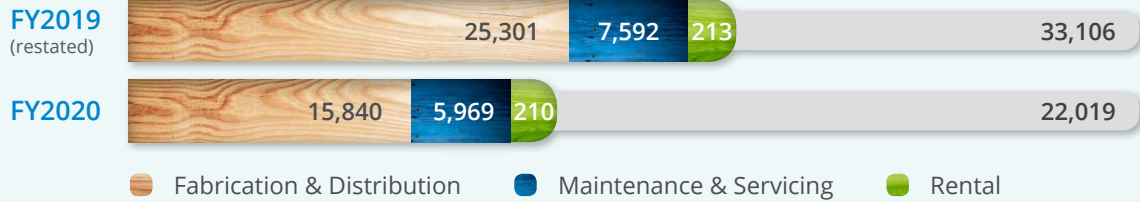




# FINANCIAL HIGHLIGHTS

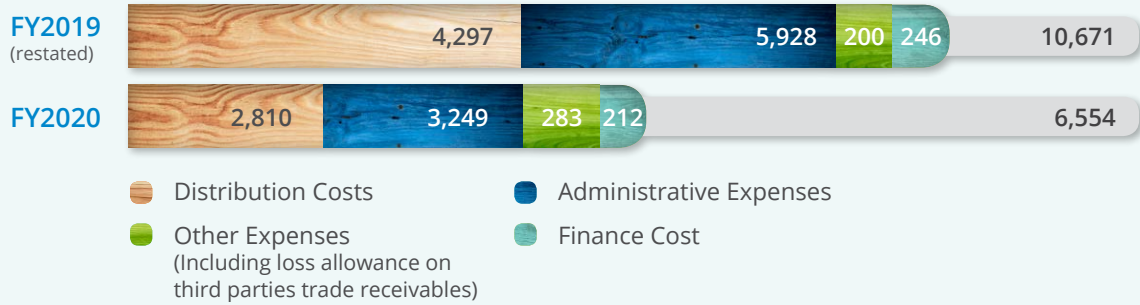
## REVENUE

(S\$'000)



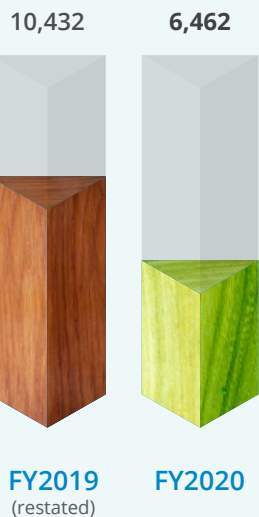
## TOTAL EXPENSES

(S\$'000)



## GROSS PROFIT

(S\$'000)



## NET PROFIT / (NET LOSS)

(S\$'000)



## TOTAL SHAREHOLDERS' EQUITY

(S\$'000)





## OPERATIONS AND FINANCIAL REVIEW

FY2020 has been a challenging year, particularly for F&B Industry. The Covid-19 pandemic and consequent restrictions have hit Singapore's F&B industry hard in many different ways including the closure of many restaurants as well as fewer new restaurants being launched.

Notwithstanding the current situation, the Group remains positive that there will be a recovery in Singapore's F&B industry and our business, as Singapore embarks on the Covid-19 endemic roadmap. The Group continues to forge closer and stronger relationships with our key customers to ride the recovery together and to manage its business prudently.

During the year, the Group has three reportable operating segments as follows:

- Fabrication and distribution business.
- Maintenance and servicing business.
- Rental income business.

Fabrication and distribution business sells and manufactures standard and customised kitchen facilities as well as kitchen equipment to food and beverage and hospitality services industries.

Maintenance and servicing business segment provides preventive maintenance works and repairs on kitchen equipment to ensure that they are in good working condition and functioning properly.

Rental income business leases out kitchen equipment to customers on a short-term basis, usually for a period ranging from one to five years. This business segment is to cater for customers who prefer to go for rental basis, as by way of purchase would require an initial outlay of a lump sum of money.

### REVENUE

For the financial year ended 31 December 2020 ("FY2020"), the Group recorded revenue amounting to S\$22.02 million compared to S\$33.11 million



### FY2020 REVENUE BY SEGMENTS

**FABRICATION & DISTRIBUTION SEGMENT**  
S\$15.84 million

**MAINTENANCE & SERVICING SEGMENT**  
S\$5.97 million

**RENTAL SEGMENT**  
S\$0.21 million

## OPERATIONS AND FINANCIAL REVIEW



in the previous corresponding year ("FY2019").<sup>1</sup> The revenue has decreased approximately by 33.49%. The decrease in the Group's revenue was primarily due to lower sales generated from fabrication and distribution for project delivery as well as reduction in contracts for service and maintenance.

Revenue generated from fabrication and distribution business is the largest contribution to the Group's revenue. It was recorded at S\$15.84 million for FY2020, significantly declined from S\$25.30 million recorded for FY2019, which is about 37.39% decrease. Revenue generated from maintenance and servicing business has declined from S\$7.59 million in FY2019 to S\$5.97 million in FY2020, which is about 21.34%

decrease. The other reported segment is from the rental business where the revenue for both FY2020 and FY2019, remained at about \$210,000.

### **COST OF SALES & GROSS PROFIT**

The Group's cost of sales has decreased by approximately S\$7.11 million or 31.39% from S\$22.67 million in FY2019 to S\$15.56 million in FY2020. The decrease in cost of sales is line with the reduction in revenue.

The Group's gross profit for FY2020 is approximately S\$6.46 million as compared to S\$10.43 million in FY2019. As a result of more reduction in sales as compared to the reduction in cost of sales,

gross profit margin has declined moderately by 2.16 percentage points from 31.50% in FY2019 to 29.35% in FY2020.

### **OTHER ITEMS OF INCOME**

Other income increased by approximately S\$0.68 million from S\$0.54 million in FY2019 to S\$1.22 million in FY2020. The significant increase is mainly due to the Jobs Support Scheme grants received during the period.

### **OPERATING EXPENSES**

#### **Distribution Costs**

Distribution expenses decreased by approximately S\$1.49 million from S\$4.30 million in FY2019 to S\$2.81 million in FY2020. This is mainly due to (i) decrease in staff costs of approximately S\$1.24 million which is as a result of reduction in staff headcount; (ii) decrease in business travelling expenses of approximately S\$0.16 million and (iii) decrease in upkeep of vehicle expenses as well as petrol of S\$0.09 million.

#### **Administrative Expenses**

Administrative expenses decreased by approximately S\$2.68 million in FY2020 compared to FY2019. This is mainly due to (i) reduction in staff costs of approximately S\$1.04 million which is as a result of reduction in staff headcount; (ii) decrease in depreciation and amortisation of S\$0.20 million; (iii) decrease in donation of S\$0.06 million; (iv) decrease in staff welfare of approximately S\$0.13 million and (v) an IPO listing fee of S\$1.19 million incurred in FY2019.

<sup>1</sup> The FY2019 audited financial statements have been restated due to prior year adjustments. Please refer to the FY2020 audited financial statements, including "Note 31 Prior year adjustments" for more details.



### Other expenses (inclusive of loss allowance on third parties' trade receivables)

Other expenses increased by approximately S\$0.08 million from S\$0.20 million in FY2019 to S\$0.28 million in FY2020. This is mainly due to the increase in allowance for doubtful debts of approximately S\$0.05 million and increase in loss on foreign exchange of S\$0.04 million, as a result of Euro strengthening against Singapore dollar in FY2020.

### Finance Costs

Finance costs decreased by approximately S\$0.04 million from S\$0.25 million in FY2019 to S\$0.21 million in FY2020. The decrease is mainly due to less trade finance facilities used because of decreased purchases.

## PROFIT FOR THE FINANCIAL YEAR

Overall, the Group reported a net profit attributable to equity holders of approximately S\$0.96 million in FY2020 compared to net loss of approximately S\$0.13 million in FY2019. The profit is largely due to the government grants received during the year.

## STATEMENT OF FINANCIAL POSITION

### Non-current Assets

The Group's non-current assets decreased by S\$1.03 million to S\$2.64 million as at 31 December 2020 (31 December 2019: S\$3.67 million). The decrease is mainly due to amortisation of right-of-use ("ROU") assets for the year.

### Current Assets

The Group's current assets amounted to approximately S\$29.56 million as at 31 December 2020 (31 December 2019: S\$25.91 million).

The Group's inventories increased by S\$0.03 million from S\$3.61 million as at 31 December 2019 to S\$3.64 million as at 31 December 2020, which is mainly attributable an increase in spare parts at the end of the year.

The decrease in trade receivables by approximately S\$1.71 million from S\$9.89 million as at 31 December 2019 to S\$8.18 million as at 31 December 2020 is mainly due to lower sales generated during the year.

The increase in prepayments and other receivables is approximately S\$0.71 million, from S\$1.46 million as at 31 December 2019 to S\$2.17 million as at 31 December 2020. This mainly arose from an amount shown as due from the ultimate holding company as at 31 December 2020 which, as disclosed in Note 28 to the financial statements, have been paid back to the Group in 2021.

Income tax recoverable has increased approximately by S\$0.02 million as at 31 December 2020. This is mainly due to excess income tax paid based on estimated chargeable income by the Malaysian entities of the Group, to the Authority. The excess payment will be refunded once tax return is finalised and lodged.

The increase in cash and cash equivalents is about S\$4.59 million and is mainly due to increase in borrowing during the year.

### Current Liabilities

The Group's current liabilities position decreased by S\$1.62 million from S\$12.36 million as at 31 December 2019 to S\$10.74 million as at 31 December 2020.

The increase in contract liabilities by approximately S\$0.70 million from S\$0.60 million as at 31 December 2019 to S\$1.30 million as at 31 December 2020 is mainly due to increase in advance received from customers as down payment for orders.

The decrease in trade payables is approximately S\$0.28 million from S\$3.56 million as at 31 December 2019 to S\$3.28 million as at 31 December 2020, attributable to lower purchases made during the year as a result of lower sales.

Accruals and other payables decreased by approximately S\$1.53 million from S\$3.18 million as at 31 December 2019 to S\$1.65 million as at 31 December 2020. It is mainly due to the decrease in accrual of salary and bonus in FY2020 and is a result of reduction in staff headcount.

## OPERATIONS AND FINANCIAL REVIEW



The decrease in the current portion of lease liabilities of approximately S\$0.43 million is mainly due to the termination of leases and hire purchases in year 2020.

The decrease in income tax payable of approximately S\$0.07 million from S\$0.51 million as at 31 December 2019 to S\$0.44 million as at 31 December 2020 is mainly due to the lower provision of income taxes on profits provided by one of the Group's subsidiary.

### Non-current Liabilities

The Group's non-current liabilities has increased by S\$3.27 million and is mainly due to a term loan of S\$5 million taken up during the year.

### Shareholders' Equity

As at 31 December 2020, the Group shareholders' equity amounted to S\$16.37 million as compared to S\$15.40 million as at 31 December 2019. This is largely due to an increase in retained earnings of approximately S\$0.95 million.

### Consolidated Statement of Cash Flows

Cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S\$14.63 million as at 31 December 2020, representing an increase of approximately S\$5.06 million from the cash and cash equivalents balance of S\$9.57 million as at 31 December 2019.

### Net Cash from Operating Activities

The Group's net cash inflow from the operating activities was approximately S\$2.29 million. This is mainly due to the net cash generated by the operations of the group.

### Net Cash Flows Used in Investing Activities

During the year, approximately S\$0.19 million was used in investing activities, where the fund was mainly used to acquire S\$0.23 million additional property, plant and equipment, partially offset by interest received of approximately S\$0.04 million.

### Net cash flows from financing activities

During the year, net cash flows from financing activities was approximately S\$2.97 million. Proceeds from borrowing is approximately S\$12.13 million, partially offset by the repayment of borrowing of approximately S\$8.24 million, settlement of lease obligations and finance cost on lease payable of approximately S\$1.19 million and S\$0.10 million respectively and payment of interest expense of S\$0.11 million.

## BOARD OF DIRECTORS



### LIM CHEE SAN

*Chairman and Independent Non-Executive Director*

Lim Chee San was appointed to our Board as Independent Non-Executive Director on 28 August 2021. On 20 September 2021, he assumed the position of Chairman of the Board.

He has twenty-two years of experience in large retail banks and international accounting firms, as well as sixteen years in big and small law firms. At his corporate law firm, he has advised clients on mergers and acquisitions, amalgamations, restructuring and capital reduction, drafting and merger acquisition, rental and other commercial agreements. He has also assisted companies in carrying out their amalgamation, capital reduction and restructuring (including scheme of arrangement) exercises.

Chee San is a Fellow of the Association of Chartered Certified Accountants, UK, and he is a registered Chartered Accountant of CAS.



## BOARD OF DIRECTORS



### CHUA CHWEE CHOO

*Executive Director and Chief Executive Officer*

Chua Chwee Choo Sally is one of 3 founding members, our Executive Director and Chief Executive Officer. She was appointed to the Board on 9 May 2013. Besides overseeing daily operations, spearheading innovation in hardware and software aspects of operations and oversight of both the Sales and Marketing divisions, Sally also conceptualises strategic plans for implementation and execution for both short-term and long-term goals. Under her leadership, SKE successfully garnered the prestigious Singapore Prestige Brands Award (SPBA) Established Brand category, under the auspices of Spring Singapore for its Q'son brand, in October 2015. This is in recognition of the high level of coordinated branding of Q'son locally.

## LEE CHONG HOE

*Executive Director*

Lee Chong Hoe Alan is our co-founder and Executive Director (Technical and Maintenance Service) and was appointed to the Board on 9 May 2013. Alan heads the Technical Department since inception. With rapid advancement in technological usage in the commercial kitchen equipment, Alan continually upgrades the technical competencies of his technical department to meet the challenges. Under the leadership of Alan, our technical department had grown to be the largest in Singapore.



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## NG HOW HWAN, KEVIN

*Independent Non-Executive Director*

Ng How Hwan, Kevin is our Independent Non-Executive Director and was appointed to our Board on 16 September 2013. He is currently the Vice President of Super Brands, a fully owned company of SGX-ST mainboard-listed ThaiBev, responsible for its international beer business. He is a Director of ThaiBev's fully owned subsidiaries, Super Brands Company Pte Ltd, Interbev (Singapore) Pte Ltd, Oishi F&B (Singapore) Pte Ltd and InterBev Timor Unipessol LDA. Kevin also serves as a Non-Executive Independent Director of SGX-ST Exchange Catalist-listed Neo Group Limited and chairs the Nomination Committee. Kevin brings to the table his 24 years' experience in the food and beverage (F&B) industry, and has a strong understanding of the dynamics of the F&B industry. As the Chairman of the Remuneration Committee of SKE, Kevin has steered and advised SKE on a sustainable game plan and a rewarding collaboration between stakeholders and staff.



## BOARD OF DIRECTORS



### ANG CHIANG MENG

*Independent Non-Executive Director*

Chiang Meng is a Managing Partner of Argile Partners, a consultancy firm based in Asia. He has strong experience in management consultancy, corporate advisory and turn arounds, focusing on business transformations, new markets, change management, interim and crisis management, restructurings, capital raising and M&A.

His work has a keen focus on Asia including China, Indonesia, Malaysia and Singapore and covers many industries including mining, oil and gas, manufacturing, palm oil, shipping, offshore marine, drilling, F&B, technology, commodities trading and property.

Chiang Meng built his corporate advisory experience as a corporate and investment banker before broadening into restructuring by joining an international restructuring firm. During his restructuring stint, he spent 4 years working on, amongst other things, some of the largest Indonesian restructurings and headed the China practice of the international restructuring firm.

Currently, Chiang Meng has been working on management consultancy assignments involving stabilising, optimizing and growing businesses. Associated work includes strategy review, business pivot, developing marketing and branding strategies, penetrating new markets, forging strategic partnerships, establishing sales funnel system, operational process improvement and establishing sound financial reporting and monitoring functions.

Chiang Meng often takes on directorships and executive appointments to assist businesses and has been a director of both listed and private companies across many jurisdictions including Singapore, Indonesia, HongKong, China and BVI, Cayman.



### CHOO KOK KIONG

*Independent Non-Executive Director*

Choo Kok Kiong, Alvin is a Non-Executive Non-Independent Director of QAF Limited, a leading multi-industry food company with core businesses in Bakery, Primary Production and Distribution and Warehousing. Alvin is also an Executive Director and Group Chief Financial Officer of Gallant Venture Limited, an investment holding company with focus on regional growth opportunities.

His position at Gallant Venture Limited gives him direct oversight on Gallant Venture Corporate office in Singapore, allowing him to oversee regional businesses covering Industrial Parks, Resorts, Ferry Services, Property Development, Infrastructure Developments, City Planning, Tourism, Vehicle Dealership, Financing Services and Logistic Services.

With over twenty-eight years of experience in managerial and financial related functions, including sixteen years of senior management positions, Alvin has a multi-disciplined experience across industrial segments as well as specialised areas such as project management, mergers & acquisitions and corporate restructuring.



# KEY MANAGEMENT



## KOH SAI ENG CHARLENE

*Senior Manager*

Charlene Koh is our Senior Manager. She joined the Group in May 2007 as a Service Coordinator and is currently responsible for the general administration of the Group. Charlene Koh began her career as a secretary with Macroserve Pte Ltd, from 1979 to 1985. Thereafter, she joined Systems Technology Pte Ltd as a Marketing and Promotions Executive. Prior to joining the Group, she worked as a Secretary with Total Peripherals Pty Ltd for ten years and its associate company, JJW Pte Ltd as an Administrative Manager for nine years. Charlene Koh attained her GCE A Level certificate in 1975.

## YEO NGEN HUAY SERINE

*Group Chief Financial Officer*

Serine Yeo joined the Group as Financial Controller in June 2021 and was re-designated as Group Chief Financial Officer on 1 September 2021. She is in-charge of regulatory compliance, finance, accounting, taxation and treasury of the Group. In addition to her financial focus, Ms Yeo is actively involved in line-of-business executive and operations management. Ms Yeo has acquired vast amount of experience, working in various small & medium enterprises, multi-national companies, local and overseas listed companies.

Ms Yeo holds a bachelor's degree in Commerce (major in Accounting & Finance) from The University of Southern Queensland, Australia and possess diploma in Computer Studies from The National Centre for Information Technology of United Kingdom. She is a Fellow Certified Public Accountant with CPA, Australia. In addition, she is an Accredited Tax Practitioner (Income Tax & Goods & Services Tax) with Singapore Institute of Accredited Tax Professionals.



# CORPORATE STRUCTURE



## SINGAPORE KITCHEN EQUIPMENT LIMITED



Q'SON KITCHEN EQUIPMENT PTE LTD



Q'SON INTERNATIONAL PTE. LTD.



Q'SON INDUSTRIES  
(M) SDN. BHD.  
*(SUBSIDIARY)*



Q'SON  
KITCHENHUB  
SDN. BHD.  
*(SUBSIDIARY)*



Q'SON KITCHEN  
EQUIPMENT  
SERVICES PTE. LTD.  
*(SUBSIDIARY)*  
*(FORMERLY KNOWN AS  
PHOENIX, THE CENTRAL  
KITCHEN SOLUTIONS  
PTE. LTD.)*



PT INDO QSON  
KITCHEN  
EQUIPMENT\*  
*(SUBSIDIARY)*  
*\*Incorporated on 15  
January 2020*



# CORPORATE INFORMATION

Company Registration Number: 201312671M

## BOARD OF DIRECTORS

### Lim Chee San

(Chairman, appointed on 20 September 2021 and Independent Non-Executive Director, appointed on 28 August 2021)

### Chua Chwee Choo

(Executive Director and Chief Executive Officer)

### Lee Chong Hoe

(Executive Director)

### Ng How Hwan, Kevin

(Independent Non-Executive Director)

### Ang Chiang Meng

(Independent Non-Executive Director, appointed on 4 August 2021)

### Choo Kok Kiong

(Independent Non-Executive Director, appointed on 28 August 2021)

## AUDIT COMMITTEE

### Ang Chiang Meng

(Chairman, appointed on 20 September 2021)

### Ng How Hwan, Kevin

### Choo Kok Kiong

## NOMINATING COMMITTEE

### Lim Chee San

(Chairman, appointed on 20 September 2021)

### Ng How Hwan, Kevin

### Ang Chiang Meng

## REMUNERATION COMMITTEE

### Ng How Hwan, Kevin (Chairman)

### Ang Chiang Meng

### Choo Kok Kiong

## COMPANY SECRETARY

### Wong Yoen Har

## REGISTERED OFFICE

115A Commonwealth Drive  
#01-27/28 Tanglin Halt Industrial Estate  
Singapore 149596  
Tel: (65) 6472 7337  
Fax: (65) 6472 6497

## SHARE REGISTRAR

### Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## SPONSOR

### CIMB Bank Berhad, Singapore Branch

50 Raffles Place  
#09-01 Singapore Land Tower  
Singapore 048623

## INDEPENDENT AUDITOR

### BDO LLP

Public Accountants and Chartered Accountants  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778  
Partner-in-charge:  
Koh Yen Ling  
(Appointed since the financial year ended  
31 December 2018)

## PRINCIPAL BANKERS

DBS Bank Ltd  
United Overseas Bank Limited  
Standard Chartered Bank (Singapore) Limited  
Malayan Banking Berhad  
Bank of China  
CIMB Bank  
Citibank Singapore Limited





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# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the “Board”) of Singapore Kitchen Equipment Limited (the “Company”) is committed to maintain a high standard of corporate governance within the Company and its subsidiaries (the “Group”).

The Company recognises the importance of good governance and is committed to ensure that the principles and provisions in corporate governance as set out in the Code of Corporate Governance 2018 (the “Code”) are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders’ investment, interests and ultimately enhancing shareholders’ value. Where the Company’s practices vary from any provisions of the Code, the Company has provided explanations for the departures and measures that the Company has taken or intends to take for the departed practices.

The Board will continue to take measures to improve compliance with the principles and provisions of the Code in the ensuing years.

## (A) BOARD MATTERS

### **Principle 1 - The Board’s Conduct of Affairs**

**The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.**

The Terms of Reference of the Board is established to promote high standards of corporate governance. The Terms of Reference of the Board outline high level duties and responsibilities of the Board and matters that are specifically reserved for the Board. It is a comprehensive reference document for Directors on matters relating to the Board and its processes, as well as role and responsibilities of the Board, its committees and management to ensuring effective communication and decisions.

The Board has also established a Code of Business Conduct and Ethics for Directors (“Code of Conduct”). The Code of Conduct serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount as well as ethical conduct expected from the Directors in the performance of their duties. Where conflict of interest arises, the concerned Directors must recuse themselves from discussions and decisions involving the matter and abstain from voting on the matter.

Collectively, the Board discharged its duties and responsibilities and exercised due care and diligence in decisions for the business and affairs of the Company in the best interest of the Company.

The Board’s roles are to:

- (a) Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
- (c) Review management performance;
- (d) Identify the key stakeholder groups and recognised that their perceptions affect the Group’s reputation;
- (e) Set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board provides shareholders with a balanced and clear assessment of the Group’s performance, financial position and prospects on a half-yearly basis.

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer and the Executive Director as well as the key management personnel to ensure operations and performance of the Group are aligned with the strategies.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Matters which specifically require the Board's decision or approval include the following corporate matters:

- Annual budgets;
- Half-yearly and year-end results announcements and the release thereof;
- Annual reports and financial statements for presentation at Annual General Meetings;
- Corporate strategies;
- Commitments to term loans and lines of credit;
- Issuance of shares;
- Material acquisitions and disposal of assets;
- Investment, divestment or capital expenditure exceeding S\$0.5 million;
- Convening of shareholders' meetings;
- Appointments to the Board and the various Board Committees;
- Declaration of interim dividends and proposal of final dividends; and
- Interested person transactions.

The Company has adopted and documented the internal guidelines setting for the matters that require the Board's decision or approval. Under the guidelines, all new investments, any increase in investment in businesses and subsidiaries, and any divestments by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Group require the approval of the Board.

In order for the Board to provide an independent oversight and to discharge its functions and responsibilities more efficiently, the Board has delegated certain functions to the following Board Committees which operate within clearly defined Terms of References and functional procedures:

- (a) Audit Committee ("AC");
- (b) Remuneration Committee ("RC");
- (c) Nominating Committee ("NC"); and
- (d) Singapore Kitchen Equipment Performance Share Plan Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of their discussions and make recommendations on the specific agendas mandated to the respective Committees to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board meets at least twice every year to coincide with the announcement of the Group's half-yearly results and year-end results. Adhoc Board meetings are called as and when deemed necessary by the Board to address any specific or significant matters that may arise. The Company's Constitution allows for Directors to participate in meetings by means of conference telephone, video conferencing, audio visual or other electronic means of communication by which all persons participating in the meetings can hear one another contemporaneously, without having to be in the physical presence of each other.

Technology is effectively used in the Board and Board Committees' meetings and in communication with the Board, where the Directors may receive agenda and meeting materials online such as email and participate in meetings via audio or video conferencing. Management is often invited to be present and provide detailed explanation on any agenda at Board and Board Committees' meetings.



# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2020 ("FY2020") and attendance of each Director are set out below:

Name of Directors	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Tan Bee Kiew <sup>^</sup>	4	4	2	2	1	1	1	1
Chua Chwee Choo	4	4	*2	*2	*1	*1	*1	*1
Lee Chong Hoe	4	4	*2	*2	*1	*1	*1	*1
Ng How Hwan, Kevin	4	4	2	2	1	1	1	1
Lui Hin Weng, Samuel <sup>#</sup>	4	4	2	2	1	1	1	1

\* By invitation

<sup>^</sup> Resigned as Director on 20 September 2021

<sup>#</sup> Resigned as Director on 29 September 2021

To enable the Board and Board Committees in fulfilling its responsibilities, the Board relies on management to provide them with complete, adequate and timely information prior to the Board and Board Committees' meetings and on an ongoing basis. Subject to the management's disclosures, the Directors are provided with information pertaining to the Group's annual budgets, management accounts, Board papers and related materials, explanatory information relating to the matters, material events and transactions as well as minutes of the previous Board meeting and Board Committees' meeting including such other additional information as needed to make informed decisions to discharge their duties and responsibilities.

However, the AC has discovered that the Board may not have been provided with all relevant information required to discharge their duties and responsibilities as the Company had made certain transactions which were not duly approved by the Board. This will be elaborated further below at Principle 9. Notwithstanding the aforesaid, the Board had received assurance from the following:

- (a) The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) The CEO and the key management personnel, including the Executive Director, Mr Lee Chong Hoe, confirmed, to their best knowledge, the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has a separate and independent access to the management, Company Secretary, the Sponsor and external advisers (where necessary) at the Company's expenses to facilitate further enquiries. The Board is assisted by a qualified and competent Company Secretary who play a vital role in advising the Board on corporate and administrative matters, as well as facilitating orientation and professional development such as training as required.

The Company Secretary or its representatives attend all meetings of the Board and Board Committees and assists the Board to ensure that proper procedures and all other rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors. The Directors have attended appropriate trainings on governance practices, enterprise risk management and relevant statutory and regulatory compliance issues. The Company encourages all Directors to receive regular training, particularly on new laws, regulations and commercial risk from time to time. The Directors keep themselves abreast with the changes and developments. Furthermore, the Company Secretary also highlight the relevant changes and guidelines on statutory and regulatory requirements from time to time to the Board. The External Auditor ("EA"), on the other hand, brief the Board on changes to the Singapore Financial Reporting Standards (International) that affect the Group's financial statements during the period. The Board also receive regular briefings and updates on the Group's business, operations and activities at the Board and Board Committees' meetings and when necessary or appropriate, the Board exchange views through informal meetings. When necessary, the Independent Non-Executive Directors will have discussions amongst themselves without the presence of the management.

Newly appointed Directors will receive a formal letter of appointment setting out his/her duties and responsibilities. Briefings and orientation will be given to the newly appointed Directors for he/she to familiarise with the businesses and operations of the Group, upon request. Rule 406(3)(a) of the Singapore Exchange Securities Trading Limited ("SGX-ST") this being the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules") requires a director who has no prior experience as a director of a company listed on the SGX-ST, to attend the training programmes conducted by the Singapore Institute of Directors ("SID") as prescribed in Practice Note 4D of the Catalist Rules. There is no new appointment in FY2020.

## Principle 2: Board Composition and Guidance

**The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

As at the date of this report, the Board currently comprises six (6) Directors as set out below:

Name of Directors	Designation	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies
Lim Chee San	Chairman and Independent Non-Executive Director	28 August 2021	NA	Chemical Industries (Far East) Limited Colex Holdings Limited Blackgold Natural Resources Limited	Hupsteel Limited Sky One Holdings Limited Soon Lian Holdings Limited
Chua Chwee Choo	Executive Director and Chief Executive Officer	9 May 2013	25 June 2020	-	-
Lee Chong Hoe	Executive Director	9 May 2013	25 June 2020	-	-
Ng How Hwan, Kevin	Independent Non-Executive Director	16 September 2013	25 April 2019	-	Neo Group Limited
Ang Chiang Meng	Independent Non-Executive Director	4 August 2021	NA	Axington Inc Agritrade Resources Limited	-
Choo Kok Kiong	Independent Non-Executive Director	28 August 2021	NA	Gallant Venture Limited QAF Limited	-

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Company has in place the Board Diversity Policy with a view to achieving a sustainable and balanced development as the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Board has considered from a number of aspects, including and not limited to gender, age, experience, educational background, knowledge and etc. All director appointments will be based on meritocracy and candidates will be considered against objective criteria and needs on the Board.

The Board is of the view that the current Board size is appropriate, taking into account the nature and scope of the Group's operations. Ms Chua Chwee Choo provides the Board with gender diversity that serves to bring value to the Board discussions from the different perspectives and approaches of a female Director.

The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include relevant industry knowledge, general commercial experience, accounting and finance related, business and management experience, corporate governance and strategic planning experience all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group.

The NC and the Board have conducted the following assessment during the financial year under review to maintain and/or enhance its balance and diversity:

- Overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs;
- Performance of the Board Committees, namely, AC, NC and RC in term of their roles and responsibilities and the conduct of their affairs; and
- Core competencies, attributes and skill sets of each Director.

The NC will consider the results of such assessment in its recommendation for the appointment of new Director(s) and/or re-appointment of existing Directors, who are due for retirement.

With majority of the Board comprising Independent Non-Executive Directors, the composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgement on the affairs of the Company. The Independent Non-Executive Directors will constructively challenge and assist in the development of the business strategies and reviewing and monitoring performance of the management to achieve the agreed goals and objectives.

Each Independent Non-Executive Director is required annually to complete a checklist, drawn up based on the criteria prescribed in the Code and its Practice Guidance and Catalist Rules, to confirm his/her independence for review by the NC and the Board.

For FY2020, the relevant Independent Non-Executive Directors, namely, Ms Tan Bee Kiew, Mr Ng How Hwan, Kevin and Mr Lui Hin Weng Samuel have confirmed their independence in accordance with the Code, its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules. The NC and the Board (save for the interested Independent Non-Executive Directors who abstained on their own review) have reviewed and are of the opinion that all Independent Non-Executive Directors are independent according to the Code and its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules.

The NC and the Board noted that none of the Independent Non-Executive Director has any relationship with the Company, its related corporation, substantial shareholders or offices, which could interfere or be perceived to interfere with the Director's independent judgement and are of the opinion that the Independent Non-Executive Directors consistently provided independent and objective judgement in all Board and Board Committees deliberations and are satisfied with their level of independence.

An independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company.

None of the Independent Non-Executive Directors has served on the Board beyond nine (9) years from the date of his/her first appointment. The profile of the Directors can be found under the Directors' Profile section of this Annual Report.



# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## **Principle 3: Chairman and CEO**

**There is a clear division of responsibilities between leadership of the Board and management, and no one individual has unfettered powers of decision making.**

There is a clear division of responsibilities between the Chairman and CEO, which ensures there is a balance of power and authority, such that no one (1) individual represents a considerable concentration of power.

Currently, the Chairman and CEO of the Company are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making.

Ms Tan Bee Kiew was the Independent and Non-Executive Chairman of the Board (until 20 September 2021) and Mr Lim Chee San is the Independent and Non-Executive Chairman of the Board (effective 20 September 2021) while Ms Chua Chwee Choo is the Executive Director and CEO of the Group. Ms Chua Chwee Choo is not related to either Ms Tan Bee Kiew or Mr Lim Chee San.

The Chairman's duties include:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board meetings;
- (d) ensuring that the directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and management;
- (g) facilitating the effective contribution of non-executive directors in particular; and
- (h) promoting high standards of corporate governance;

The CEO's duties include:

- (a) overseeing the daily running of the Group's operations;
- (b) charting the corporate strategies for future growth with the support of the management; and
- (c) executing strategies and policies adopted by the Board.

The Board is not required to appoint an independent director to be the lead independent director as:

- The Chairman and the CEO are not the same person;
- The Chairman and the CEO are not immediate family members;
- The Chairman is not part of the management team; and
- The Chairman is an independent director.

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## Principle 4: Board Membership

**The Board has a formal and transparent process for the appointment and re-appointment of directors to the Board taking into account the need for progressive renewal of the Board.**

The NC oversees matters related to the nomination of new Directors and re-appointment of Directors to the Board, review the required mix of skills, experience and other requisite qualities of Directors, annual assessment of the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies and nominating them for approval by the Board.

The NC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the NC during FY2020 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Lim Chee San	Chairman (member and Chairman since 20 September 2021)
Ang Chiang Meng	Member (member since 4 August 2021, Chairman 4 August 2021 – 20 September 2021)
Ng How Hwan, Kevin	Member
Tan Bee Kiew	Member (Chairman until 15 January 2021, resigned as Director on 20 September 2021)
Lui Hin Weng, Samuel	Member (Chairman 15 January 2021 – 4 August 2021, resigned as Director on 29 September 2021)

The principal functions of the NC based on its Terms of Reference are as follows:

- (a) Reviewing and suggest succession plans for directors, in particular for the Chairman of the Board and CEO to the Board;
- (b) Developing the performance evaluation framework and set the objective performance criteria for the Board, Board Committees and individual Directors;
- (c) Recommending to the Board on the training programmes for new Directors and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks;
- (d) Reviewing, assessing and making recommendations to the Board on appointment and re-appointment of Directors and senior management to the Company;
- (e) Reviewing, assessing and considering the competencies, commitment, contribution, performance and independence of the Directors before recommending Directors who are due to retire or re-appointment to be put forward to the shareholders for approval at the annual general meeting;
- (f) Determining, on an annual basis, the independence of the Directors in accordance with the Code and other salient factors; and
- (g) Deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, in particular, when he/she has multiple board representations.

The NC met once in FY2020 and below is a summary of the key activities undertaken by the NC in discharge of its duties:

- (a) Reviewed the Terms of Reference;
- (b) Examined the Board's size and satisfied that it is appropriate for effective decision making, taking into account the nature and scope of the Group's operations. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committees as well as to the management of the Company;
- (c) Reviewed the independence of the Independent Directors and satisfied that they are independent;

# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

- (d) Conducted annual assessment of the Board, Board Committees and individual Directors; and
- (e) Determined Directors who are subject to re-election.

As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

Summary procedures on appointing a new director:

Step 1 <Candidate identified>	Identified candidate on the recommendation of the existing Directors, senior management staff, network of contacts, third-party referrals, recruitment consultants to identify a broader range of candidates.
Step 2 <Assessment and evaluation to be conducted by the NC>	Assessment should be conducted based on, but not limited to experience, knowledge, gender, age, educational back ground, business interest that may result in a conflict of interest, independent of the candidate (for Independent Directors), skills and other criteria deem fit to the needs of the Board and whether the candidates will add diversity to the Board and have adequate time to discharge his/her duties.
Step 3 <Recommendation to be made by the NC to the Board>	<ul style="list-style-type: none"> <li>Board to consider and discuss on the proposed new appointment.</li> <li>Appoint an independent third party to source and screen candidates, if necessary.</li> </ul>
Step 4 <Discussion and decision to be made by the Board on the proposed new appointment. Appointment of new member to the Board is at the Board's sole discretion>	<ul style="list-style-type: none"> <li>If proposed appointment is approved, invitation or offer to be made to the proposed/potential candidate to join the Board and/or Board Committees.</li> <li>If the proposed appointment is rejected, the whole process to be re-commenced.</li> </ul>

In deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, each Director should hold no more than five (5) board appointments in public listed companies. However, in appropriate circumstances, the NC shall review and approve a different maximum number of board appointments for a director in public listed companies.

The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board and Board Committee meetings for FY2020 as disclosed on page 25 of this Annual Report.

Pursuant to Article 98 of the Constitution of the Company, at least one-third of the Directors (including CEO/MD) for the time being shall retire from office by rotation at least once every three (3) years at the Annual General Meeting ("AGM") of the Company whilst, Article 99 provides that the retiring Directors are eligible to offer themselves for re-election. Article 102 of the Constitution of the Company provides that all newly appointed Directors shall retire from office at the next AGM following their appointments. Rule 720(4) of the Catalist Rules requires listed companies to have all directors submit themselves for re-nomination and re-appointment at least once every three (3) years.

Pursuant to Article 98 of the Constitution of the Company, Mr Ng How Hwan, Kevin (Independent Non-Executive Director) is standing for retirement by rotation at the forthcoming AGM. Mr Ng How Hwan, Kevin has decided not to seek re-election at the forthcoming AGM as he had served on the Board as an independent director from FY2013 to FY2021 (both years inclusive). This will facilitate Board renewal. His retirement from the Board will take effect upon the conclusion of the Annual General Meeting.

The Board believes that it has sufficient members with the skill, knowledge and independence to protect the interest of the Company and its shareholders. Since joining the Company, the 3 new independent directors have been updated and have familiarized themselves with the board matters, including the matters relating to the 8 Payment Transactions. The entry of these new independent directors have facilitated Board renewal. Consequently, the Board is of the view that the retirement of Mr Ng How Hwan, Kevin will not have a negative impact on the best interest of the Company and the Shareholders.



# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The NC has reviewed and recommended the re-election of the following Directors who are retiring under Articles 98 and 102 of the Company's Constitution at the forthcoming AGM:

<u>Director</u>	<u>Designation</u>
Chua Chwee Choo	Executive Director and Chief Executive Officer - Article 98
Lim Chee San	Chairman and Independent Non-Executive Director
Ang Chiang Meng	Independent Non-Executive Director
Choo Kok Kiong	Independent Non-Executive Director

Please refer to pages 121 to 128 for information required under Appendix 7F of the Catalist Rules in relation to the Directors nominated for re-election at the forthcoming AGM.

As at the date of this report, there are no Alternate Directors in the Company.

## **Principle 5: Board Performance**

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The performance evaluation framework is in the form of assessment questionnaires and the evaluation covers amongst other, Board and Board Committees' compositions, processes in managing the Group's performance, effectiveness of the Board and Board Committees as well as conduct, mix of skills, knowledge, competencies and contribution of each Director to the Company in discharging their function.

The questionnaires are completed by the members of the Board and Board Committees and each Director for self-assessment. The completed questionnaires are collated by the Company Secretary for deliberation by the NC. The NC led by its Chairman, reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement as well as for them to form the basis of recommending relevant Directors for re-election at the AGM. The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

During the FY2020, the NC assessed the Board, Board Committees and individual Directors. The NC was satisfied with the outcome of the evaluations and both NC and the Board are of the view that the Board has met its performance objectives for FY2020. The NC was also satisfied that sufficient time and attention have been provided by the Directors to the Group. No external facilitator was engaged in the performance assessment.

All NC members have abstained from deliberation and voting on their own performance assessment.

## **(B) REMUNERATION MATTERS**

### **Principle 6: Procedures for Developing Remuneration Policies**

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The RC is responsible for recommending to the Board the remuneration principles and framework for members of the Board and senior management. The RC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The composition of members of the RC during FY2020 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Ng How Hwan, Kevin	Chairman
Ang Chiang Meng	Member (member since 4 August 2021)
Choo Kok Kiong	Member (member since 29 September 2021)
Tan Bee Kiew	Member (resigned as Director on 20 September 2021)
Lui Hin Weng, Samuel	Member (resigned as Director on 29 September 2021)

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The principal functions of the RC based on its Terms of Reference are as follows:

- (a) To recommend to the Board a general framework of remuneration policy for the Board, determine specific remuneration packages and terms of employment for each Executive Director, the CEO and key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;
- (b) To perform annual review of the remuneration of employees related to the Executive Directors, CEO and substantial or controlling shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include to review and approve any bonuses, pay increases and/or promotions for these employees;
- (c) To review and recommend to the Board the terms of renewal for Executive Directors and key management personnel whose employment contracts will expire or have expired to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous but ensure fairness and avoid rewarding poor performance; and
- (d) To function as the Committee referred to in the Singapore Kitchen Equipment Performance Share Plan.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds are reviewed by the RC.

The RC will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. No remuneration consultant was engaged in the remuneration matters.

## **Principle 7: Level and Mix of Remuneration**

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.**

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise. The remuneration policy is also structured to link rewards to corporate and individual's performance.

In setting the remuneration packages of the Executive Directors and key management personnel, the Company takes into account the performance of the Group and of the individual, which are aligned with long term interests of the Group, the risk policies of the Company and the eligibility for benefits under long-term incentive schemes. The RC ensures that the directors are adequately but not excessively remunerated as compared to the market conditions. The RC also ascertained that Independent Directors are not over-compensated to the extent that their independence may be compromised.

The Executive Directors do not receive directors' fees and are paid based on their Service Agreements entered with the Company on 1 June 2013 as disclosed in the Company's Prospectus dated 12 July 2013. The Service Agreements took effect on the date of admission of the Company to Catalist for an initial period of three (3) years and shall be renewed automatically on a yearly basis thereafter. The Service Agreements entered into between the Executive Directors and the Company were renewed on 7 February 2020 for a period of three (3) years.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Group. Executive Directors owe a fiduciary duty to the Group. The Group should be able to avail itself to remedies against the Executive Directors and key management in the event of such exceptional circumstances and breach of fiduciary duties.

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Independent Directors do not have service agreements with the Company. The Independent Directors received directors' fees which were approved at the Company's AGM, based on their effort, time spent, commitment and responsibilities.

The RC met once in FY2020 and below is a summary of the key activities undertaken by the RC in discharge of its duties:

- (a) Reviewed the Terms of Reference;
- (b) Reviewed the remuneration package of the Executive Directors and key management personnel;
- (c) Reviewed and recommended the Directors' Fees payable to the Independent Non-Executive Directors of the Company to the Board; and
- (d) Reviewed and set the key performance target for the Executive Directors and key management personnel.

The Directors' Fees for Independent Non-Executive Directors are determined by the Board with the approval from the shareholders at the AGM. No individual Director is involved in fixing his/her own remuneration.

## Principle 8: Disclosure on Remuneration

**The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

A breakdown of the Directors' remuneration for FY2020 is as follows:

Name	Remuneration Band			Salary %	Bonus %	Other Benefits %	Directors' Fees + %	Total %
	Disclosable Amount Below S\$250,000 (S\$)	S\$250,000 to S\$500,000	Above S\$500,000					
Chua Chwee Choo		√		72.3	7.9	19.8	0	100
Lee Chong Hoe		√		72.5	8.0	19.5	0	100
Tan Bee Kiew	55,000			0	0	0	100	100
Ng How Hwan, Kevin	40,000			0	0	0	100	100
Lui Hin Weng Samuel	40,000			0	0	0	100	100

Note:

- + The Directors' Fees for the Independent Non-Executive Directors are subject to approval by shareholders at the forthcoming Annual General Meeting.

The annual aggregate amount of the total remuneration paid to the Directors of the Company in FY2020 is approximately S\$630,124.



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Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the key management personnel. A breakdown (in percentage terms) of remuneration of the top four (4) key management personnel (who are not Directors of the Company) for FY2020 is as follows:

Name	Remuneration Band			Salary %	Bonus %	Other Benefits %	Total %
	Below S\$250,000*	S\$250,000 to S\$500,000	Above S\$500,000				
Chow Mei Ling Ferleen	✓			65.2	6.5	28.30	100
Koh Sai Eng Charlene	✓			53.8	18.2	28.0	100
Soh Kee Hock	✓			73.9	3.9	22.2	100
Chan Weng Yee	✓			70.0	3.5	26.5	100

The annual aggregate amount of the total remuneration paid to the top four (4) key management personnel in FY2020 is approximately S\$531,656.

There are no termination or retirement benefits that are granted to the Directors and key management personnel.

Ms Chua Chwee Choo, Executive Director and CEO of the Company is the wife of Mr Lee Chong Hoe, Executive Director of the Company and their individual remuneration have exceeded S\$100,000. Other than the above, no employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S\$100,000 during FY2020.

The RC also administers the Singapore Kitchen Equipment Performance Share Plan ("PSP"). As at the date of this report, the PSP Committee members consist of Mr Ng How Hwan, Kevin, Mr Ang Chiang Meng and Mr Choo Kok Kiong.

The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the PSP Committee:

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

Controlling Shareholders shall not be eligible to participate in the PSP. However, the Associates of the Controlling Shareholders who meet the eligibility criteria of the above shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person.

To-date, no award has been granted under PSP.

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## (C) ACCOUNTABILITY AND AUDIT

### **Principle 9: Risk Management and Internal Controls**

**The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

In FY2020, the internal auditors, TRS Forensics Pte Ltd, had carried out an internal audit on the system of internal controls and reported the findings to the AC.

As announced on 22 March 2021, the AC had requested additional review and verification be carried out by its statutory auditors with respect to certain transactions between the Group and its major shareholder, QKE Holdings Pte. Ltd (“QKEH”). 8 payment transactions amounting to S\$1.395 million that were made by the Group’s major shareholder, QKEH, on behalf of the Group between April 2018 to May 2019 which were not approved by the Board (the “8 Payment Transactions”). Further, the Company’s preliminary findings indicated that certain employees of the Company had altered certain documents unilaterally without instructions from, and knowledge and approval by, the Executive Directors, including the CEO.

In view of the preliminary findings on the 8 Payment Transactions, and subject to the conclusion of the fact-finding process in respect of the 8 Payment Transactions which is being undertaken by Rajah & Tann Singapore LLP (the “R&T Review”), the AC is of the view that the Group’s systems of internal controls may not be adequate to address financial, operational, compliance and information technology controls and risk management systems during the year.

The Company has appointed Baker Tilly Consultancy (Singapore) Pte Ltd, as the Company’s internal auditors to review and enhance the Company’s operating procedures and internal controls. The internal auditors will carry out an internal audit on the system of internal controls and report the findings to the AC. The AC will review the findings of the internal auditor and will ensure that the Company follows up on the internal auditors’ recommendations raised during the internal audit process to address any internal control gaps.

In the meantime, as detailed in the Company’s announcement released on 11 August 2021, the Board has taken immediate steps to address the aforementioned lapses that were brought to its attention, and had implemented various measures to strengthen internal controls to ensure adherence to proper corporate governance.

Having considered the present Group’s size, nature and scope of the Group’s operations, the Board is satisfied that the AC is able to assume the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Group’s risk management systems and procedures. As such, no separate Risk Committee is established.

In respect of accountability, the Board is accountable to shareholders for the management of the Group. The Board will provide a balanced and understandable assessment of the Group’s performance, position and prospects through half- yearly and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. Management is accountable to the Board by providing the Board with necessary financial information for the discharge of its duties.

For FY2020, notwithstanding the preliminary findings in respect of the 8 Payment Transactions, the Board had received assurance from the following:

- (a) The CEO and the CFO, confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and
- (b) The CEO and the key management personnel, including the Executive Director, Mr Lee Chong Hoe, confirmed, to their best knowledge, the adequacy and effectiveness of the Company’s risk management and internal control systems.

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The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements. In line with the requirements of SGX-ST, negative assurance confirmations on half-yearly financial results were issued by the Director confirming that to the best of its knowledge, save for the irregularities relating to the 8 Payment Transactions, nothing had come to the attention of the Board which may render the Company's financial results to be false and misleading in any material aspect.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legal prescribed periods or such periods as extended by the relevant authorities.

The Management has assured and committed to all members of the Board that all necessary information will be provided on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the performance, financial position and prospects of the Group.

## **Principle 10: Audit Committee** **The Board has an AC which discharges its duties objectively.**

The AC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the AC during FY2020 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Ang Chiang Meng	Chairman (member since 4 August 2021, Chairman since 20 Sept 2021)
Ng How Hwan, Kevin	Member
Choo Kok Kiong	Member (member since 29 September 2021)
Tan Bee Kiew	Chairman (resigned as Director on 20 September 2021)
Lui Hin Weng, Samuel	Member (resigned as Director on 29 September 2021)

None of the members of the AC is a former partner or director of the Company's auditing firm.

The members of the AC have relevant accounting and/or related financial management expertise or experience. The AC is chaired by Mr Ang Chiang Meng, who is an Independent Non-Executive Director with related financial management expertise and experience.

The role of the AC is to assist the Board to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Group.

The AC may, at its discretion, invite any other Board members, management, external auditor, internal auditor or external consultants/personnel (where necessary) to the meeting to provide information or advice. The invitees may, at the discretion of the AC Chairman, attend the meeting as observers for the whole or part of the meeting, however, the invitees are not counted towards the quorum and shall not have voting rights. The principal functions of the AC based on its Terms of Reference are as follows:

- (a) Review the significant financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board;
- (b) Review and report to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to the AC by the Board);
- (c) Review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (d) Review the scope and results of the external audit, and the independence and objectivity of the EA. The AC shall then recommend to the Board the appointment, re-appointment and removal of the EA, and its remuneration and terms of engagement;



# CORPORATE GOVERNANCE REPORT

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- (e) Review the Policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (f) Review Interested Person Transactions; and
- (g) Undertake such other functions and duties as may be required by the Board under the Code, Catalyst Rules and Companies Act, Chapter 50 of Singapore from time to time.

The AC met twice in FY2020 and below is a summary of the key activities undertaken by the AC in discharge of its duty:

- (a) Reviewed the Terms of Reference;
- (b) Reviewed with the EA the audit plan, their evaluation of the system of internal controls, their report, management letter and the management's response;
- (c) Reviewed the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and Catalyst Rules and any other relevant statutory or regulatory requirements;
- (d) Reviewed internal audit programmes and adequacy and effectiveness of the Group's internal audit function as well as to ensure coordination between the external auditor and internal auditor and management;
- (e) Reviewed and discussed with external auditor, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (f) Recommended the re-appointment of the EA and approve the remuneration and terms of engagement of the external auditors to the Board;
- (g) Reviewed non-audit services provided by EA to the Group, the nature, extent and cost effectiveness of such services to ensure that these services do not affect the independence and objectivity of the external auditor; and
- (h) Reviewed and deliberated on key audit matters and areas of emphasis highlighted by the EA.

The AC is briefed by the EA of changes to accounting standards and issues which have a direct impact on financial statements during the presentation of the audit planning memorandum and the audit report to the AC.

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For the audit of the financial statements for FY2020, the following key audit matters were discussed by the AC:

Key Audit Matters	How the AC reviewed these
<p>1. It was brought to the AC attention that QKEH had issued a debit note amounting to \$1.395 million ("Debit Note") for the 8 Payment Transactions that were made by QKEH on behalf of the Company and the Group between April 2018 to May 2019. The Board's approval was not sought for the payment of the Debit Note</p>	<p>The AC requested the external auditors to review the underlying documents for the 8 Payment Transactions.</p> <p>Rajah &amp; Tann Singapore LLP has also been engaged by the Company to assist in the review of the 8 Payment Transactions and provide legal advice to the Company's management in the discharge of their duties to the Company.</p> <p>Pending the conclusion of the fact-finding process and review of the 8 Payment Transactions, QKEH has agreed to refund, and has refunded, the sums paid out under the Debit Note inclusive of interest. The AC is assured that the Group has not suffered any monetary loss arising from the 8 Payment Transactions. The Board has deliberated and taken a position on the treatment of the 8 Payment Transactions and the impact thereof has been reflected in the audited financial statements for FY2020.</p> <p>As detailed in the Company's announcement released on 11 August 2021, immediate steps have been taken to address the lapses that were brought to its attention, and the Company had implemented various measures to strengthen internal controls to ensure adherence to proper corporate governance.</p> <p>Pending the conclusion of the fact-finding process in respect of the 8 Payment Transactions, Baker Tilly Consultancy (Singapore) Pte. Ltd., has been appointed as the Company's internal auditors to review and enhance the Company's operating procedures and internal controls. The internal auditors will carry out an internal audit on the system of internal controls and report the findings to the AC.</p>
<p>2. It was brought to the AC attention that a bank statement belonging to QKEH (and not the Group) provided to the external auditors had been altered.</p>	<p>Preliminary findings indicated that certain employees of the Company had altered a bank statement (belonging to QKEH) and other documents unilaterally without instructions from, and knowledge and approval by the Executive Directors, including the CEO.</p> <p>The AC will follow up on the internal auditor's recommendations to address any internal control gaps and enhance the Company's operating procedures and internal controls.</p>

The AC is satisfied that the nature and extent of the non-audit services will not prejudice the independence and objectivity of the auditors. The Board with the concurrence of the AC, is of the opinion that that the independence and objectivity of the EA has not been affected.

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The aggregate amount of fees paid to the EA for audit and non-audit services for FY2020 are as follows:

<b><u>Fees rendered for the services of</u></b>	<b><u>Amount</u></b>
Audit	S\$102,655.00
Non-audit	S\$20,155.00
Total:	<u>S\$122,810.00</u>

BDO LLP is not seeking for re-appointment as the Company's auditors at the forthcoming AGM. BDO has served as auditor of the Company since 27 May 2013.

The AC and Board is of the opinion that it is in the interests of the Company to take this opportunity to rotate its auditors in order to benefit from fresh perspectives. Accordingly, the Board sought another auditor to replace BDO LLP. Following the evaluation of the proposals from various accounting firms and after due deliberation, the Board, at the recommendation of the AC, has endorsed the appointment of Foo Kon Tan LLP as the Independent Auditor for shareholders' approval at the forthcoming AGM.

In FY2020, the Company outsourced its internal audit function to TRS Forensics Pte Ltd, as internal auditors ("IA"), to review the key business processes of the Company and its key subsidiaries, adequacy and effectiveness of the Company's internal controls, financial, operational and compliance controls as well as risk management. The IA reports primarily to the Chairman of the AC, although the IA also reports administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the IA. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The IA is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is satisfied that the IA is adequately resourced and has the appropriate standing to fulfil its mandate.

The IA plans its internal audit schedules in consultation with, but independent of, the management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

The AC reviews the activities of the IA on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and has discovered inadequacies in its internal controls and processes as set out at "Principle 9: Risk Management and Internal Controls"

For FY2020, the AC met once with the EA and IA without the presence of the management.

The Company complied with Rule 712 and Rule 715 of the Catalist Rules in relation to its independent auditor.

In view of the preliminary findings on the 8 Payment Transactions, the Board has appointed Baker Tilly Consultancy (Singapore) Pte. Ltd., as its internal auditors to review and enhance the Company's operating procedures and internal controls. The internal auditors will carry out an internal audit on the system of internal controls and report the findings to the AC. The Company, upon the recommendation of the internal auditor, also intends to appoint an external IT consultant to enhance its IT and computer systems.

## **WHISTLE-BLOWING POLICY**

The Company has put in place a whistle-blowing policy by which staff may raise concerns about fraudulent activities, malpractices or improprieties within the Group and the independent investigation of such matters by the AC.

To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports will be sent to the Chairman of the AC or other Independent Directors. Details of the whistle-blowing policy have been made available to all employees and published in the Company's website [singaporekitchenequipmentltd.com](http://singaporekitchenequipmentltd.com).



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The AC shall ensure that internal investigations are conducted and review the findings of such internal investigations where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. There was no whistle-blowing letter received during the year.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### **Principle 11: Shareholder Rights and Conduct of General Meetings**

**The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments of the Group and the information is communicated to them through various channels including the Annual Report, disclosures and announcements to the SGX-ST, press releases, online investor relations on the Company's website at [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com).

The AGM of the Company represents the primary platform for two-way interaction between the shareholders, the Board and management of the Group. In fostering effective participation of and engagement with shareholders at the AGM of the Company held on 25 June 2020 ("2020 AGM"), Directors and external auditor were present either in person or by electronic means due to the COVID-19 restriction orders in Singapore.

To encourage participation of the shareholders, the Company strives to hold general meeting at venues which are accessible to shareholders. Notice of general meeting, annual report and/or circulars were issued within the time notice period as prescribed by the relevant regulations to enable the shareholders to be well informed with the time frame given and allow them to have ample time in making necessary preparations to attend and participate effectively in person or by corporate representative, proxy or attorney or by way of electronic means. More importantly, it enabled the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Additional explanatory notes for relevant resolutions (where required) to be tabled at the general meeting will be provided to the shareholders. Due to COVID-19 restriction orders in Singapore, 2020 AGM was held by way of electronic means via live webcast. To enable the members to participate at the 2020 AGM and exercise their votes effectively, instructions on how to register, participate, pose their questions, submission of proxy form, vote and etc relating to the 2020 AGM was published at the SGXNet and Company's website. At the 2020 AGM, the Chairman was appointed as the proxy to vote according to the members' instructions. The Chairman briefed the procedure to be followed by the shareholders even though the 2020 AGM was conducted by electronic means via live webcast and all resolutions were deemed proposed and seconded. All resolutions tabled at the 2020 AGM were conducted by poll pursuant to Rule 730A(2) of the Catalist Rules and counted by the Polling Agent as well as verified by the Scrutineer ahead of 2020 AGM. The poll results were announced by the Company via SGXNet on the same day for the benefit of all shareholders.

The Board concurred with the Code's recommendation that companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Separate resolutions on each distinct issue are proposed at general meetings for approval. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

The Constitution of the Company does not allow for absentia voting at general meetings as authentication of shareholders' identity, integrity of the information and other related security issues remain a concern. Hence, the Board has decided not to implement voting in absentia by mail, email or fax, for the time being. The Constitution allows shareholders to vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings unless the shareholder is a relevant intermediary (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore. A relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy form is sent together with the notice of general meetings to all shareholders.

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Minutes of general meetings with substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and management are available to shareholders upon request.

The Company does not publish minutes of general meetings on its corporate website as there are potential adverse implications to the Company if such minutes are published outside the confines of a shareholders' meeting, including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate views on various matters affecting the Company. In regard to the 2020 AGM, the minutes was published at the SGXNet and the Company's website within the prescribed timeline set by the SGX-ST and all questions received from the shareholders and answer were also published at the SGXNet and the Company's website ahead of the 2020 AGM.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Any dividend payments are clearly communicated to the shareholders via announcements on SGXNet.

## **Principle 12: Engagement with Shareholders**

**The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.**

The Company does not practice selective disclosure and is committed to treating all shareholders and stakeholders fairly and equitably. In line with continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders and stakeholders should be equally informed of all major developments and corporate activities which would likely impact the Company and its price or value of its shares. Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases via SGXNET;
- Annual Report prepared and issued to all shareholders with relevant information about the Group, future developments and disclosures required by the Companies Act, Chapter 50 of Singapore, Financial Reporting Standards and the Catalist Rules;
- Notices of general meetings are published in the local newspapers and announced via SGXNET and where permissible, publish in the Company's website as well as announce via SGXNet; and
- Company's website for shareholders to access information pertaining to the Group.

Investor relations work was undertaken by in-house team including management. Shareholders may contact the Company through its website for response at <http://www.singaporekitchenequipmentltd.com>.

## **(E) MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Principle 13: Engagement with Stakeholders**

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.**

The Company recognises the importance of stakeholder engagement to the long-term sustainability of its business. Engagement with stakeholders allow the Company to gain a more complete understanding of material issues and matters. Their positive suggestions and feedback would enable the Company to enhance its service quality and increased capabilities.

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## **(F) DEALINGS IN SECURITIES**

The Company has adopted an Internal Code of Best Practice on Securities Transaction to provide guidance to all Directors and officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with the Rule 1204(19) of the Catalist Rules. This has been made known to Directors, officers, executives and any other persons as determined by the management that may possess unpublished material price-sensitive information of the Group.

Directors and officers of the Group are prohibited from dealings in the Company's shares while in possession of such unpublished material price-sensitive information of the Group, and during the period commencing from at least one (1) month before the announcement of the Group's half-yearly and full year results and ending on the day after the announcement. All Directors and officers of the Group are also advised not to deal in the Company's securities on short-term considerations and to be mindful of the law on insider trading.

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by Directors and executives of the Company.

## **(G) INTERESTED PERSON TRANSACTIONS**

The Company has established a procedure to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions are carried out on an arm's length basis and will not be prejudicial to the interests of the Company, the Group and its minority shareholders.

In relation to the 8 Payment Transactions, S\$1.395 million was paid to QKEH pursuant to a Debit Note issued by QKEH for payments previously made on behalf of the Group by QKEH, although such payments were not authorised by the Board. The S\$1.395 million was subsequently refunded by QKEH to the Company, of which S\$459,270 has since been ratified by the Board as expenses legitimately incurred by QKEH on behalf of the Group. S\$459,270 will be refunded to QKEH by 30th October 2021.

In FY2020, due to an inadvertent oversight, Q'son Kitchen Equipment Pte. Ltd ("QKE") a subsidiary of the Group paid an amount of S\$300,000 to the shareholders of QKEH. The full amount has been repaid QKE in FY2020. QKEH had intended to pay its shareholders an amount of S\$300,000 as dividends. Due to an inadvertent oversight, the payment was made with the cheque of QKE. Upon the recognition of the inadvertent error, action was taken by the Company to claim the S\$300,000. Subsequently, cheque issuance was discontinued and electronic means of payment was instituted to reduce the risk of such an incident from recurring.

## **(H) MATERIAL CONTRACTS**

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Executive Director, or controlling shareholder subsisting at the end of FY2020.

## **(I) NON-SPONSOR FEES**

There were no non-sponsor fees paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during the FY2020.



# CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## (J) USE OF PROCEEDS

### (a) Initial Public Offer

The Company refers to the gross proceeds of S\$4.6 million raised from the initial public offering ("IPO") on 23 July 2013.

As at the date of this report, approximately S\$2.6 million has been used for the purposes as stated in the Company's IPO Prospectus dated 12 July 2013. The details of the deployment are as follows:

	Intended use of proceeds from IPO S\$'000	Cumulative amount deployed up to date of this report S\$'000
Acquisition of additional fabrication equipment and machinery	700	319
Funding for expansion, including by way of acquisitions, joint ventures, and/or strategic alliances	1,600	-
For general working capital purposes of the Group	975	975
Expenses such as professional fees, under writing and placement commission and brokerage, and miscellaneous fees	1,325	1,335
Total Utilised	4,600	2,629

The above utilisation of the net proceeds is consistent with the intended use of proceeds as disclosed in the Prospectus dated 12 July 2013.

### (b) Placement

The Company has raised net proceeds from the Placement of approximately S\$1.0 million, which will be utilized as follows:

- 60% of the Net Proceeds will be used for new business expansion or investments; and
- 40% of the Net Proceeds will be used for general working capital purposes.

As at the date of this report, the proceeds have not yet been utilised.

The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed.

## (K) TREASURY SHARES

There were no treasury shares at the end of FY2020.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors of Singapore Kitchen Equipment Limited (the "Company") present their report to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

## 1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Chua Chwee Choo	
Lee Chong Hoe	
Ng How Hwan, Kevin	
Ang Chiang Meng	(Appointed on 4 August 2021)
Choo Kok Kiong	(Appointed on 28 August 2021)
Lim Chee San	(Appointed on 28 August 2021)

## 3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 January 2020	Balance at 31 December 2020	Balance at 1 January 2020	Balance at 31 December 2020
<b>Ultimate Holding Company</b>				
<i>QKE Holdings Pte. Ltd.</i>				
Chua Chwee Choo	1	1	-	-
Lee Chong Hoe	1	1	-	-
<b>The Company</b>				
Chua Chwee Choo	995,000	995,000	122,491,500	122,491,500
Lee Chong Hoe	192,000	192,000	122,491,500	122,491,500
Ng How Hwan, Kevin	-	-	500,000 <sup>1</sup>	500,000 <sup>1</sup>

By virtue of Section 7 of the Act, Ms Chua Chwee Choo and Mr Lee Chong Hoe are deemed to have an interest in all of the interest in subsidiary corporations owned by the Company at the beginning and end of the financial year. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2021 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2020.

<sup>1</sup> These shares are held in DBS Nominee Account under the joint name of Mr Ng How Hwan, Kevin and spouse.

## 5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

### Performance Share Plan ("PSP")

The Company has implemented a performance share plan known as PSP. The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 25 June 2013. No share options or performance shares have been granted or awarded pursuant to the PSP.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 6. Audit Committee

The Audit Committee comprises the following members, who are all non-executive and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Ang Chiang Meng (Chairman)	(Independent and non-Executive, appointed on 4 August 2021)
Ng How Hwan, Kevin	(Independent and non-Executive)
Choo Kok Kiong	(Independent and non-Executive, appointed on 28 August 2021)
Tan Bee Kiew	(Independent and non-Executive, resigned on 20 September 2021)
Lui Hin Weng, Samuel	(Independent and non-Executive, resigned on 29 September 2021)

The Audit Committee performed the functions specified in Section 201B (5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

- (i) reviewing the audit plans and results of the external audits;
- (ii) reviewing the audit plans and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;
- (iii) reviewing the Group's financial and operating results and accounting policies;
- (iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditor's report on those financial statements;
- (v) reviewing the half yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditor;
- (vii) making recommendation to the Board on the re-appointment of the Group's internal and external auditors; and
- (viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

On behalf of the Board of Directors

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**Chua Chwee Choo**  
Director

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**Lee Chong Hoe**  
Director

22 October 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

## Report on the Audit of the Financial Statements

### Report on the Audit of the Financial Statements

We were engaged to audit the financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 112.

### Disclaimer of Opinion

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

As disclosed in Note 28 to the financial statements, the Group received a Debit Note ("DN") from its ultimate holding company, QKE Holdings Pte. Ltd. ("QKEH") on 30 March 2020 claiming reimbursement of 8 payment transactions ("8 Payment Transactions") that had been paid on behalf of the Group between April 2018 to May 2019. On 1 April 2020, the Group paid the 8 Payment Transactions totaling \$1.39 million to QKEH.

Based on the initial representation by management, these were payments for staff bonus, advertising expenses and donations which relate to previous financial year ended 31 December 2019 ("FY 2019"). It was subsequently determined that the staff bonus was paid in relation to staff performance for the financial year ended 31 December 2018 ("FY 2018"); and the advertising expenses and donations were incurred for FY 2018 and FY 2019. Prior to the receipt of the DN, the Group did not record such expenses in the accounting system.

Other irregularities were subsequently identified and these include, i) uncovering of altered supplier's invoices, cheque images, bank statements; and ii) discovery of payment vouchers which were constructed for payments of the staff bonus described above that were not made out by the Group. Furthermore, there were contracts with customers which were not identified in prior periods resulting in improper recognition of revenue in the previous financial years. We were also presented with new information in relation to arrangements with customers which were inconsistent with those management representations which we had obtained in prior periods.

The above matters were brought to the attention of the Audit Committee and management revisited the accounting records and financial information prepared in prior periods. Consequently, as disclosed in Note 31 to the financial statements, several prior period adjustments have been made and certain financial statements line items have been restated.

In view of the above, we assessed the impact of the various irregularities, inconsistencies in management representation and the potential lapses in internal control over the financial reporting processes. We determined that there may be misstatements in multiple elements of the financial statements, including, but not limited to, "revenue", "costs of sales", "administrative expenses", "income tax expenses", "property, plant and equipment", "inventories", "trade and other receivables", "trade and other payables", "amount due to/from ultimate holding company".

We were therefore unable to obtain sufficient appropriate audit evidence: (a) to conclude whether the accompanying financial statements are materially misstated; (b) to ascertain the existence, completeness, accuracy, rights and obligations, valuation and/or classification, and related disclosures, of various transactions and balances entered into with customers, suppliers and the ultimate holding company, including the prior year adjustments made by management; and (c) to evaluate whether the Group had operated within appropriate internal control and corporate governance frameworks which may have a pervasive effect on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

## **Basis for Disclaimer of Opinion (Continued)**

In addition, because of the above matters, on 11 August 2021, the Group engaged a legal firm to assist in the review of the 8 Payment Transactions and to provide legal advice to the Group's management in the discharge of their duties to the Group. As at date of this report, the review by the legal firm is still ongoing. The report to be issued by the legal firm could provide new information and findings that may have an impact on the accompanying financial statements. Accordingly, we were unable to determine if any adjustments arising thereon, which may be required, and the extent of impact on the accompanying financial statements.

Consequently, we were unable to obtain sufficient appropriate audit evidence or satisfy ourselves through alternative means to conclude on the matters of concern highlighted above and determine if there is any further impact on the accompanying financial statements.

## **Other Matters**

### Investigation by Corrupt Practices Investigation Bureau

On 13 September 2020, the Group made an announcement that the Group CEO, a director of the Group and certain staff were being interviewed by the Corrupt Practices Investigation Bureau on or about 10 September 2020 in connection with entertainment expenses and sales commissions relating to certain projects undertaken by Q'son Kitchen Equipment Pte Ltd, a subsidiary of the Group. As at the date of this report, investigation is ongoing and no charges have been filed against the above mentioned individuals.

## **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

## Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Koh Yen Ling.

BDO LLP  
Public Accountants and  
Chartered Accountants

Singapore  
22 October 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Note	Group			Company		
	31 December 2020	31 December 2019	1 January 2019	31 December 2020	31 December 2019	
	\$	\$	\$	\$	\$	
		(Restated)	(Restated)			
<b>Non-current assets</b>						
Property, plant and equipment	4	1,056,760	1,084,054	929,967	5,685	-
Intangible assets	5	41,999	14,324	6,133	-	-
Right-of-use assets	6	1,539,647	2,572,375	3,059,744	-	-
Investments in subsidiaries	7	-	-	-	10,000	10,000
		2,638,406	3,670,753	3,995,844	15,685	10,000
<b>Current assets</b>						
Inventories	8	3,641,937	3,612,862	3,946,868	-	-
Trade and other receivables	9	10,224,809	11,186,217	10,751,897	4,024,026	4,503,856
Prepayments		133,939	162,369	741,109	3,572	6,686
Current income tax recoverable		49,336	28,428	44,717	-	-
Cash and bank balances	10	15,508,067	10,923,845	10,232,282	1,103,646	1,184,141
		29,558,088	25,913,721	25,716,873	5,131,244	5,694,683
Less:						
<b>Current liabilities</b>						
Trade and other payables	11	4,922,988	6,736,140	6,197,705	257,121	368,111
Contract liabilities	20	1,295,368	599,467	511,052	-	-
Provisions	12	30,800	30,800	30,800	-	-
Borrowings	13	3,237,088	3,229,666	2,846,065	-	-
Lease liabilities	14	812,268	1,239,464	1,130,865	-	-
Derivative financial instruments	15	-	8,160	9,486	-	-
Current income tax payable		442,272	514,516	720,348	-	-
		10,740,784	12,358,213	11,446,321	257,121	368,111
<b>Net current assets</b>		18,817,304	13,555,508	14,270,552	4,874,123	5,326,572
Less:						
<b>Non-current liabilities</b>						
Borrowings	13	3,883,047	-	-	-	-
Lease liabilities	14	1,181,015	1,759,180	2,272,485	-	-
Deferred tax liabilities	16	23,317	62,305	62,305	-	-
		5,087,379	1,821,485	2,334,790	-	-
<b>Net assets</b>		16,368,331	15,404,776	15,931,606	4,889,808	5,336,572
<b>Capital and reserves</b>						
Share capital	17	5,124,790	5,124,790	5,124,790	5,124,790	5,124,790
Other reserves	18	1,217,015	1,219,259	1,215,468	-	-
Retained earnings	19	10,026,526	9,075,314	9,590,638	(234,982)	211,782
<b>Equity attributable to owners of the parent</b>		16,368,331	15,419,363	15,930,896	4,889,808	5,336,572
<b>Non-controlling interest</b>		-	(14,587)	710	-	-
<b>Total equity</b>		16,368,331	15,404,776	15,931,606	4,889,808	5,336,572

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 \$	2019 \$ (Restated)
Revenue	20	22,019,371	33,106,469
Cost of sales		(15,557,391)	(22,674,474)
Gross profit		6,461,980	10,431,995
<b>Other items of income</b>			
Interest income		42,516	58,869
Other income	21	1,173,857	482,551
<b>Other items of expense</b>			
Distribution costs		(2,810,132)	(4,296,582)
Administrative expenses		(3,249,139)	(5,927,718)
Other expenses		(142,193)	(108,600)
Loss allowance on third parties trade receivables	9	(140,709)	(91,848)
Finance costs	22	(211,509)	(245,852)
Profit before income tax	23	1,124,671	302,815
Income tax expense	24	(160,360)	(445,936)
<b>Profit/(loss) for the reporting period</b>		964,311	(143,121)
<b>Other comprehensive income:</b>			
<i>Items that will or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(756)	3,791
<b>Other comprehensive income for the reporting period, net of tax</b>		(756)	3,791
<b>Total comprehensive income/(loss) for the reporting period</b>		963,555	(139,330)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		965,799	(127,824)
Non-controlling interests		(1,488)	(15,297)
<b>Profit/(loss) for the reporting period</b>		964,311	(143,121)
<b>Total comprehensive income/(loss) for the reporting period</b>			
Equity holders of the Company		965,043	(124,033)
Non-controlling interests		(1,488)	(15,297)
<b>Total comprehensive income/(loss) for the reporting period</b>		963,555	(139,330)
<b>Profit/(Loss) per share attributable to equity holders of the Company</b>			
- Basic and diluted (in cents)	25	0.62	(0.08)

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Share capital	Merger reserve	Foreign currency translation account	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020								
- as previously reported		5,124,790	1,312,241	(92,982)	9,537,399	15,881,448	(14,587)	15,866,861
- prior year restatements	31	-	-	-	(462,085)	(462,085)	-	(462,085)
Balance at 1 January 2020, as restated		5,124,790	1,312,241	(92,982)	9,075,314	15,419,363	(14,587)	15,404,776
<b>Profit for the reporting period</b>		-	-	-	965,799	965,799	(1,488)	964,311
<b>Other comprehensive income:</b>								
Exchange differences arising from translation of foreign operations		-	-	(756)	-	(756)	-	(756)
<b>Total comprehensive (loss)/ income for the reporting period</b>		-	-	(756)	965,799	965,043	(1,488)	963,555
<b>Changes in ownership interests in subsidiaries:</b>								
Acquisition of subsidiary with non-controlling interests	7	-	(1,488)	-	(14,587)	(16,075)	16,075	-
<b>Total changes in ownership interests in subsidiaries</b>		-	(1,488)	-	(14,587)	(16,075)	16,075	-
Balance at 31 December 2020		5,124,790	1,310,753	(93,738)	10,026,526	16,368,331	-	16,368,331
Balance at 1 January 2019								
- as previously reported		5,124,790	1,312,241	(96,773)	9,998,783	16,339,041	710	16,339,751
- prior year restatements	31	-	-	-	(408,145)	(408,145)	-	(408,145)
Balance at 1 January 2019, as restated		5,124,790	1,312,241	(96,773)	9,590,638	15,930,896	710	15,931,606
<b>Loss for the reporting period</b>								
- as previously reported		-	-	-	(73,884)	(73,884)	(15,297)	(89,181)
- prior year restatements		-	-	-	(53,940)	(53,940)	-	(53,940)
		-	-	-	(127,824)	(127,824)	(15,297)	(143,121)
<b>Other comprehensive income:</b>								
Exchange differences arising from translation of foreign operations		-	-	3,791	-	3,791	-	3,791
<b>Total comprehensive income for the reporting period, as restated</b>		-	-	3,791	(127,824)	(124,033)	(15,297)	(139,330)
<b>Transactions with owners of the parent</b>								
Dividends	26	-	-	-	(387,500)	(387,500)	-	(387,500)
<b>Total transactions with owners of the parent</b>		-	-	-	(387,500)	(387,500)	-	(387,500)
Balance at 31 December 2019, as restated		5,124,790	1,312,241	(92,982)	9,075,314	15,419,363	(14,587)	15,404,776

The accompanying notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 \$	2019 \$ (Restated)
<b>Operating activities</b>			
Profit before income tax		1,124,671	302,815
Adjustments for:			
Loss allowance on third parties trade receivables		140,709	91,848
Amortisation of intangible assets	5	22,894	6,001
Amortisation of right-of-use assets	6	1,219,747	1,428,894
Inventories written down		475,119	2,301
Property, plant and equipment written-off		540	212
Loss on disposal of property, plant and equipment	4	-	12,162
Modification of leases term		(2,036)	-
Depreciation of property, plant and equipment	4	297,779	270,181
Fair value gain on derivative financial instruments		-	(1,326)
Finance cost	22	211,509	245,852
Interest income		(42,516)	(58,869)
Operating cash flows before working capital changes		3,448,416	2,300,071
Working capital changes:			
Inventories		(541,842)	272,599
Trade and other receivables		820,633	(526,971)
Prepayments		(22,150)	578,716
Trade and other payables, and contract liabilities		(1,125,791)	627,673
Cash generated from operations		2,579,266	3,252,088
Income tax paid		(292,597)	(634,936)
Net cash from operating activities		2,286,669	2,617,152
<b>Investing activities</b>			
Purchase of property, plant and equipment	4	(233,074)	(378,656)
Purchase of intangible assets	5	-	(14,192)
Interest received		42,516	58,869
Net cash used in investing activities		(190,558)	(333,979)
<b>Financing activities</b>			
Dividend paid	26	-	(387,500)
Fixed deposits pledged with banks		478,208	(636,332)
Proceeds from borrowings	A	12,129,778	8,217,741
Repayment of borrowings	A	(8,239,309)	(7,834,140)
Repayment of lease liabilities	A	(1,187,927)	(1,346,232)
Interest paid		(211,509)	(245,852)
Net cash from/(used in) financing activities		2,969,241	(2,232,315)
Net change in cash and cash equivalents		5,065,352	50,858
Cash and cash equivalents at beginning of year		9,567,439	9,512,208
Effect of exchange rate changes on cash and cash equivalents		(2,922)	4,373
Cash and cash equivalents at end of year	10	14,629,869	9,567,439

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## Note A: Reconciliation of liabilities arising from financing activities

	Balance as at 1 January	Financing cash flows*	Proceeds from sale of right-of-use asset	Non-cash changes			Balance as at 31 December
				Additions of right-of-use assets	Lease Modifications	Foreign exchange differences	
	\$	\$	\$	\$	\$	\$	\$
<b>As at end of reporting period 31 December 2020</b>							
Borrowings (Note 13)	3,229,666	3,890,469	-	-	-	-	7,120,135
Lease liabilities (Note 14)	2,998,644	(1,187,927) <sup>(a)</sup>	55,000 <sup>(a)</sup>	141,388	(12,564)	(1,258)	1,993,283
	6,228,310	2,702,542	55,000	141,388	(12,564)	(1,258)	9,113,418

<sup>(a)</sup> Proceeds from sale of right-of-use asset of \$55,000, was used to settle part of its outstanding lease, henceforth the net financing cash flow for the year was \$1,132,927.

	Balance as at 1 January	Financing cash flows*	Non-cash changes		Balance as at 31 December
			Additions of right-of-use assets	Foreign exchange differences	
	\$	\$	\$	\$	\$
<b>As at end of reporting period 31 December 2019</b>					
Borrowings (Note 13)	2,846,065	383,601	-	-	3,229,666
Lease liabilities (Note 14)	3,403,350	(1,346,232)	941,545	(19)	2,998,644
	6,249,415	(962,631)	941,545	(19)	6,228,310

\* The financing cash flows represents net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General corporate information

Singapore Kitchen Equipment Limited (the “Company”) is a limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address and principal place of business at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596. The Company’s registration number is 201312671M. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s immediate and ultimate holding company is QKE Holdings Pte. Ltd., a company incorporated in Singapore. Related companies in these financial statements refer to members of the QKE Holdings Pte. Ltd. group.

Ms Chua Chwee Choo and Mr Lee Chong Hoe are the ultimate controlling shareholders of the Company through their shareholding in QKE Holdings Pte. Ltd.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the end of reporting period 31 December 2020 were authorised for issue in accordance with a Directors’ resolution dated 22 October 2021.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar (“\$”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

#### Changes in accounting policies

##### *New standards, amendments and interpretations effective from 1 January 2020*

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group business activities or require accounting which is consistent with the Group current accounting policies.

##### *New standards, amendments and interpretations issued but not yet effective*

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 17	1 January 2023
SFRS(I) 1-1 (Amendments)	1 January 2023
SFRS(I) 3 (Amendments)	1 January 2022
SFRS(I) 1-16 (Amendments)	1 January 2022
SFRS(I) 1-37 (Amendments)	1 January 2022
Various amendments	1 January 2022
Various amendments	1 January 2023
Various amendments	1 January 2023
SFRS(I) 1-8 (Amendment)	1 January 2023
SFRS(I) 1-12 (Amendments)	1 January 2023

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above standards, if applicable in future periods, will not have a material impact on the financial statements of the Company in the period of their initial adoption.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be change in the elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

#### Non-controlling interests

Non-controlling interests in a subsidiary relate to the equity in the subsidiary which is not attributable directly or indirectly to the owners of the parent. This is shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation (Continued)

#### Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

#### Acquisition under common control

Business combinations arising from the transfer of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

### 2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.3 Property, plant and equipment (Continued)

Property, plant and equipment are subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives, on the following bases:

	<b>Years</b>
Freehold building	50
Motor vehicles	5
Furniture and fittings	5
Plant and machinery	5
Computer and office equipment	3 – 5
Renovation	5

Freehold land has indefinite useful life and is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

### 2.4 Intangible assets

#### *Computer software*

Acquired computer software are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.5 Leases

*As lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.5 Leases (Continued)

*As lessee (Continued)*

#### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.5 Leases (Continued)

#### *As lessor*

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 16 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Revenue". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### 2.6 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

### 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first-in, first-out" basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.8 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

#### **Financial assets**

The Group classifies its financial assets as financial assets measured at amortised cost, based on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

#### Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates of each group of customers, shared credit risk characteristics, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written-off against the associated provision.

Impairment provisions for non-trade amounts due from third parties, ultimate holding company and subsidiary are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables (excluding advance payment to suppliers) and cash and bank balances in the statements of financial position.

At each reporting date, the Group assess on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.8 Financial instruments (Continued)

#### **Financial assets (Continued)**

##### Amortised cost (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) Significant financial difficulty of the borrower or issuer;
- (ii) A breach of contract such as a default or past due events; and
- (iii) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

##### Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss and financial guarantee contracts.

##### *Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

##### *Borrowings*

Borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.10).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.8 Financial instruments (Continued)

#### **Financial liabilities and equity instruments (Continued)**

##### *Financial guarantee contracts*

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if the subsidiary breaches any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in profit or loss. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

The Group enters into derivative financial instruments, such as structured forward foreign exchange contracts, to manage its exposure to foreign exchange rate risk. The Group has not designated any of its derivatives as hedging instruments in the current reporting period.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

### 2.9 Cash and bank balances

Cash and bank balances in the consolidated statement of financial position comprise cash on hand, cash and fixed deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits net of fixed deposits pledged with banks and financial institutions.

### 2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### 2.11 Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.11 Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.12 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the consolidated statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

### 2.13 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when a good or service is transferred to the customer, i.e. when the customer obtains control of the good.

The Group presents a contract liability in its consolidated statements of financial position when either party to the contract has performed the obligation. The Group performs by transferring goods or services to the customer, or the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Trade receivables".

Contract liabilities are obligations to transfer goods or services to customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.13 Revenue recognition (Continued)

#### Revenue from kitchen facilities and equipment (Fabrication and distribution business)

Revenue from sales of kitchen equipment which does not require specific installation is recognised at a point in time when control has transferred to customers upon delivery of kitchen equipment.

When kitchen facilities are constructed in accordance with customers' specifications and under customers' control, at their premises, revenue is recognised over time by reference to the Group's progress, measured by comparing the actual quantity of installed materials with total expected amounts of materials to be installed to complete the construction of kitchen facilities.

#### Service income (maintenance and servicing business)

The Group provides kitchen equipment maintenance and repair services on kitchen equipment sold to customers. Revenue from repair services is recognised in the accounting period in which the services are rendered, based on the fixed price contracts. The customers are invoiced on a monthly basis when the services are rendered and accepted.

### 2.14 Employee benefits

#### *Defined contribution plans*

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of each reporting period.

### 2.15 Taxes

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

#### Current income tax

The tax currently payable is based on taxable profit for a period. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates and interpretation to applicable tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.15 Taxes (Continued)

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

#### Goods and Services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the goods and services tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (Continued)

### 2.16 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation account.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation account.

On disposal of a foreign operation, the accumulated foreign currency translation account relating to that operation is reclassified to profit or loss.

### 2.17 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other income".

### 2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the reporting period in which they are declared payable. Final dividends are recorded in the reporting period in which the dividends are approved by the shareholders.

### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### 3.1 Critical judgements made in applying the accounting policies

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

(i) Portfolio of leases with similar characteristic

The Group has a number of individual leases agreements and has categorised these leases with similar characteristic into portfolios such as premises, office equipment and motor vehicles. The premises consist of factory, warehouse, office and hostel with similar lease term. Management has considered different discount rates used for different premises due to different characteristic of underlying premises. The office equipment only consist of two photocopier devices from same lessor and with similar term, therefore management consider it appropriate to use a single discount rate. The motor vehicles consist a number of trucks which is similar type and similar price used for delivery and servicing purpose. The management has combined all the motor vehicle lease agreements into a single lease portfolio. The Group reasonably expects that combining the lease agreements with similar characteristic would not result in a materially different effect than applying the requirements of SFRS(I) 16 to each individual lease agreement.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next reporting period, are discussed below.

(i) Assessment of the net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the "first-in, first-out" method. Management carried out an assessment to determine if there were inventories that had to be written down to net realisable value as at the end of the reporting period. Management estimates the net realisable value of inventories based on the age of the inventories, historical and subsequent selling prices.

Arising from this assessment, management recognised a write down of inventories of \$475,119 (2019: \$2,301). As at 31 December 2020, the carrying amount of the Group's inventories was \$ 3,641,937 (2019: \$3,612,862).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### 3.2 Key sources of estimation uncertainty (Continued)

#### (ii) Loss allowance on trade receivables

The Group has elected to apply the simplified approach within SFRS(I) 9, based on lifetime expected credit losses ("ECL"), in determining the provision for loss allowance on trade receivables at the end of each reporting period, using a provision matrix.

The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates of each group of customers, shared credit risk characteristics, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For credit-impaired trade receivables, ECL is determined as the difference between the gross carrying amount and the estimated recoverable amount from customers.

During the reporting period, the net loss allowance on trade receivables of \$140,709 (2019: \$91,848) was recognised in the Group's profit or loss. The carrying amount of the Group's trade receivables as at 31 December 2020 was \$8,177,389 (2019: \$9,893,237).

#### (iii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to new lease liabilities as at 31 December 2020 was 1.75%. The carrying amount of for such new lease liabilities as at 31 December 2020 was \$289,540. If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by approximately \$1,400.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. Property, plant and equipment

	Freehold land \$	Freehold building \$	Motor vehicles \$	Furniture and fittings \$	Plant and machinery \$	Computer and office equipment \$	Renovation \$	Total \$
<b>Group</b>								
<b>Cost</b>								
Balance at 1 January 2020								
- as previously reported	89,543	364,753	34,288	145,152	910,176	761,451	422,062	2,727,425
- prior year restatements (Note 31)	-	-	-	-	187,962	-	-	187,962
Balance at 1 January 2020, as restated	89,543	364,753	34,288	145,152	1,098,138	761,451	422,062	2,915,387
Additions	-	-	-	7,916	189,910	48,640	24,373	270,839
Written-off/disposal	-	-	-	(5,002)	(336,799)	(213)	-	(342,014)
Currency re-alignment	54	222	-	13	189	6	51	535
Balance at 31 December 2020	89,597	364,975	34,288	148,079	951,438	809,884	446,486	2,844,747
<b>Accumulated depreciation</b>								
Balance at 1 January 2020								
- as previously reported	-	87,541	9,292	121,646	689,731	532,420	320,653	1,761,283
- prior year restatements (Note 31)	-	-	-	-	70,050	-	-	70,050
Balance at 1 January 2020, as restated	-	87,541	9,292	121,646	759,781	532,420	320,653	1,831,333
Depreciation for the reporting period	-	7,273	8,019	8,931	128,088	109,102	36,366	297,779
Written-off/disposal	-	-	-	(5,002)	(336,259)	(213)	-	(341,474)
Currency re-alignment	-	80	-	14	197	7	51	349
Balance at 31 December 2020	-	94,894	17,311	125,589	551,807	641,316	357,070	1,787,987
<b>Carrying amount</b>								
Balance at 31 December 2020	89,597	270,081	16,977	22,490	399,631	168,568	89,416	1,056,760

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. Property, plant and equipment (Continued)

(Restated)	Freehold land	Freehold building	Motor vehicles	Furniture and fittings	Plant and machinery	Computer and office equipment	Renovation	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>								
<b>Cost</b>								
Balance at 1 January 2019								
- as previously reported	89,706	365,418	7,000	128,964	750,752	609,060	410,302	2,361,202
- prior year restatements (Note 31)	-	-	-	-	144,643	-	-	144,643
Balance at 1 January 2019, as restated	89,706	365,418	7,000	128,964	895,395	609,060	410,302	2,505,845
Additions	-	-	27,288	16,278	164,016	159,159	11,915	378,656
Adjustment (Note 31)	-	-	-	-	43,319	-	-	43,319
Written-off/Disposal	-	-	-	-	(4,003)	(6,750)	-	(10,753)
Currency re-alignment	(163)	(665)	-	(90)	(589)	(18)	(155)	(1,680)
Balance at 31 December 2019, as restated	89,543	364,753	34,288	145,152	1,098,138	761,451	422,062	2,915,387
<b>Accumulated depreciation</b>								
Balance at 1 January 2019								
- as previously reported	-	80,392	3,031	111,880	643,252	429,576	269,221	1,537,352
- prior year restatements (Note 31)	-	-	-	-	38,526	-	-	38,526
Balance at 1 January 2019, as restated	-	80,392	3,031	111,880	681,778	429,576	269,221	1,575,878
Depreciation for the reporting period <sup>(a)</sup>	-	7,295	6,261	9,856	50,837	109,610	51,587	235,446
Adjustment (Note 31) <sup>(a)</sup>	-	-	-	-	31,524	-	-	31,524
Written-off/Disposal	-	-	-	-	(3,791)	(6,750)	-	(10,541)
Currency re-alignment	-	(146)	-	(90)	(567)	(16)	(155)	(974)
Balance at 31 December 2019, as restated	-	87,541	9,292	121,646	759,781	532,420	320,653	1,831,333
<b>Carrying amount</b>								
Balance at 31 December 2019, as restated	89,543	277,212	24,996	23,506	338,357	229,031	101,409	1,084,054
Balance at 1 January 2019, as restated	89,706	285,026	3,969	17,084	213,617	179,484	141,081	929,967

<sup>(a)</sup> Total depreciation for property, plant and equipment for the reporting period is \$270,181, including amount of \$34,735 from the adjustment. The adjustment of \$31,524 is the net amount of additional depreciation of \$34,735 less depreciation of disposed assets of \$3,211, both resulted from restatement of property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. Property, plant and equipment (Continued)

Equipment leased out on operating lease are included as part of Plant & Machinery, for a useful life of 5 years. The cost and the accumulated depreciation of the leased out equipment is recorded at \$210,464 (2019: \$187,960) and \$94,558 (2019: \$70,048).

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	<b>Group</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
		<b>(Restated)</b>
Additions of property, plant and equipment	270,839	437,348
Transfer from inventory	(37,765)	(58,692)
Cash payments to acquire property, plant and equipment	<u>233,074</u>	<u>378,656</u>
		<b>Computer and office equipment \$</b>
<b>Company</b>		
<b>Cost</b>		
At 1 January 2020		-
Additions		<u>5,847</u>
At 31 December 2020		<u>5,847</u>
<b>Accumulated depreciation</b>		
At 1 January 2020		-
Depreciation for the reporting period		<u>162</u>
At 31 December 2020		<u>162</u>
<b>Carrying amount</b>		
At 31 December 2020		<u>5,685</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. Intangible assets

	Group	
	31 December 2020	31 December 2019
	\$	\$
<i>Computer software</i>		
<b>Cost</b>		
At 1 January	330,100	315,908
Additions	50,569	14,192
At 31 December	<u>380,669</u>	<u>330,100</u>
<b>Accumulated amortisation</b>		
At 1 January	315,776	309,775
Amortisation for the reporting period	22,894	6,001
At 31 December	<u>338,670</u>	<u>315,776</u>
<b>Carrying amount</b>		
At 31 December	<u>41,999</u>	<u>14,324</u>

Amortisation of intangible assets is included in "other expenses" line item in the Group's profit or loss.

## 6. Right-of-use assets

	Premises	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$
<b>Group</b>				
<b>Cost</b>				
At 1 January 2020	1,225,765	68,631	1,277,979	2,572,375
Additions	126,125	15,263	-	141,388
Amortisation charge	(753,099)	(19,481)	(447,167)	(1,219,747)
Modification to lease terms	53,909	-	(9,437)	44,472
Exchange differences	1,159	-	-	1,159
At 31 December 2020	<u>653,859</u>	<u>64,413</u>	<u>821,375</u>	<u>1,539,647</u>
At 1 January 2019	1,394,344	87,348	1,578,052	3,059,744
Additions	748,974	-	192,571	941,545
Amortisation charge	(917,533)	(18,717)	(492,644)	(1,428,894)
Exchange differences	(20)	-	-	(20)
At 31 December 2019	<u>1,225,765</u>	<u>68,631</u>	<u>1,277,979</u>	<u>2,572,375</u>

Included in the above, motor vehicle with a carrying amount of \$821,375 (2019: \$1,243,376) were pledged as securities for the related lease liabilities as set out in Note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. Investments in subsidiaries

	Company	
	31 December 2020	31 December 2019
	\$	\$
Unquoted equity shares, at cost	10,000	10,000

The particulars of the subsidiaries are as follows:

Name of Company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		%	%	%	%
<b>Held by the Company</b>					
Q'son International Pte. Ltd. <sup>(1)</sup> (Singapore)	Manufacturing of table, kitchen and other cutlery	100	100	-	-
Q'son Kitchen Equipment Pte Ltd <sup>(1)</sup> (Singapore)	Designing, fabricating, installation, of stainless steel kitchenware and commercial kitchens	100	100	-	-
<b>Held by Q'son Kitchen Equipment Pte Ltd</b>					
Q'son Industries (M) Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Manufacturing and distribution of kitchen equipment	100	100	-	-
Qson KitchenHub Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Investment holding	100	100	-	-
Q'son Kitchen Equipment Services Pte Ltd. <sup>(1)(a)</sup> (Singapore)	Wholesaling of commercial food service equipment	100	50	-	50
PT Indo Qson Kitchen Equipment (Indonesia) <sup>(b)</sup>	Trading, distribution, sales, servicing, repair and maintenance of commercial and residential kitchen equipments and related supplies	100	-	-	-

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

(a) Q'son Kitchen Equipment Services Pte Ltd ("QKES") (formerly known as Phoenix, The Central Kitchen Solutions Pte. Ltd.) was incorporated with an issued and paid-up share capital of \$2.00 comprising 2 ordinary shares. Q'son Kitchen Equipment Pte Ltd ("QKE") and a close business associate, each holding 1 ordinary share (representing 50% interest respectively) in QKES. In 2020, the Directors of the Company had assessed that the Group is able to direct the relevant activities of QKES through its Board of Directors, which is made up by the executive directors of the Company. Accordingly, the Group has assessed and concluded that it has control of QKES within the definitions of SFRS(I) 10.

On 18 June 2020 the close business associate transferred 50% shareholding to QKE, without consideration. On 23 June 2020, Phoenix, The Central Kitchen Solutions Pte. Ltd. has renamed to Q'son Kitchen Equipment Services Pte Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. Investments in subsidiaries (Continued)

(b) On 15 January 2020, the Group has incorporated PT Indo Qson Kitchen Equipment (“PT Indo Qson”) with an issued and paid-up share of Rp. 2,500,000,000 (approximately \$245,200) comprising 2,500 ordinary shares. The principal activities of PT Indo Qson are those of trading, distribution, sales, servicing, repair and maintenance of commercial and residential kitchen equipments and related supplies. As at the date of this report, the Group has not paid-up the remaining balance of Rp. 2,498,000,000 (approximately \$245,000) due to the outbreak of Covid-19 Pandemic. As to date of this report, the management is uncertain on the date to repay the remaining share capital amount.

Covid-19 had put a spanner in the works, where restrictions continue to remain in place. Hence, in view of the uncertainties, the Group is not able to work out any plan for Company as at the date of this report. During the year, a full impairment was made on this investment.

Notwithstanding the situation, the Group will continue to monitor the situation closely as it has envisioned PT Indo Qson to be a thriving regional outfit.

### Acquisition of non-controlling interest

On 18 June 2020, the Group acquired additional 50% interest in Q’son Kitchen Equipment Services Pte Ltd., increasing its ownership from 50% to 100%. The carrying amount of Q’son Kitchen Equipment Services Pte Ltd’s net assets in the Group’s consolidated financial statements on the date of acquiring additional interests was \$32,150.

	\$
Carrying amount of NCI acquired (\$32,150 x 50%)	16,075
Consideration paid to NCI	-
Decrease in equity attributable to owners of the Company	<u>16,075</u>

The decrease in equity attributable to the owners of the Group comprised:

- a decrease in retained earnings of \$14,587; and
- a decrease in the merger reserve of \$1,488.

## 8. Inventories

	Group	
	31 December 2020	31 December 2019
	\$	\$
	(Restated)	
Raw materials	173,138	189,493
Work-in-progress	40,674	29,580
Finished goods	3,428,125	3,393,789
	<u>3,641,937</u>	<u>3,612,862</u>

The cost of inventories recognised as an expense and included in “cost of sales” in the Group’s profit or loss for the reporting period ended 31 December 2020 amounted to \$10,047,262 (2019: \$15,344,838).

As at 31 December 2020, the Group carried out a review of the realisable values of its inventories and the review led to a write down of inventories of \$475,119 (2019: \$2,301) included in “cost of sales” in the Group’s profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. Trade and other receivables

	Group			Company	
	31 December 2020 \$	31 December 2019 \$ (Restated)	1 January 2019 \$ (Restated)	31 December 2020 \$	31 December 2019 \$
Trade receivables – third parties	8,511,800	10,136,986	9,847,768	-	-
Loss allowance on third parties trade receivables	(334,411)	(243,749)	(231,565)	-	-
	8,177,389	9,893,237	9,616,203	-	-
Non-trade receivables					
- third parties	167,627	503,260	294,122	898	8,556
- ultimate holding company	985,488	-	83,869	-	-
- subsidiary	-	-	-	4,023,128	4,495,300
	1,153,115	503,260	377,991	4,024,026	4,503,856
Advance payment to suppliers	414,192	440,417	372,792	-	-
Utilities and rental deposits	480,113	349,303	384,911	-	-
	10,224,809	11,186,217	10,751,897	4,024,026	4,503,856

Trade and non-trade receivables due from third parties are unsecured and non-interest bearing. Credit terms granted to third parties range from 0 to 120 days (2019: 0 to 120 days).

The Group's non-trade amounts due from ultimate holding company are unsecured and repayable on demand, but charged with interest at a fixed rate of 1.21% per annum on the outstanding amount. The ultimate holding company has paid back the Group these amounts in 2021, as disclosed in Note 28 to the financial statements.

The Group's and the Company's non-trade amounts due from subsidiary are unsecured, non-interest bearing, and repayable on demand. No allowance has been recognised as the management is of the view that these receivables are considered to be a low credit risk and subject to immaterial credit loss, based on considerations as disclosed in Note 30.1 to the financial statements.

Movements in loss allowance on third parties trade receivables were as follows:

	Group	
	31 December 2020 \$	31 December 2019 \$
Balance at 1 January	243,749	231,565
Allowance made	140,709	101,848
Allowance written back	-	(10,000)
Amounts written-off	(50,047)	(79,664)
Balance at 31 December	334,411	243,749

The loss allowance on third parties trade receivables amounting to \$ 140,709 (2019: \$ 101,848) was recognised in the Group's profit or loss based on assessment performed in accordance with the Group's policy as described in Note 2.8 to the financial statements.

During the reporting period, an allowance written back of \$Nil (2019: \$ 10,000) was recognised in the Group's profit or loss when the related trade receivables were recovered.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. Trade and other receivables (Continued)

The analysis of trade receivables and the carrying amount of loss allowance are set out in Note 30.1 to the financial statements.

Receivables has been written-off during the reporting period, as the Group has no realistic prospect of recovery.

The currency profiles of the Group's and the Company's trade and other receivables excluding the advance payments to suppliers as at the end of the reporting period are denominated in the following currencies:

	Group			Company	
	31 December 2020	31 December 2019	1 January 2019	31 December 2020	31 December 2019
	\$	\$	\$	\$	\$
		(Restated)	(Restated)		
Singapore dollar	9,197,953	8,647,225	10,011,527	4,024,026	4,503,856
Ringgit Malaysia	277,047	210,861	356,336	-	-
United States dollar	335,617	1,504,897	4	-	-
Euro	-	256,346	-	-	-
Chinese renminbi	-	30,624	-	-	-
Others	-	95,847	11,238	-	-
	<u>9,810,617</u>	<u>10,745,800</u>	<u>10,379,105</u>	<u>4,024,026</u>	<u>4,503,856</u>

## 10. Cash and bank balances

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$	\$	\$	\$
Fixed deposits with banks	3,997,925	4,921,665	1,040,343	1,021,386
Cash at bank	11,510,142	6,002,180	63,303	162,755
Cash and bank balances	<u>15,508,067</u>	<u>10,923,845</u>	<u>1,103,646</u>	<u>1,184,141</u>
Less: Fixed deposits pledged	<u>(878,198)</u>	<u>(1,356,406)</u>		
Cash and cash equivalents as per consolidated statement of cash flows	<u>14,629,869</u>	<u>9,567,439</u>		

Fixed deposits bear fixed interest rates ranging from 0.10% to 1.10% (2019: 0.25% to 1.68%) per annum with maturity ranging from 3 to 24 (2019: 3 to 24) months from the end of the reporting period. The Group's fixed deposits are readily convertible to cash at minimal cost.

As at 31 December 2020, fixed deposits of the Group amounting to \$878,198 (2019: \$1,356,406) were pledged to banks to secure bankers' guarantee facility.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. Cash and bank balances (Continued)

The currency profiles of the Group's and the Company's cash and bank balances as at the end of the reporting period are denominated in the following currencies:

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$	\$	\$	\$
Singapore dollar	14,880,588	10,003,905	1,040,343	1,167,497
Ringgit Malaysia	308,869	529,198	-	-
United States dollar	317,381	366,607	-	-
Euro	1,229	7,491	-	-
Others	-	16,644	63,303	16,644
	15,508,067	10,923,845	1,103,646	1,184,141

## 11. Trade and other payables

	Group			Company	
	31 December 2020	31 December 2019	1 January 2019	31 December 2020	31 December 2019
	\$	\$	\$	\$	\$
		(Restated)	(Restated)		
Trade payables					
- third parties	3,262,855	3,368,523	3,531,900	-	-
- unbilled payables	14,722	188,150	277,876	-	-
	3,277,577	3,556,673	3,809,776	-	-
Non-trade payables					
- third parties	141,094	216,045	88,168	32,635	7,811
- grant payable	80,332	-	-	-	-
- deferred grant income	113,352	-	-	-	-
- ultimate holding company	-	586,470	384,127	-	-
	334,778	802,515	472,295	32,635	7,811
Accrued directors' fees	140,289	126,464	125,000	140,289	126,464
Accrued expenses	926,155	1,970,976	1,376,500	84,197	233,836
Goods and services tax payable	244,189	279,512	414,134	-	-
	4,922,988	6,736,140	6,197,705	257,121	368,111

Trade and non-trade payables due to third parties are unsecured, non-interest bearing and are normally settled between 30 to 90 (2019: 30 to 90) days' terms.

The non-trade payables due to ultimate holding company of the Group and Company are unsecured, non-interest bearing and repayable on demand.

The non-trade payables due to directors of the Company are unsecured, non-interest bearing and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. Trade and other payables (Continued)

Accrued expenses principally comprise accruals for employee benefit expenses and professional fees.

Grant payable from the government is related to the Jobs Support Scheme ("JSS") to provide wage support to employers to help them retain their local employees announced by the Singapore Government during this period of economic uncertainty. As at 31 December 2020, the Group has grant payable amounted to \$80,332 to be refunded due to over payment received.

No interest is charged on the trade and other payables.

The currency profiles of the Group's and the Company's trade and other payables excluding goods and services tax payable as at the end of the reporting period are denominated in the following currencies:

	Group			Company	
	31 December 2020 \$	31 December 2019 \$ (Restated)	1 January 2019 \$ (Restated)	31 December 2020 \$	31 December 2019 \$
Singapore dollar	3,561,160	5,013,759	3,862,861	257,121	368,111
Ringgit Malaysia	509,712	841,918	649,656	-	-
United States dollar	16,464	168,366	234,780	-	-
Euro	480,466	299,728	475,506	-	-
Chinese renminbi	107,362	129,561	463,493	-	-
Others	3,635	3,296	97,275	-	-
	<u>4,678,799</u>	<u>6,456,628</u>	<u>5,783,571</u>	<u>257,121</u>	<u>368,111</u>

## 12. Provisions

This relates to the provision of estimated costs of dismantlement, removal or restoration of leased properties to its original condition as stipulated in the term and conditions of lease contract. These are capitalised and included in the cost of property, plant and equipment which has been fully depreciated in prior years.

## 13. Borrowings

	Group	
	31 December 2020 \$	31 December 2019 \$
Trust receipt	2,277,904	3,229,666
Term loan	4,842,231	-
	<u>7,120,135</u>	<u>3,229,666</u>
Presented in consolidated statement of financial position		
- Non-current	3,883,047	-
- Current	3,237,088	3,229,666
	<u>7,120,135</u>	<u>3,229,666</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. Borrowings (Continued)

Trust receipt

The average effective interest rates per annum during the reporting period for trust receipts was 3.2% (2019: 3.32%) and term loan was 1.16% (2019: Nil). Interest rates are fixed at the contract date.

Trust receipts have maturities of between 90 to 150 (2019: 25 to 150) days.

Term loan

During the year, a term loan of \$5,000,000 was borrowed under Enterprise Financing Scheme, financing at an interest rate of 2.25% per annum on monthly rests basis. The tenure term for this loan is 5 years and the term loan is meant for working capital which is use to support the operational needs.

As at end of the reporting period, the facilities granted to the Group are supported by financial guarantee from the Company.

The currency profiles of the Group's borrowings as at the end of the reporting period are denominated in the following currencies:

	<b>Group</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Singapore dollar	5,761,514	1,105,054
United States dollar	520,398	1,147,090
Euro	468,879	628,274
Hong Kong dollar	250,895	302,569
Chinese renminbi	63,838	46,679
Others	54,611	-
	7,120,135	3,229,666

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. Lease liabilities

	Premises \$	Office equipment \$	Motor vehicles \$	Total \$
<b>Group</b>				
At 1 January 2020	1,243,854	73,682	1,681,108	2,998,644
Additions	126,125	15,263	-	141,388
Lease modifications	52,249	-	(64,813)	(12,564)
Interest expense	24,507	3,750	71,676	99,933
Lease payments				
- Principal portion	(752,424)	(14,832)	(365,671)	(1,132,927)
- Interest portion	(24,507)	(3,750)	(71,676)	(99,933)
Exchange differences	(1,258)	-	-	(1,258)
At 31 December 2020	668,546	74,113	1,250,624	1,993,283
At 1 January 2019	1,394,344	87,348	1,921,658	3,403,350
Additions	748,978	-	184,200	933,178
Interest expense	43,068	4,046	88,044	135,158
Lease payments				
- Principal portion	(899,449)	(13,666)	(424,750)	(1,337,865)
- Interest portion	(43,068)	(4,046)	(88,044)	(135,158)
Exchange differences	(19)	-	-	(19)
At 31 December 2019	1,243,854	73,682	1,681,108	2,998,644

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group	
	31 December 2020 \$	31 December 2019 \$
<b>Contractual undiscounted cash flows</b>		
- Not later than a year	883,244	1,340,741
- Between one and two years	505,527	800,832
- Between two and five years	739,912	1,029,705
- More than five years	19,268	70,339
	2,147,951	3,241,617
Less: Future interest expense	(154,668)	(242,973)
Present value of lease liabilities	1,993,283	2,998,644
Presented in consolidated statement of financial position		
- Non-current	1,181,015	1,759,180
- Current	812,268	1,239,464
	1,993,283	2,998,644

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. Lease liabilities (Continued)

The Group leases a number of premises (i.e. factory, warehouses, office and hostel), office equipment and motor vehicles with fixed payment over the lease term.

Certain lease of office equipment contains a purchase option. The Group has included this option in determining the lease liability as it is reasonably certain that the option will be exercised.

The lease terms range from 6 to 9 (2019: 7 to 10) years.

As at 31 December 2020, the range of incremental borrowing rate applied in the lease was 1.74% to 5.28% (2019 1.74% to 5.28%).

The Group's lease liabilities of \$1,249,403 (2019: \$1,645,749) was secured over certain motor vehicles (Note 6).

The currency profile of the Group's lease liabilities at each reporting period are as follows:

	<b>Group</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Singapore	1,983,184	2,987,874
Ringgit Malaysia	10,099	10,770
	1,993,283	2,998,644

## 15. Derivative financial instruments

	<b>Group</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Structured forward foreign exchange contracts	-	8,160

### Structured Forward Foreign Exchange Contracts

The Group entered into structured forward foreign exchange contracts which comprise of a series of forward foreign exchange contracts where the Group sells SGD and buys USD or EUR at pre-determined exchange rates on specified forward dates to manage its foreign currency exposure arising from trade payables and firm commitments to buy goods. These instruments are structured in a manner where the cumulative gains arising from a series of forward foreign exchange contracts achieve its targeted gains, the remaining outstanding forward foreign exchange contracts are terminated.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. Derivative financial instruments (Continued)

Structured Forward Foreign Exchange Contracts (Continued)

Details of the structured forward contracts outstanding as at the end of the reporting period are as follows:

Outstanding contracts	Average exchange rate		Notional amount in foreign currency		Notional amount		Fair value loss	
	31 December 2020	31 December 2019	31 December 2020 FC	31 December 2019 FC	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$
Buy USD to sell SGD less than 3 months	-	1.3660	-	200,000	-	546,400	-	(8,160)
						546,400	-	(8,160)

## 16. Deferred tax liabilities

	Group	
	31 December 2020 \$	31 December 2019 \$
At 1 January	62,305	62,305
Credited to profit or loss	(38,988)	-
At 31 December	23,317	62,305

Deferred tax liabilities arise as a result of the following temporary differences computed at the respective countries' statutory tax rate in which the Group operates:

	Group	
	31 December 2020 \$	31 December 2019 \$
Accelerated tax depreciation	23,317	62,305

## 17. Share capital

	Group and Company			
	2020 Number of ordinary shares	2019 Number of ordinary shares	2020 \$	2019 \$
<b>Issued and paid up:</b>				
At 1 January /31 December	155,000,000	155,000,000	5,124,790	5,124,790

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 18. Other reserves

	Group	
	31 December 2020	31 December 2019
	\$	\$
Merger reserve	1,310,753	1,312,241
Foreign currency translation account	(93,738)	(92,982)
	1,217,015	1,219,259

### *Merger reserve*

Merger reserves represent the differences between the consideration paid and the share capital of subsidiaries acquired.

### *Foreign currency translation account*

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

## 19. Retained earnings

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company	
	31 December 2020	31 December 2019
	\$	\$
At 1 January	211,782	530,161
(Loss)/Profit for the reporting period, representing total comprehensive (loss)/ income for the reporting period	(446,764)	69,121
Dividends (Note 26)	-	(387,500)
At 31 December	(234,982)	211,782

## 20. Revenue

### (a) Disaggregation of revenue

The Group has disaggregated revenue to reflect the operations of the three business segments identified by management. The segment information together with other information utilised for the purpose of management monitoring of operating results of the segments, which includes the geographical markets, type of goods or services and timing of transfer of goods and services are disclosed in Note 29 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20. Revenue (Continued)

### (b) Contract balances

	<b>31 December 2020</b>	<b>Group 31 December 2019</b>	<b>1 January 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
		<b>(Restated)</b>	<b>(Restated)</b>
Contract liabilities	1,295,368	599,467	511,052

The timing of revenue recognition and payments received from customers would affect the amount of trade receivables, contract liabilities recognised as at the reporting date in the consolidated statements of financial position.

The Group's contract liabilities represent advance consideration received from customers as at the reporting date.

Significant changes in contract liabilities during the reporting period are tabled as follows:

#### *Significant changes in contract liabilities*

	<b>Contract liabilities</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
		<b>(Restated)</b>
At 1 January	599,467	511,052
Amount recognised as revenue during the year	(1,571,950)	(473,030)
Increase due to cash received, excluding amounts recognised during the year	2,267,851	561,445
At 31 December	1,295,368	599,467

### (c) Remaining performance obligations

There is no performance obligation that are unsatisfied (or partially satisfied) as at 31 December 2020 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 21. Other income

	Group	
	2020	2019
	\$	\$
Government grants received	998,194	280,766
Scrap sales	14,822	48,959
Others	160,841	152,826
	1,173,857	482,551

In 2020, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support business during the period of economic uncertainty impacted by COVID-19. Management assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate as expenses. Management has determined the period of uncertainty to be 17 months commencing from April 2020, Government grant income of \$756,208 was recognised during the year.

In 2020, the Group received property tax rebate \$20,646 and cash grant of \$4,208 from the Singapore Government as part of the Government's relief measures to help business deal with impact from COVID-19.

## 22. Finance costs

	Group	
	2020	2019
	\$	\$
		(Restated)
Interest expenses		
- trust receipts	92,930	110,458
- lease liabilities (Note 14)	99,933	135,158
- term loan	18,605	-
- overdrafts	41	236
	211,509	245,852

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 23. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2020	2019
	\$	\$
		(Restated)
<i>Cost of sales</i>		
Cost of inventories recognised as an expense	10,047,262	15,344,838
Sub-contractor fees	632,136	602,866
Amortisation of right-of-use assets	708,868	769,774
<i>Distribution costs</i>		
Carriage outwards	166,103	170,087
Commission	274,424	533,302
Transportation	4,396	8,078
Amortisation of right-of-use assets	232,052	283,327
<i>Administrative expenses</i>		
Audit fees paid/payable to:		
– auditors of the Company	95,796	103,350
– other auditors	6,859	6,881
Non-audit fees paid/payable to:		
– auditors of the Company	19,433	10,836
– other auditors	722	724
Amortisation of right-of-use assets	278,827	375,793
Lease expenses on low value assets	1,959	349
Consultation fee	74,991	7,847
Training fee	95,750	20,094
Directors' fees <sup>+</sup>	153,051	192,157
Dual listing expenses	–	1,187,973
<i>Other expenses</i>		
Amortisation of intangible assets	22,894	6,001
Foreign exchange loss, net	107,305	32,089

+ Included in the Directors' fees are fees declared by the subsidiaries to the Directors in their capacity as Directors of those subsidiaries of \$18,051 (2019: \$67,157).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 23. Profit before income tax (Continued)

Depreciation of property, plant and equipment are recognised in the following line items of the Group's profit or loss:

	Group	
	2020	2019
	\$	\$
		(Restated)
Depreciation of property, plant and equipment		
Cost of sales	136,108	88,621
Distribution costs	90,926	-
Administrative expenses	63,472	178,349
Other expenses	7,273	-
	297,779	266,970

Employee benefit expenses are recognised within the Group's profit or loss:

	Group	
	2020	2019
	\$	\$
		(Restated)
Salaries, bonus and other expenses	6,288,300	10,432,932
Defined contribution plans	544,823	666,289
	6,833,123	11,099,221

Employee benefit expenses include the remuneration of Directors and other key management personnel as disclosed in Note 28 to the financial statements.

## 24. Income tax expense

	Group	
	2020	2019
	\$	\$
Current income tax		
- current reporting period	370,206	530,167
- over-provision in prior reporting periods	(170,858)	(84,231)
	199,348	445,936
Deferred tax		
- current reporting period	(38,988)	-
	(38,988)	-
Total income tax expense recognised in profit or loss	160,360	445,936

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. Income tax expense (Continued)

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore statutory tax rate of 17% (2019: 17%) to profit before income tax as a result of the following differences:

### Reconciliation of effective income tax rate

	Group	
	2020	2019
	\$	\$
	(Restated)	
Profit before income tax	1,124,671	302,815
Income tax calculated at Singapore's statutory tax rate	191,191	51,479
Effect of different tax rate in other countries	(18,476)	(64)
Tax effect of non-deductible expenses for income tax purposes	202,341	519,312
Tax effect of tax exempt income	(38,675)	(17,425)
Tax effect of income not subject to income tax	(115,325)	-
Deferred tax assets not recognised previously	(873)	(875)
Over-provision of current income tax in prior reporting periods	(170,858)	(84,231)
Tax incentives	-	(21,472)
Deferred tax benefit arising in current year not recognised	75,720	8,060
Others	35,315	(8,848)
	160,360	445,936

### Unrecognised deferred tax assets

	Group	
	2020	2019
	\$	\$
At 1 January	58,315	51,223
Utilisation of deferred tax assets not recognised previously	(873)	(875)
Deferred tax benefit arising in current year not recognised	118,341	8,060
Currency re-alignment	3,760	(93)
At 31 December	179,543	58,315

Unrecognised deferred tax assets are attributable to the following temporary differences:

	Group	
	2020	2019
	\$	\$
Unutilised tax losses	172,013	58,315
Unabsorbed capital allowances	7,530	-
	179,543	58,315

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. Income tax expense (Continued)

### Unrecognised deferred tax assets (Continued)

As at 31 December 2020, the Group has unutilised tax losses of approximately \$748,000 (2019: \$242,000) available for offset against future taxable profits which are due for expiry on 31 December 2026 and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.15 to the financial statements.

## 25. Earnings/ (Loss) per share

The calculation for (loss)/earnings per share is based on:

	Group	
	2020	2019 (Restated)
Profit /(Loss) attributable to owners of the parent (\$)	965,799	(127,824)
Weighted average of ordinary shares in issue during the reporting period applicable to basic earnings per share	155,000,000	155,000,000
Basic and diluted earnings /(loss) per share (in cents)	0.62	(0.08)

The calculations for basic (loss)/earnings per share for the relevant periods are based on the loss or profit attributable to owners for the reporting periods ended 31 December 2020 and 2019 divided by the weighted average of ordinary shares in the relevant periods.

The dilutive loss or earnings per share for the relevant periods are the same as the basic loss or earnings per share as the Group does not have any dilutive shares/options for the relevant periods.

## 26. Dividends

The Company did not recommend any dividend in respect of the financial year ended 31 December 2020. A first interim tax-exempt dividend of amounted to \$387,500 (\$0.0025 per ordinary share 155,000,000) has been declared in 31 December 2019.

## 27. Contingent liabilities

### Corporate guarantee

As at 31 December 2020, the Company had given guarantees amounting to \$24,470,000 (2019: \$19,420,800) to certain banks in respect of banking facilities granted to a subsidiary (Note 13).

As at the end of the reporting period, the total amount of borrowings outstanding and bankers' guarantees obtained, that are covered by the guarantees is \$8,398,394 (2019: \$5,502,754). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the subsidiary to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The immediate and ultimate holding company QKE Holdings Pte. Ltd. is the ultimate controlling company.

In addition to those disclosed elsewhere in these financial statements, there were the following payments between the Group entities, ultimate holding company and the Company during the financial year:

	Group	
	2020	2019
	\$	\$
Immediate and ultimate holding company:		
- Dividend paid on behalf by a subsidiary <sup>#</sup>	300,000	-
- Repayment of dividend paid on behalf by a subsidiary <sup>#</sup>	(300,000)	-
- Payments on behalf of (the "8 Payment Transactions") <sup>*</sup>	1,395,536	-
	<u>1,395,536</u>	<u>-</u>
	Company	
	2020	2019
	\$	\$
Subsidiary:		
- Dividend income	-	1,600,000
- Payments received from	336,000	338,000
- Payments to	-	(599,356)
	<u>336,000</u>	<u>1,338,644</u>

<sup>#</sup> During the year, a subsidiary paid an amount of \$300,000 on behalf of its immediate and ultimate holding company ("QKEH") to its shareholders. This amount was repaid to the subsidiary during the year.

<sup>\*</sup> The Group received a Debit Note ("DN") from its ultimate holding company, QKE Holdings Pte. Ltd. ("QKEH") on 30 March 2020 claiming reimbursement of 8 payment transactions ("8 Payment Transactions") that had been paid on behalf of the Group between April 2018 to May 2019. On 1 April 2020, the Group paid the 8 Payment Transactions totaling \$1.39 million to the ultimate holding company. This amount comprise bonus for the financial year ended 31 December 2018 ("FY 2018") of \$911,131; advertising expenses, donations and other operating expenses incurred for FY 2018 and FY 2019 of \$453,795, as well as an advance working capital to Q'son Industries (M) Sdn Bhd ("QIM"), a subsidiary of the Group, of \$30,610. Prior to the receipt of the DN, the Group did not record such expenses in the accounting system.

In relation to payments of bonus, the Remuneration Committee has, on 10 January 2019, considered that no bonus shall be made for the financial year ended 2018. However, included in the 8 Payment Transactions, there were bonus payment of \$911,131 for employees including Executive Directors, which related to financial year ended 31 December 2018.

Subsequent to the financial year, on 18 March 2021 and 2 August 2021, QKEH returned the sums paid out under the DN in relation to bonus payment of \$911,131, the related defined contribution plans of \$74,248 and an interest of \$13,240 to the Group.

Furthermore, on 3 September 2021, the Board of Directors (the "Board") deliberated and taken a position on the 8 Payment Transactions and the consequential accounting treatment of those transactions, including the Employers Provident Fund contribution and Central Provident Fund contribution that were paid out (collectively, "Defined Contributions Payments"). The Board concluded that the bonus payment paid out unilaterally by QKEH to be unauthorised with no proper approval being sought from the Remuneration Committee.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28. Significant related party transactions (Continued)

\* (Continued)

In relation to the advertising expenses, donations and other operating expenses, subsequent to the financial year on 22 March 2021, QKEH returned the amount of \$453,795 with an interest of \$5,475. In the 3 September 2021 meeting, the Board determined that these expenses arose in the course of the Group's operations and/or were for the benefits of the Group. Accordingly, the Board ratified and approved the payments of such operating expenses made to QKEH. As of the date of this report the sum of \$459,270 has not been refunded and remained owing to QKEH. The Board had also ratified the advancement of working capital to QIM. However, as this advancement was not previously returned to the Group this has no further impact to the financial statements of Group.

The accounting impact of the Board's decision on the 8 Payment Transactions are set out in Note 31.

### Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group during each of the reporting period was as follows:

	Group	
	2020	2019
	\$	\$
		(Restated)
Directors of the Company		
- short-term employee benefits	600,761	848,868
- post-employment benefits	29,363	27,000
- directors' fees	135,000	125,000
Directors of subsidiaries		
- directors' fees	18,051	67,157
Other key management personnel		
- short-term employee benefits	487,006	809,764
- post-employment benefits	44,650	60,185
	1,314,831	1,937,974

The remuneration of the directors are determined by the Remuneration Committee based on the service agreement.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. Segment information

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has three reportable operating segments as follows:

- a) Fabrication and distribution business
- b) Maintenance and servicing business
- c) Rental income business

Fabrication and distribution business sell and manufacture standard and customised kitchen facilities as well as kitchen equipment to food and beverage and hospitality services industries.

Maintenance and servicing business segment provide preventive maintenance works and repairs on kitchen equipment to ensure that they are in good working condition and functioning properly.

Rental income business lease out kitchen equipment to customers on a short-term basis, usually for a period ranging from one to five years. This business segment is to cater for customers who prefer to go for rental basis, as by way of purchase would require an outlay of a lump sum of money.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss. The Group does not have intersegment sales or transfers.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate and consolidated adjustments which are not directly attributable to a particular reportable segment.

Segment assets comprise primarily of property, plant and equipment, intangible assets, right-of-use assets, inventories, operating receivables, cash and bank balances and exclude tax recoverable.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

Segment capital expenditure is the total cost incurred during the reporting period to acquire segment assets that are expected to be used for more than one reporting period.

The Group did not allocate the segment assets and liabilities as the management did not measure and rely on the financial information to make decision about resources to be allocated to the segment and assess its performance. The discrete financial information is not available for the allocation of segment assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. Segment information (Continued)

<b>Business segment</b>	<b>Fabrication and distribution business \$</b>	<b>Maintenance and servicing business \$</b>	<b>Rental Income business \$</b>	<b>Unallocated \$</b>	<b>Total \$</b>
<b>Group</b>					
<b>31 December 2020</b>					
<b>Revenue</b>					
Recognised at a point in time	15,112,369	5,969,199	-	-	21,081,568
Recognised over time	727,339	-	210,464	-	937,803
	<u>15,839,708</u>	<u>5,969,199</u>	<u>210,464</u>	<u>-</u>	<u>22,019,371</u>
<b>Results</b>					
Segment results	514,810	1,096,426	170,694	(445,750)	1,336,180
Finance costs	(154,171)	(57,338)	-	-	(211,509)
Profit before income tax	<u>360,639</u>	<u>1,039,088</u>	<u>170,694</u>	<u>(445,750)</u>	<u>1,124,671</u>
Income tax expense					(160,360)
Profit for the reporting period					<u>964,311</u>
<b>Non-cash items</b>					
Depreciation of property, plant and equipment	(177,285)	(80,724)	(39,770)	-	(297,779)
Amortisation of intangible assets	(16,688)	(6,206)	-	-	(22,894)
Inventories written down	(475,119)	-	-	-	(475,119)
Amortisation of right-of-use assets	(857,900)	(361,847)	-	-	(1,219,747)
Loss allowance on third parties trade receivables	<u>(102,564)</u>	<u>(38,145)</u>	<u>-</u>	<u>-</u>	<u>(140,709)</u>
<b>Capital expenditure</b>					
Property, plant and equipment	-	-	-	270,839	270,839
Intangible assets	-	-	-	50,569	50,569
Right-of-use assets	-	-	-	141,388	141,388
<b>Assets and liabilities</b>					
Segment assets	-	-	-	32,196,494	32,196,494
	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,196,494</u>	<u>32,196,494</u>
Segment liabilities				15,362,574	15,362,574
- Current income tax payable	-	-	-	442,272	442,272
- Deferred tax liabilities	-	-	-	23,317	23,317
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,828,163</u>	<u>15,828,163</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**29. Segment information (Continued)**

<b>Business segment (Restated)</b>	<b>Fabrication and distribution business \$</b>	<b>Maintenance and servicing business \$</b>	<b>Rental Income business \$</b>	<b>Unallocated \$</b>	<b>Total \$</b>
<b>Group</b>					
<b>31 December 2019</b>					
<b>Revenue</b>					
Recognised at a point in time	24,492,037	7,592,449	-	-	32,084,486
Recognised over time	808,596	-	213,387	-	1,021,983
	<u>25,300,633</u>	<u>7,592,449</u>	<u>213,387</u>	<u>-</u>	<u>33,106,469</u>
<b>Results</b>					
Segment results	1,273,900	626,997	178,652	(1,530,882)	548,667
Finance costs	(189,415)	(56,437)	-	-	(245,852)
Profit before income tax	<u>1,084,485</u>	<u>570,560</u>	<u>178,652</u>	<u>(1,530,882)</u>	<u>302,815</u>
Income tax expense					(445,936)
Profit for the reporting period					<u>(143,121)</u>
<b>Non-cash items</b>					
Depreciation of property, plant and equipment	(173,482)	(61,961)	(34,738)	-	(270,181)
Amortisation of intangible assets	(4,623)	(1,378)	-	-	(6,001)
Amortisation of rights of use assets	(1,083,400)	(345,494)	-	-	(1,428,894)
Inventories written down	(2,301)	-	-	-	(2,301)
Loss allowance on third parties trade receivables	(70,764)	(21,084)	-	-	(91,848)
<b>Business segment</b>					
<b>Group</b>					
<b>31 December 2019</b>					
<b>Capital expenditure</b>					
Property, plant and equipment	-	-	-	421,975	421,975
Intangible assets	-	-	-	14,192	14,192
Right-of-use assets	-	-	-	941,545	941,545
<b>Assets and liabilities</b>					
Segment assets	-	-	-	29,584,474	29,584,474
	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,584,474</u>	<u>29,584,474</u>
Segment liabilities				13,602,877	13,602,877
- Current income tax payable	-	-	-	514,516	514,516
- Deferred tax liabilities	-	-	-	62,305	62,305
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,179,698</u>	<u>14,179,698</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. Segment information (Continued)

### Geographical information

Revenue is based on the country in which the customer is located. Non-current assets comprise primarily of property, plant and equipment, intangible assets, and right-of-use assets. Non-current assets are shown by the geographical area in which the assets are located.

	Singapore \$	Malaysia \$	Others \$	Total \$
<b>Group</b>				
<b>31 December 2020</b>				
Total revenue from external customers	21,711,586	282,924	24,861	22,019,371
Non-current assets	2,258,383	380,023	-	2,638,406
<b>31 December 2019</b>				
Total revenue from external customers	30,761,555	446,181	1,898,733	33,106,469
Non-current assets	3,277,411	393,342	-	3,670,753

### Major customers

The Group's customers comprise service providers who operate primarily in food and beverage and hospitality services industries, such as central kitchens, restaurants, integrated resorts, membership clubs and hotels, as well as government agencies, developers and owners of residential properties. Due to the diverse base of customers to whom the Group sells products in each of the reporting period, the Group is not reliant on any customer for its sales and no one single customer accounted for 10% or more of the Group's total revenue for each of the reporting period.

## 30. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group and the Company are not exposed to equity price risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group uses derivative financial instruments to manage its exposure to foreign currency risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. If necessary, market risk exposures are measured using sensitivity analysis indicated below.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's major classes of financial assets are trade and other receivables and cash and bank balances. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

As the Group and the Company does not hold any collateral, the carrying amount of financial assets represents the maximum exposure to credit risk, except for the corporate guarantee provided by the Company to certain banks in respect of banking facilities granted to a subsidiary as disclosed in Note 27 to the financial statements. For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future. Hence, it does not expect any material loss allowance under 12-month expected credit loss model.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, current economic condition in relation to each debtor's exposure. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

The Group recognise lifetime expected credit losses for trade receivables based on individually significant customers or the ageing of customers collectively that are not individually significant. At the reporting period, the analysis of trade receivables and the carrying amount of loss allowances on third parties receivables are as follows:

	Gross carrying amount \$	Loss allowance on third parties trade receivables \$	Net carrying amount \$
<b>Group</b>			
<b>As at 31 December 2020</b>			
Other customers collectively assessed			
Not past due	2,316,767	(39,709)	2,277,058
Past due 1 to 60 days	2,625,606	(44,579)	2,581,027
Past due 61 to 180 days	964,562	(16,719)	947,843
Past due 181 to 365 days	25,233	(16,874)	8,359
Past due over 365 days	26,030	(26,030)	-
	5,958,198	(143,911)	5,814,287
Project customers*	2,300,081	(38,582)	2,261,499
Credit impaired customers	151,918	(151,918)	-
Accrued Income	101,603	-	101,603
	8,511,800	(334,411)	8,177,389

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.1 Credit risks (Continued)

<b>(Restated)</b>	<b>Gross carrying amount \$</b>	<b>Loss allowance on third parties trade receivables \$</b>	<b>Net carrying amount \$</b>
<b>Group</b>			
<b>As at 31 December 2019</b>			
Other customers collectively assessed			
Not past due	2,258,561	(13,548)	2,245,013
Past due 1 to 60 days	2,828,500	(44,204)	2,784,296
Past due 61 to 180 days	1,077,549	(47,905)	1,029,644
Past due 181 to 365 days	144,721	(46,594)	98,127
Past due over 365 days	69,910	(69,910)	-
	<u>6,379,241</u>	<u>(222,161)</u>	<u>6,157,080</u>
Project customers*	3,716,220	(21,588)	3,694,632
Accrued Income	41,525	-	41,525
	<u>10,136,986</u>	<u>(243,749)</u>	<u>9,893,237</u>

\* Project customers have been extended credit terms in accordance with the terms of the contracts. Based on the extended credit terms, receivables due from these customers are within the not past due category of receivables in the application of the lifetime expected loss provision matrix.

The rates of ECL for not past due, past due 1 to 60 days, past due 61 to 180 days, past due 181 to 365 days and past due over 365 days of the receivables have been determined to range from 0.32% to 47.75% in 2020 (2019: 0.32% to 47.75%).

#### *Cash and bank balances*

Credit risk also arises from cash and balances held with banks and financial institutions. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances have been measured based on 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties which are banks assigned with investment grade ratings by international credit-rating agencies.

#### *Non-trade receivables*

Management monitors and assess at each reporting date on any indicator of significant increase in credit risk for the non-trade receivables (Note 9). In the assessment for indicators, management took into account information that it has available internally about these counterparties' past, current and expected operating performance and cash flow position, as well as their performance ratio and if the entities had any default in external debts. Based on the assessment, management has determined that the credit risk for these assets has not increased significantly since their initial recognition, and accordingly, the non-trade amounts have been measured based on 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any significant credit losses from non-performance by the counterparties and accordingly, no loss allowance has been recognised.

For the Group's and the Company's non-trade amounts due from ultimate holding company and subsidiary, management has assessed that risk of default to be minimal as these related entities have sufficient liquid assets and cash to repay their debts. Accordingly, these receivables are considered to be a low credit risk and subject to immaterial credit loss. No loss allowance has been recognised on the non-trade receivables due from related entities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.2 Market risks

#### *Foreign currency risks*

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Singapore dollar ("SGD"), Ringgit Malaysia ("RM"), United States dollar ("USD"), Euro ("EUR"), Hong Kong dollar ("HKD") and Chinese renminbi ("CNY") transactions.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

(Restated)	Group			
	Assets		Liabilities	
	2020	2019	2020	2019
	\$	\$	\$	\$
Ringgit Malaysia	80,448	–	(34,715)	(171,362)
United States dollar	652,998	1,871,504	(536,862)	(1,315,456)
Euro	1,229	263,837	(949,345)	(928,002)
Hong Kong dollar	–	–	(250,895)	(302,569)
Chinese renminbi	–	30,624	(171,200)	(176,240)

The Company has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

The Company is not exposed to any foreign exchange risk.

The following table details the Group's sensitivity to a 5% (2019: 5%) change in SGD, RM, USD, EUR, HKD and CNY against respective functional currencies of the entities within the Group. The above rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, including loans from and loans to foreign operations, which are denominated in RM, USD, EUR, and CNY are included in the analysis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.2 Market risks (Continued)

*Foreign currency risks (Continued)*

(Restated)	Profit or Loss	
	2020	2019
	\$	\$
<b>Group</b>		
<i>Ringgit Malaysia</i>		
Strengthens against Singapore dollar	2,287	(8,568)
Weakens against Singapore dollar	(2,287)	8,568
<i>United States dollar</i>		
Strengthens against Singapore dollar	5,807	27,802
Weakens against Singapore dollar	(5,807)	(27,802)
<i>Euro</i>		
Strengthens against Singapore dollar	(47,406)	(33,208)
Weakens against Singapore dollar	47,406	33,208
<i>Hong Kong dollar</i>		
Strengthens against Singapore dollar	(12,545)	(15,128)
Weakens against Singapore dollar	12,545	15,128
<i>Chinese renminbi</i>		
Strengthens against Singapore dollar	(8,560)	(7,281)
Weakens against Singapore dollar	8,560	7,281
<i>Interest rate risks</i>		

As at 31 December 2020 and 2019, the Group and the Company are not exposed to significant interest rate risks, as they do not have liabilities that are exposed to floating interest rates. Accordingly, no sensitivity analysis have been performed.

### 30.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.3 Liquidity risks (Continued)

#### *Contractual maturity analysis – non-derivative financial instruments*

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial instrument on the statements of financial position.

	On demand or within one year \$	After one year but within two years \$	After two years but within five years \$	After five years \$	Adjustments \$	Total \$
<b>Group</b>						
<b>31 December 2020</b>						
<b>Financial assets</b>						
Trade and other receivables* (Note 9)	9,810,617	-	-	-	-	9,810,617
Cash and bank balances (Note 10)	15,508,067	-	-	-	-	15,508,067
<b>Financial liabilities</b>						
Trade and other payables# (Note 11)	4,678,799	-	-	-	-	4,678,799
Borrowings (Note 13)	3,237,088	980,964	2,902,083	-	-	7,120,135
Lease liabilities (Note 14)	812,268	459,759	702,317	18,939	-	1,993,283

\* Excluding advance payment to supplier

# Excluding goods and services tax payables

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.3 Liquidity risks (Continued)

*Contractual maturity analysis – non-derivative financial instruments (Continued)*

(Restated)	On demand or within one year \$	After one year but within two years \$	After two years but within five years \$	After five years \$	Adjustments \$	Total \$
<b>Group</b>						
<b>31 December 2019</b>						
<b>Financial assets</b>						
Trade and other receivables* (Note 9)	10,745,800	-	-	-	-	10,745,800
Cash and bank balances (Note 10)	10,923,845	-	-	-	-	10,923,845
<b>Financial liabilities</b>						
Trade and other payables# (Note 11)	6,456,628	-	-	-	-	6,456,628
Borrowings (Note 13)	3,247,309	-	-	-	(17,643)	3,229,666
Lease liabilities (Note 14)	1,340,741	800,835	1,029,702	70,339	(242,973)	2,998,644

\* Excluding advance payment to supplier

# Excluding goods and services tax payables

	On demand or within one year \$
<b>Company</b>	
<b>31 December 2020</b>	
<b>Financial assets</b>	
Trade and other receivables	4,024,026
Cash and bank balances	1,103,646
<b>Financial liabilities</b>	
Trade and other payables	257,121
Financial guarantee contracts	8,398,394
<b>31 December 2019</b>	
<b>Financial assets</b>	
Trade and other receivables	4,503,856
Cash and bank balances	1,184,141
<b>Financial liabilities</b>	
Trade and other payables	368,111
Financial guarantee contracts	5,502,754

The repayment terms of the Group's borrowings are disclosed in Note 13 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.3 Liquidity risks (Continued)

*Contractual maturity analysis – derivative financial instruments (Continued)*

The following table details the Group's maturity analysis for its derivative financial instruments. The table has been drawn up based on undiscounted gross cash inflows/(outflows) on those derivatives that require gross settlement.

	<b>Group</b>	
	<b>On demand or within one year</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Gross settled:		
Structured forward foreign exchange contracts:		
Gross inflow	-	546,400
Gross outflow	-	(554,560)
	-	(8,160)

### 30.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 17, 18 and 19 to the financial statements respectively.

The Group and the Company are in compliance with all externally imposed capital requirements which are the bank covenants in relation to the borrowings included in Note 13 to the financial statements, for the reporting periods ended 31 December 2020 and 2019.

The Group's and the Company's management review the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2019.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, borrowings and lease liabilities less cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.4 Capital management policies and objectives (Continued)

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade and other payables	4,922,988	6,734,140	257,121	368,111
Borrowings	7,120,135	3,229,666	-	-
Lease liabilities	1,993,283	2,998,644	-	-
Cash and bank balances	(15,508,067)	(10,923,845)	(1,103,646)	(1,184,141)
Net (cash)/debt	n.m.	2,038,605	n.m.	n.m.
Total equity	16,368,331	15,404,776	4,889,808	5,336,572
	n.m.	17,443,381	n.m.	n.m.

### 30.5 Fair value of financial assets and financial liabilities

For the financial reporting purposes, the fair value measurement of the Group's and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

*Financial instrument that are not measured at fair value on a recurring basis*

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

There are no transfers between the levels of the fair value hierarchy during the year.

Financial liability	Fair value loss		Fair value hierarchy	Valuation technique(s) and key inputs
	2020	2019		
	\$	\$		
Structured forward foreign exchange contracts	-	(8,160)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rate (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. Financial instruments, financial risks and capital management (Continued)

### 30.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets at amortised cost*	25,318,684	21,669,645	5,127,671	5,687,997
<b>Financial liabilities</b>				
Derivative financial instruments	-	8,160	-	-
Other financial liabilities, at amortised cost#	13,792,217	12,684,938	257,121	368,111

\* Excluding advance payment to supplier

# Excluding goods and services tax payables

## 31. Prior year adjustments

Arising from the irregularities of payments on behalf by the ultimate holding company as disclosed in Note 28, the Group revisited the prior periods accounting records. As a result, the Group uncovered contracts with customers and arrangements with customers which were not identified in prior periods resulting in improper recognition of revenue in the previous financial years. There were also certain Goods-in-transit for the financial year ended 31 December 2019 which was not properly taken up. The effects of these misstatements are as set out below.

### 31.1 Restatement of cost of sales, distribution costs, administrative expenses, accrued expenses and amount due to ultimate holding company (bonus, employee benefit expenses and defined contribution plans)

As disclosed in Note 28, the Board concluded that the bonus paid to the employees on behalf by the ultimate holding company for the financial year ended 31 December 2018 was not authorised by the Remuneration Committee and hence, the ultimate holding company is not authorised to recharge the bonus and its related expenses to the Group.

The Central Provident Fund ("CPF") contribution, forming part of the Defined Contribution Payments as disclosed in Note 28, in relation to the unauthorised bonus payment for the financial year ended 31 December 2018 was paid by the Group and charged to the profit and loss of the financial year ended 31 December 2019. Accordingly, management has reversed the CPF contributions of \$65,340 as an amount recoverable from the ultimate holding company.

During the financial year, the Group has identified an under provision of bonus amounted to \$143,000 for the financial year ended 31 December 2019.

Accordingly, certain financial statements line items have been restated and reclassified as follows:

The effects on the Group's consolidated statement of financial position were as follows:

- (i) Amount due by ultimate holding company has increased by \$65,340 as at 31 December 2019; and
- (ii) Accruals on staff bonus has increased by \$143,000 as at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. Prior year adjustments (Continued)

### 31.1 Restatement of cost of sales, distribution costs, administrative expenses, accrued expenses and amount due to ultimate holding company (bonus, employee benefit expenses and defined contribution plans) (Continued)

The effects on the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019 were as follows:

- (i) Cost of sales has increased by \$8,949;
- (ii) Distribution costs has increased by \$23,553; and
- (iii) Administrative expenses has increased by \$45,158.

### 31.2 Restatement of revenue, property, plant and equipment, trade receivables, contract liabilities, cost of sales, other operating expenses and retained earnings (rental income)

The Group has been deriving rental income through equipment rental to certain customers. This rental income has not been recognised over the lease term in accordance with SFRS(I) 16, instead these had been wrongly taken up as revenue from fabrication and distribution business and maintenance and servicing business. The Group did not capitalise the corresponding assets under lease. The corresponding assets had been expensed into profit or loss of the Group. Accordingly, certain financial statements line items have been restated and reclassified as follows:

The effects on the Group's consolidated statement of financial position were as follows:

- (i) Property, plant and equipment had increased by \$11,795 and \$106,117 as at 31 December 2019 and 1 January 2019 respectively;
- (ii) Trade receivables has decreased by \$78,104 as at 1 January 2019;
- (iii) Trade and other payables has decreased by \$44,156 and increased by \$44,156 as at 31 December 2019 and 1 January 2019 respectively.
- (iv) Contract liabilities has increased by \$1,499 and \$7,875 as at 31 December 2019 and 1 January 2019 respectively; and
- (v) Retained earnings had decreased by \$24,018 as at 1 January 2019.

The effects on the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019 were as follows:

- (i) Revenue has increased by \$42,657;
- (ii) Cost of sales (excluding depreciation expenses) has decreased by \$56,649;
- (iii) Depreciation expenses has increased by \$34,735 (which is part of cost of sales); and
- (iv) Other operating expenses has increased by \$10,119.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. Prior year adjustments (Continued)

### 31.3 Restatement of revenue and accrued income (service income)

The Group has omitted certain income derived from maintenance and servicing business in the financial statements for the financial year ended 31 December 2019. Accordingly, certain financial statements line items have been restated and reclassified as follows:

- (i) Accrued income in the Group's consolidated statement of financial position has increased by \$41,524 as at 31 December 2019; and
- (ii) Revenue included in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019 has increased by \$41,524.

### 31.4 Restatement of administrative expenses, retained earnings and amount due to ultimate holding company

As disclosed in Note 28, the ultimate holding company has made certain payments for Group's expenses but was not taken up in the Group's consolidated financial statements until such time when QKEH issued a Debit Note to the Group requesting reimbursement of these payments in March 2020. These transactions were related to the financial year ended 31 December 2019 and 31 December 2018.

Accordingly, certain financial statements line items have been restated and reclassified as follows:

The effects on the Group's consolidated statement of financial position were as follows:

- (i) Amount due to ultimate holding company has increased by \$69,668 and \$384,127 as at 31 December 2019 and 1 January 2019 respectively; and
- (ii) Retained earnings has decreased by \$384,127 as at 1 January 2019.

The administrative expenses included in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019 has increased by \$69,668.

### 31.5 Restatement of inventories, trade payables, cost of sales, other receivables

The Group has not taken up certain Goods-in-transit in the financial statements for the financial year ended 31 December 2019. Accordingly, certain financial statements line items have been restated and reclassified as follows:

The effect on the Group's consolidated statement of financial position as at 31 December 2019 were as follows:

- (i) Inventories has increased by \$155,865;
- (ii) Trade Payables has increased by \$53,743; and
- (iii) Other receivables has decreased by \$104,711.

The effect on the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019 were as follows:

- (i) Cost of sales has increased by \$987; and
- (ii) Other operating expenses has increased by \$1,601.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. Prior year adjustments (Continued)

Below table set out the movement showing before and after the adjustments of restated items on consolidated statement of financial position.

	As previously reported \$	Restatement \$	As restated \$
<b>Consolidated statement of financial position as at 1 January 2019</b>			
<b>Non-current assets</b>			
Property, plant and equipment	823,850	106,117	929,967
<b>Current assets</b>			
Trade and other receivables	10,830,001	(78,104)	10,751,897
<b>Current liabilities</b>			
Trade and other payables	(5,769,422)	(428,283)	(6,197,705)
Contract liabilities	(503,177)	(7,875)	(511,052)
<b>Equity</b>			
Retained earnings	(9,998,783)	408,145	(9,590,638)
<hr/>			
The Group	As previously reported \$	Restatement \$	As restated \$
<b>Consolidated statement of financial position as at 31 December 2019</b>			
<b>Non-current assets</b>			
Property, plant and equipment	966,142	117,912	1,084,054
<b>Current assets</b>			
Inventories	3,456,997	155,865	3,612,862
Trade and other receivables	11,331,834	(145,617)	11,186,217
<b>Current liabilities</b>			
Trade and other payables	(6,155,269)	(580,871)	(6,736,140)
Contract liabilities	(590,093)	(9,374)	(599,467)
<b>Equity</b>			
Retained earnings	(9,537,399)	462,085	(9,075,314)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. Prior year adjustments (Continued)

Below table set out the movement showing before and after the adjustments of restated items on consolidated statement of comprehensive Income for year ended 31 December 2019.

	As previously reported \$	Restatement \$	As restated \$
<b>Consolidated statement of comprehensive income for the financial year ended as at 31 December 2019</b>			
Revenue	33,022,288	84,181	33,106,469
Cost of sales	(22,686,452)	11,978	(22,674,474)
Gross Profit	10,335,836	96,159	10,431,995
Distribution costs	(4,273,029)	(23,553)	(4,296,582)
Administrative expenses	(5,812,892)	(114,826)	(5,927,718)
Other expenses	(96,880)	(11,720)	(108,600)
Profit before tax	356,755	(53,940)	302,815
Profit/(loss) for the reporting period	(89,181)	(53,940)	(143,121)
<b>Consolidated statement of cash flow for the financial year ended as at 31 December 2019</b>			
Profit before income tax	356,755	(53,940)	302,815
Loss on disposal of property, plant and equipment	-	12,162	12,162
Depreciation of property, plant and equipment	235,446	34,735	270,181
Inventories	487,156	(214,557)	272,599
Trade and other receivables	(594,484)	67,513	(526,971)
Trade and other payables, and contract liabilities	473,586	154,087	627,673

The loss per share for the financial year ended 31 December 2019 attributable to equity holders of the Company is restated accordingly as 0.08 cents (previously reported as earnings per share 0.05 cents).

## 32. Other matters

### Investigation by Corrupt Practices Investigation Bureau ("CPIB")

On or about 10 September 2020, the Group CEO, a Director of the Group, certain staff members were interviewed by the CPIB in connection with entertainment expenses and sales commissions relating to certain projects undertaken by Q'son Kitchen Equipment Pte Ltd, a subsidiary of the Group. As at the date of this report, the investigation is ongoing and no charges have been filed against the above mentioned individuals.

### Cessation of continuing sponsorship by CIMB Bank Berhad, Singapore Branch ("CIMB")

CIMB has initially indicated that it would cease the continuing sponsorship of the Company with effect from 30 September 2021. However, on 30 September 2021, CIMB has expressly indicated that it is agreeable to extend its appointment as continuing sponsor of the Company for a period of no more than one month (regardless of the date of the AGM for FY2020), with CIMB's last day of engagement being 31 October 2021 or such earlier date as may be agreed. As at the date of this report, the Company is still in the process of formalising the appointment of a new continuing sponsor for the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. Events subsequent to the reporting date

Payments made by the ultimate holding company on behalf of the Group (the "8 Payments Transactions")

Upon the uncovering of the matters as disclosed in Note 28, the Group engaged Rajah & Tann Singapore LLP ("R&T") to assist in the review of the 8 Payment Transactions and to provide legal advice to the Group's management in the discharge of their duties to the Group. As at the date of the financial statements, the review by R&T is still ongoing.

## 34. Impact of Covid-19

The Covid-19 pandemic and consequent restrictions has hit Singapore's F&B industry hard in many different ways including the closure of many restaurants as well as fewer new restaurants being launched. As at the date of this report, there is no certainty as to when the Covid-19 pandemic will be over and restrictions continue to remain in place. Accordingly, Singapore F&B's industry continues to languish.

In view of such uncertainties, the directors and management are unable to ascertain the eventual financial impact that is caused by the Covid-19 pandemic. Hence, the Group does not consider it practicable to provide a quantitative estimate of the potential impact of the Covid-19 pandemic, on the Group's subsequent financial statements.

Notwithstanding the current situation, the Group remain positive that there will be a recovery in Singapore's F&B industry and our business as Singapore embarks on the Covid-19 endemic roadmap. In the meantime, the Group will continue to manage its business prudently by i) improving its internal cost controls which will increase its overall profit margins and ii) forging closer and stronger relationships with our key customers to ride the recovery together.



# STATISTICS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2021

Number of Issued Shares	:	155,000,000
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	25	7.91	21,600	0.01
1,001 - 10,000	134	42.41	726,900	0.47
10,001 - 1,000,000	152	48.10	12,966,500	8.37
1,000,001 AND ABOVE	5	1.58	141,285,000	91.15
<b>TOTAL</b>	<b>316</b>	<b>100.00</b>	<b>155,000,000</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
QKE Holdings Pte. Ltd. <sup>(1)</sup>	122,491,500	79.03%	-	-
Chua Chwee Choo <sup>(2)</sup>	995,000	0.64%	122,491,500	79.03%
Lee Chong Hoe <sup>(2)</sup>	192,000	0.12%	122,491,500	79.03%
Cheng Chun Choi <sup>(2)</sup>	-	-	122,491,500	79.03%

Notes:

- (1) QKE Holdings Pte. Ltd. ("QKE Holdings") is an investment holding company incorporated in Singapore on 5 March 2013. It holds 122,491,500 shares in Singapore Kitchen Equipment Limited.
- (2) Chua Chwee Choo (Executive Director and Chief Executive Officer) and Lee Chong Hoe (Executive Director) and Cheng Chun Choi each hold approximately 33.33% of the issued share capital of QKE Holdings. As they each hold not less than 20.00% of the issued share capital in QKE Holdings, each of them is therefore deemed to have an interest in the Shares held by QKE Holdings pursuant to section 7 of the Companies Act, Chapter 50.

# STATISTICS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2021

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QKE HOLDINGS PTE. LTD.	122,491,500	79.03
2	SIRIUS VENTURE CAPITAL PTE LTD	6,710,500	4.33
3	UOB KAY HIAN PRIVATE LIMITED	5,083,000	3.28
4	NEO GROUP LIMITED	4,500,000	2.90
5	POON WAI	2,500,000	1.61
6	CHUA CHWEE CHOO	995,000	0.64
7	DBS NOMINEES (PRIVATE) LIMITED	845,300	0.55
8	HOLT ASIA INVESTMENT PTE LTD	652,000	0.42
9	PHILLIP SECURITIES PTE LTD	585,300	0.38
10	WONG HIN SUN EUGENE	500,000	0.32
11	MAK PAO YUN	450,000	0.29
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	385,200	0.25
13	ONG ENG LOKE	378,100	0.24
14	CHANG THIAM HOCK	375,000	0.24
15	AH HOT GERARD ANDRE	352,700	0.23
16	NURLIZA BTE ABDULLAH @ FLORDELIZA P OBANDO	350,000	0.23
17	ABN AMRO CLEARING BANK N.V.	316,300	0.20
18	NEO KAH KIAT	285,000	0.18
19	HO EE HWA @ MADELEINE HO	255,100	0.16
20	THAM SOK ING	250,000	0.16
	<b>TOTAL</b>	<b>148,260,000</b>	<b>95.64</b>

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

19.89% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore Kitchen Equipment Limited (the “**Company**”) will be held by way of electronic means (via live audio-visual webcast or live audio-only stream) on Saturday, 6 November 2021 at 4.00 p.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Ms Chua Chwee Choo who is retiring pursuant to Article 98 of the Constitution of the Company.  
**[See Explanatory Note (i)]** **(Resolution 2)**
3. To note the retirement of Mr Ng How Hwan, Kevin who is retiring by rotation pursuant to Article 98 of the Company’s Constitution.  
  
**Note:**  
*Mr Ng How Hwan, Kevin, an Independent Non-Executive Director (“INED”) of the Company has decided not to seek for re-election at this Annual General Meeting as he had served on Board as an INED from the financial year 2013 to financial year 2021 (both years inclusive). This will facilitate Board renewal. His retirement from the Board will take effect upon the conclusion of this Annual General Meeting.*
4. To re-elect the following Directors who are retiring pursuant to Article 102 of the Constitution of the Company:  
  
Mr Ang Chiang Meng **(Resolution 3)**  
Mr Choo Kok Kiong **(Resolution 4)**  
Mr Lim Chee San **(Resolution 5)**  
**[See Explanatory Note (ii)]**
5. To approve the payment of Directors’ Fees of up to S\$135,000 for the financial year ended 31 December 2020 (FY2019: up to S\$125,000). **(Resolution 6)**
6. To approve the payment of Directors’ Fees of up to S\$152,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears (FY2020: up to S\$135,000)  
**[See Explanatory Note (iii)]** **(Resolution 7)**
7. To appoint Foo Kon Tan LLP as the Independent Auditors of the Company in place of the retiring Auditors, BDO LLP to hold office until the conclusion of the next annual general meeting and to authorise the Directors of the Company to fix their remuneration.  
**[See Explanatory Note (iv)]** **(Resolution 8)**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 9. Authority to issue new shares

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

# NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

**[See Explanatory Note (v)]**

**(Resolution 9)**

10. **Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing Singapore Kitchen Equipment Performance Share Plan ("PSP") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the PSP, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the PSP, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**[See Explanatory Note (vi)]**

**(Resolution 10)**

By Order of the Board

Chua Chwee Choo  
Executive Director and Chief Executive Officer  
Singapore, 22 October 2021

**Explanatory Notes:**

- (i) Ordinary Resolution 2 proposed in item 2 above is to re-elect Ms Chua Chwee Choo who is retiring pursuant to Article 98 of the Constitution of the Company. Ms Chua Chwee Choo will, upon re-elected as Director of the Company, remain as Executive Director and Chief Executive Officer of the Company.
- (ii) Ordinary Resolutions 3, 4 and 5 proposed in item 4 above are to re-elect Mr Ang Chiang Meng, Mr Choo Kok Kiong and Mr Lim Chee San who are retiring pursuant to Article 102 of the Constitution of the Company.

Mr Ang Chiang Meng will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director, Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Choo Kok Kiong will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director and member of the Audit Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Lim Chee San will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director and Chairman of the Board and Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to pages 121 to 128 of the Annual Report for the detailed information of Ms Chua Chwee Choo, Mr Ang Chiang Meng, Mr Choo Kok Kiong and Mr Lim Chee San.

- (iii) Ordinary Resolution 7 proposed in item 6 above, if passed, is Directors' fees payable to the former Independent Non-Executive Directors ("INEDs") for their directorships in the Company for the period from 1 January 2021 up to the date of their respective cessations and newly appointed INEDs for their directorships in the Company from the date of their respective appointments up to 31 December 2021.

# NOTICE OF ANNUAL GENERAL MEETING

- (iv) Ordinary Resolution 8 proposed in item 7 above is to approve the appointment of Foo Kon Tan LLP ("**FKT**") as Independent Auditors of the Company in place of the retiring Auditors, BDO LLP ("**BDO**"), and to authorise the Directors to fix their remuneration.

BDO has served as the Auditors of the Company since 27 May 2013 and were last re-appointed at the Annual General Meeting of the Company ("**AGM**") held on 25 June 2020 to hold office until the conclusion of this AGM. BDO had on 8 October 2021 informed the Company that they will not be seeking for re-appointment as Auditors of the Company and will retire as the Auditors of the Company at this AGM.

The Company has received the notice of nomination from a shareholder, QKE Holdings Pte Ltd, dated 14 October 2021 proposing to appoint FKT in place of the retiring Auditors, BDO.

As part of ongoing good corporate governance initiatives, the Directors are of the view that a change of Auditors would enable the Company to benefit from fresh perspectives and views of another professional audit firm and further enhance the value of the audit. Further, as part of the Company's ongoing efforts to enhance operating cost efficiencies, the Board, having reviewed fee proposals from several audit firms and deliberated on the suitability of the respective audit firms, and in consultation with the Audit Committee, has recommended FKT to replace BDO as the Auditors of the Company.

FKT, registered with the ACRA, is one of Singapore's top audit firms. FKT is an approved auditing firm under the Accountants Act. Many of its clients are listed on the SGX-ST as well as in other international capital markets. In August 2015, FKT became a member of HLB International, one of the leading global accountancy networks with presence in more than 130 countries. FKT has 20 partners and directors, with about 300 staff who are professionals providing audit, tax and business advisory services. For more information about FKT, please visit <http://www.fookontan.com>.

Chin Sin Beng Robin ("Robin"), a senior partner with FKT, will be assigned to the audit of the Company as the lead engagement partner. Robin is a practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with ACRA. Robin has extensive audit experience over a span of more than 30 years in a wide range of industries and public listed companies.

The Board, with the concurrence of the Audit Committee, is satisfied that FKT will be able to meet the audit requirements of the Company and its subsidiaries (collectively, the "**Group**") after having considered factors such as the adequacy of the resources and experience of FKT, the audit engagement partner assigned to the audit, FKT's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who will be assigned to the Group's audit. The Board and the Audit Committee have also considered the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by the ACRA in assessing the suitability of FKT as the Company's new Auditors.

The Company had, via its letter dated 15 October 2021, informed BDO that FKT has been invited by the Company to accept a nomination as the new Auditors of the Company at this AGM, and requested for BDO to provide their professional clearance with respect to their retirement from office as Auditors of the Company on the expiry of their term of office.

FKT had, on 22 October 2021, given their written consent to act as Auditors of the Company, subject to the approval of Shareholders at this AGM for the proposed change of Auditors.

Pursuant to Rule 712(3) of the Catalist Rules and Section 205AF of the Companies Act, the appointment of FKT as Auditors of the Company in place of BDO must be specifically approved by Shareholders in a general meeting. Accordingly, the appointment of FKT as Auditors of the Company will be effective upon the approval by Shareholders at this AGM for the proposed change of Auditors and, if appointed, FKT will hold office until the conclusion of the next AGM.

In accordance with the requirements under Rule 712(3) of the Catalist Rules:

- (a) the retiring Auditors, BDO, have given their professional clearance letter to FKT dated 22 October 2021 stating that BDO is not aware of any professional reasons why FKT, being the successor Auditors of the Company, should not accept appointment as the new Auditors of the Company, save for FKT to be apprised of the disclosures in the auditor's report;
- (b) the Company has confirmed that there were no disagreements with BDO on accounting treatments within the last twelve (12) months up to the date of retirement of BDO as Auditors of the Company;
- (c) the Company has confirmed that it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of the Shareholders which has not already been disclosed in the various announcements released on SGXNet to date (collectively, the "SGX Announcements"), including but not limited to the announcements in relation to the additional review and verification undertaken by BDO with respect to 8 payment transactions amounting to approximately S\$1.4 million as well as the investigation conducted by Rajah & Tann LLP in relation to the aforementioned transactions;



# NOTICE OF ANNUAL GENERAL MEETING

- (d) the Company has confirmed that there are no specific reasons for the proposed change of Auditors except as disclosed in the SGX Announcements; and
  - (e) the Company has confirmed that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of FKT as its new Auditors.
- (v) Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent consolidation or subdivision of shares.

- (vi) Ordinary Resolution 10 in item 10 above, if passed, will authorise and empower the Directors of the Company to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the Singapore Kitchen Equipment Performance Share Plan, which was approved at the Extraordinary General Meeting of the Company on 25 June 2013.

## Notes:

1. The Annual General Meeting (the "Meeting") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via **live audio-visual webcast or live audio-only stream**), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "**Instructions to Shareholders for AGM 2021**". This means shareholders will be able to observe the Meeting proceedings through live audio-visual webcast or live audio-only stream.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**

The instrument appointing a proxy ("Proxy Form") accompanying the Notice of the Meeting may be accessed at the Company's website at the URL [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com) and will also be made available on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions in the Proxy Form as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms by 5.00 p.m. on 26 October 2021, being at least seven (7) working days before the Meeting.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

5. Duly completed and signed proxy forms appointing the Chairman of the Meeting as proxy must either be submitted to the Company in the following manner:
- (a) if submitted by post, to be deposited at the registered office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596; or
  - (b) email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com).

**in either case, not less than forty-eight (48) hours before the time appointed for the Meeting i.e. 4.00 p.m. on 4 November 2021.**

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com). The Proxy Form, Notice of AGM and Annual Report are available for download from SGX website at URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com)

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms personally or by post, members are strongly encouraged to submit completed proxy forms electronically via email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com)

## Personal data privacy:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

## Important Notice from the Company pertaining to the COVID-19 situation

In view of the current COVID-19 situation, shareholders should note that the manner of conduct of the Meeting may be subject to further changes at short notice. The Company may take any precautionary measures which may be required or recommended by the government agencies to minimise the risk of spread of COVID-19 for conducts of meetings. Shareholders are advised to check SGXNET and the Company's website regularly for updates.

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*This notice has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice. The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.*

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE  
COMPANY'S CONSTITUTION

Name	: Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
Date Of Appointment	: 9 May 2013	4 August 2021	28 August 2021	28 August 2021
Age	: 52	36	51	61
Country Of Principal Residence	: Singapore	Singapore	Singapore	Singapore
Date of last re-appointment (if applicable)	: 25 June 2020	N/A	N/A	N/A
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	: Sally is 1 of 3 founding members with 27 years of experience in Kitchen equipment business	The Board, having considered the recommendation of the Nominating Committee and assessed the qualification and experience of Mr Ang Chiang Meng and is of the view that Mr Ang has the requisite experience and capabilities to assume the duties and responsibilities as the Independent Director of the Company	The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee and the qualification, work experience and competencies of Mr Choo Kok Kiong, is of the view that he is suitable for appointment as an Independent Director of the Company	The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee and the qualification, work experience and competencies of Mr Lim Chee San, is of the view that he is suitable for appointment as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	: Executive, responsible for management decisions, implementation of plans, management and monitoring of principal risks and overall strategic plans of our Group	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	: Executive Director and Chief Executive Officer	Independent Non-Executive, Chairman of Audit Committee and member of Nominating and Remuneration Committee	Independent Non-Executive and member of Audit Committee and Remuneration Committee	Independent Non-Executive, Chairman of the Board and Nominating Committee
Professional qualifications	: GCE Ordinary Level	Bachelor of Science (Real Estate), National University of Singapore	MBA, University of Wales (UK)/ Manchester Business School (UK), 2000 (AMBA accredited)  Chartered Institute of Management Accounts, (CIMA, UK), 1994  Association of Chartered Certified Accountants, (ACCA, UK), 1992  Diploma in Accountancy, Ngee Ann Polytechnic, 1990	a) Member of the Chartered Association of Certified Accountants since 1982 b) Member of the Chartered Accountants of Singapore since 1985 c) Member of the British Computer Society since 1992 d) Bachelor of Law (Honors) from University of London in 1992 e) Barrister at Law (Lincoln's Inn) England since 1999

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE COMPANY'S CONSTITUTION

Name	: Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	: Spouse of Mr Lee Chong Hoe, Executive Director of the Company	None	None	None
Conflict of interest (including any competing business)	: No	No	No	No
Working experience and occupation(s) during the past 10 years	: Director of our Group since January 1998	May 2019 to Present Managing Partner Argile Partners Pte Ltd  Jun 2015-April 2019 Director Borrelli Walsh Pte Ltd  July 2010-May 2015 AVP DBS Bank Ltd	Executive Director / Group Chief Financial Officer	2004 to Present – Director of Panaudit Business Services Pte Ltd  2004 to Present – Partner of TanLim Partnership  2007 to Present – Director of Rees Property Consultants Pte Ltd  2010 to Present – Director of Pan Services Pte Ltd
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	: Yes	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	: Yes	None	None	None
Shareholding Details	: <u>Interest in the Company:</u> Direct: 995,000 ordinary shares Deemed: 122,491,500 ordinary shares  <u>Interest in indirect subsidiary, PT Indo Qson Kitchen Equipment:</u> Direct: 1 ordinary share, held to facilitate the incorporation	Not Applicable	Not Applicable	Not Applicable

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE  
COMPANY'S CONSTITUTION

Name	Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
Other Principal Commitments Including Directorships	Present Directorships in our Group are as follows:  <u>Holding company</u> QKE Holdings Pte. Ltd.  <u>Director and/or indirect subsidiaries of the Company:</u> Q'son Kitchen Equipment Pte Ltd Q'son International Pte. Ltd. Q'son Kitchen Equipment Services Pte. Ltd. Q'son Industries (M) Sdn. Bhd. Qson Kitchenhub Sdn Bhd.	<u>Present</u> Hundred Thoughts Pte. Ltd. Argile Asia Partners Pte. Ltd. PT Argile Asia Partners Argile Partners Sdn. Bhd. Eagle Landing Pte. Ltd. Brewin Mesa Pte. Ltd. SEA Special Situations Pte. Ltd. R&O Corporate Services Pte. Ltd. Red & Orange Company Pte. Ltd. Axington Inc. Axington Singapore Pte. Ltd. Shanghai Nizi Guanli Zixun Co., Ltd Agritrade Resources Limited Audex Governance Sdn Bhd PT CFLD Karawang New Industry City Development CFLD Investment XVI Pte. Ltd. CFLD Investment XVII Pte. Ltd.  <u>Past (for past 5 years)</u> Samudra Energy International Pte Ltd Opus Offshore Pte Ltd Opus Tiger 1 Pte Ltd Opus Tiger 2 Pte Ltd Opus Tiger 3 Pte Ltd Opus Tiger 4 Pte Ltd Opus Offshore Ventures Pte Ltd Opus Mercur Pte Ltd Opus Venus Pte Ltd Songa Opus Offshore Drilling Pte Ltd South Sumatra Energy Ventures Pte Ltd Opus Offshore Drilling India Pte Ltd Opus Offshore Drilling M.E Pte Ltd Light Box Treasury Pte Ltd Samudra Energy Ltd SMS Development Ltd SMS Offshore Overseas Ltd Evason Bay Corporation Privilege Missions Inc. Samudra Energy Meraup Ltd	<u>Present</u> Gallant Venture Ltd QAF Limited  <u>Past (for past 5 years)</u> Newdelta Investment Limited Parallax Holdings Limited Parallax Venture Partners XXX Limited	<u>Present</u> Chemical Industries (Far East) Limited Colex Holdings Limited Blackgold Natural Resources Limited  <u>Past (for past 5 years)</u> Hupsteel Limited Soon Lian Holdings Limited Fujiyama Pte Ltd

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE COMPANY'S CONSTITUTION

Name	: Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
		Yuehai Trade Resources Development Taixin Imports and Exports Trading Development Co., Ltd Lava Marketing Holding Pte Ltd		
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	: No	No	No	No
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	: No	Yes. As part of his role as a restructuring professional with Borrelli Walsh Pte Ltd ("Borrelli"), Mr Ang was appointed as a director of Opus Offshore Pte. Ltd., Opus Offshore Drilling M.E. Pte. Ltd., Opus Offshore Drilling India Pte. Ltd., Opus Mercur Pte. Ltd., and Songa Opus Offshore Drilling Pte. Ltd. (collectively known as the "Opus Entities") in February 2017 to drive the restructuring of the Opus group of companies. Mr Ang resigned as a director of the Opus Entities following his resignation from Borrelli in April 2019. Subsequent to Mr Ang's resignation, the restructuring of the Opus group of companies did not materialise given the state of the oil and gas industry, and the Opus Entities were subsequently either dissolved via compulsory winding up (insolvency) or creditors' voluntary winding up, or in liquidation via creditors' voluntary winding up.	No	No



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE  
COMPANY'S CONSTITUTION

Name	:	Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
			As part of his role as a restructuring professional with Argile Partners Pte Ltd ("Argile Partners"), Mr Ang was appointed as a director of Agritrade Resources Limited ("ARL") in August 2021 to drive the restructuring of the ARL group of companies. ARL was placed under soft-touch provisional liquidation by the Bermuda courts in June 2020 for a restructuring.		
Whether there is any unsatisfied judgment against him?	:	No	No	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	:	No	No	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	:	No	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE COMPANY'S CONSTITUTION

Name	: Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	: No	No	No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	: No	No	No	No
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	: No	No	No	No
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	: No	No	No	No
Whether he has ever, to his knowledge, been concerned with the management or conduct in Singapore or elsewhere of the affairs of:				
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	: No	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	: No	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE  
COMPANY'S CONSTITUTION

Name	:	Chua Chwee Choo	Ang Chiang Meng	Choo Kok Kiong	Lim Chee San
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	:	No	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	:	No	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?					
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	:	Yes.  Ms Chua was interviewed by the Corrupt Practices Investigation Bureau ("CPIB") in relation to investigations into offence(s) under Section 6(b) of the Prevention of Corruption Act (Chapter 241). Please refer to the Company's announcement dated 13 September 2020 for more details.	No	No	Yes.  Mr Lim has been the subject of a past complaint to the Law Society Singapore about conflict of interest. The complaint was dismissed at the Inquiry Committee Stage in May 2018. Save for the above, there has been no investigation against Mr Lim. Hence, Mr Lim has not been the subject of any current or past disciplinary proceeding and has not been reprimanded or issued any warnings by the Monetary Authority of Singapore or any other regulatory authority, SGX-ST, professional body or government agency, whether in Singapore or elsewhere.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 AND ARTICLE 102 OF THE COMPANY'S CONSTITUTION

<b>Name</b>	<b>: Chua Chwee Choo</b>	<b>Ang Chiang Meng</b>	<b>Choo Kok Kiong</b>	<b>Lim Chee San</b>
Any prior experience as a director of an listed issuer listed on the Exchange?	: Yes	Yes	Yes	Yes
<p>If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)</p>				

# APPENDIX

## APPENDIX DATED 22 OCTOBER 2021

### THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to the Shareholders (as defined in this Appendix) of Singapore Kitchen Equipment Limited (“**Company**”) together with the Company’s annual report for the financial year ended 31 December 2020 (“**2020 Annual Report**”). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the Proposed Change of Auditor (as defined in this Appendix) to be tabled at the annual general meeting of the Company (“**AGM**”) to be held via electronic means on 6 November 2021 at 4:00 p.m..

The Notice of the AGM and a proxy form are enclosed with the 2020 Annual Report.

If you have sold all your Shares (as defined in this Appendix), you should immediately forward this Appendix, the 2020 Annual Report and proxy form to the purchaser or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

This Appendix has been prepared by the Company, and has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGXST**”) Listing Manual Section B: Rules of Catalist. This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking) at 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.

**If you are in any doubt as to the contents herein or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**



## SINGAPORE KITCHEN EQUIPMENT LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 201312671M)

### APPENDIX TO SHAREHOLDERS

### IN RELATION TO

### THE PROPOSED CHANGE OF AUDITORS

# APPENDIX

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# APPENDIX

## DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

<b>“2020 Annual Report”</b>	:	The annual report of the Company for the financial year ended 31 December 2020
<b>“2021 AGM”</b>	:	The annual general meeting of the Company to be held via electronic means on 6 November 2021 at 4:00 p.m., notice of which is enclosed with the 2020 Annual Report
<b>“Accountants Act”</b>	:	The Accountants Act (Chapter 2) of Singapore and any statutory modification or re-enactment thereof
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“BDO”</b>	:	BDO LLP
<b>“Board”</b>	:	The board of the Directors for the time being
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Singapore Kitchen Equipment Limited
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“FKT”</b>	:	Foo Kon Tan LLP
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Notice of Nomination”</b>	:	A notice of nomination of FKT as the proposed new auditor of the Company dated 14 October 2021 from a Shareholder
<b>“Proposed Change of Auditor”</b>	:	The appointment of FKT as the auditor of the Company, in place of the retiring auditor of the Company, BDO
<b>“Securities Account”</b>	:	Securities accounts maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
<b>“Securities and Futures Act”</b>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term <b>“Shareholders”</b> shall in relation to such Shares mean the Depositors whose Securities Accounts with CDP are credited with the Shares

## APPENDIX

<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Sponsor”</b>	:	CIMB Bank Berhad, Singapore Branch

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The term **“treasury share”** shall have the meaning ascribed to it in Section 4 of the Companies Act. Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Any reference to a time of a day and date in this Appendix is a reference to Singapore time and date unless otherwise stated.

# APPENDIX

## SINGAPORE KITCHEN EQUIPMENT LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number 201312671M)

### Directors:

Mr Lim Chee San (Chairman and Independent Non-Executive Director)  
Ms Chua Chwee Choo (Executive Director and Chief Executive Officer)  
Mr Lee Chong Hoe (Executive Director)  
Mr Ng How Hwan, Kevin (Independent Non-Executive Director)  
Mr Ang Chiang Meng (Independent Non-Executive Director)  
Mr Choo Kok Kiong, Alvin (Independent Non-Executive Director)

### Registered Office:

Blk 115A  
Commonwealth Drive  
#01-27/28  
Singapore 149596

22 October 2021

To: The Shareholders

Dear Sir/Madam,

## THE PROPOSED CHANGE OF AUDITORS

### 1. INTRODUCTION

- 1.1 The Company proposes to seek Shareholders' approval at the 2021 AGM for FKT to be appointed as the auditor of the Company, in place of BDO.
- 1.2 The purpose of this Appendix is to provide Shareholders with information pertaining to, and explain the rationale for, the Proposed Change of Auditor.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Appendix.

### 2. RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

- 2.1 The Company's existing auditor, BDO was re-appointed as the auditor of the Company at the last AGM of the Company held on 25 June 2020, to hold office until the conclusion of the forthcoming 2021 AGM. BDO has served as auditor of the Company since 27 May 2013. After completing its obligations to finalise and sign off on the financial statements for the financial year ended 31 December 2020, BDO has elected not to be reappointed as the Company's auditors at the forthcoming AGM.
- 2.2 As part of ongoing good corporate governance initiatives, the Directors are of the view that a change of auditors would enable the Company to benefit from fresh perspectives and views of another professional audit firm and further enhance the value of the audit.
- 2.3 Further, as part of the Company's ongoing efforts to enhance operating cost efficiencies, the Board, having reviewed fee proposals from several audit firms and deliberated on the suitability of the respective audit firms, and in consultation with the Audit Committee, proposes that FKT be appointed as the auditors of the Company for the financial year ending 31 December 2021, in place of BDO.
- 2.4 In reviewing the suitability of FKT, the Audit Committee and the Board took into consideration various factors, such as that FKT has adequate resources and experience to handle the audit, the audit engagement partner assigned to the audit has the appropriate level of experience and there will be an adequate number of suitably experienced supervisory and professional staff assigned to the audit, having due regard to the size, businesses and complexity of the Group. Following the review, the Audit Committee and the Board are of the opinion that FKT will be able to meet the audit requirements of the Company, and Rules 712 and 715 of the Catalist Rules will be complied with.

# APPENDIX

- 2.5 The scope of audit services to be provided by FKT will be comparable to the services currently provided by BDO.
- 2.6 The appointment of FKT would be effective upon obtaining the approval of Shareholders at the 2021 AGM for the Proposed Change of Auditors. If approved, FKT will hold office until the conclusion of the next AGM.
- 2.7 In view of the above, BDO will retire and not seek re-appointment as auditors of the Company at the 2021 AGM, being the end of their current term. The Directors wish to express their appreciation for the past services rendered by BDO.

### 3. INFORMATION ON FKT

- 3.1 FKT, registered with the ACRA, is one of Singapore's top audit firms. FKT is an approved auditing firm under the Accountants Act. Many of its clients are listed on the SGX-ST as well as in other international capital markets. In August 2015, FKT became a member of HLB International, one of the leading global accountancy networks with presence in more than 130 countries. FKT has 20 partners and directors, with about 300 staff who are professionals providing audit, tax and business advisory services.
- 3.2 More information about FKT, its values and its services can be found on FKT's website at <http://www.fookontan.com>.
- 3.3 Chin Sin Beng Robin ("Robin"), a senior partner with FKT, will be assigned to the audit of the Company as the lead engagement partner. Robin is a practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with ACRA. Robin has extensive audit experience over a span of more than 30 years in a wide range of industries and public listed companies.

### 4. COMPLIANCE WITH RULE 712 OF THE CATALIST RULES

- 4.1 In accordance with the requirements of Rule 712(3) of the Catalist Rules:
- (i) the retiring auditors of the Company, BDO, have given their professional clearance letter to FKT dated 22 October 2021 (the "**Professional Clearance Letter**"), confirming that BDO is not aware of any professional reasons why FKT, being the successor auditors of the Company, should not accept appointment as the new auditors of the Company, save for FKT to be apprised of the disclosures in the auditor's report;
  - (ii) the Company has confirmed that there were no disagreements with BDO on accounting treatments within the last 12 months up to the date of retirement of BDO as auditors of the Company;
  - (iii) the Company has confirmed that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not already been disclosed in the various announcements released on SGXNet to date (collectively, the "**SGX Announcements**"), including but not limited to the announcements in relation to the additional review and verification undertaken by BDO with respect to 8 payment transactions amounting to approximately S\$1.4 million as well as the investigation conducted by Rajah & Tann Singapore LLP in relation to the aforementioned transactions;
  - (iv) the Company has confirmed that there are no specific reasons for the Proposed Change of Auditors except as disclosed in the SGX Announcements; and
  - (v) the Company has confirmed that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of FKT as its new auditors.

### 5. COMPLIANCE WITH RULE 715 OF THE CATALIST RULES

- 5.1 Upon obtaining Shareholders' approval of the Proposed Change of Auditors, FKT will be appointed as the auditors of the Company as well as its Singapore-incorporated subsidiaries.

# APPENDIX

- 5.2 Pursuant to Rule 715(2) of the Catalist Rules, the Company must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. In the event that any of the existing foreign entities are deemed to be a significant foreign-incorporated subsidiaries and associated companies, FKT will engage the relevant team located in the specific country with the respective local domain knowledge to audit their financials.

## 6. CONSENTS

- 6.1 Each of BDO and FKT has given and has not withdrawn its consent to the issue of this Appendix with the inclusion of its name and all references thereto, in the form and context in which they appear in this Appendix.

## 7. AUDIT COMMITTEE'S STATEMENT

- 7.1 The Audit Committee has reviewed the Proposed Change of Auditors, and after taking into account the suitability of FKT, the Group's audit requirements, the Audit Quality Indicators listed in ACRA's Audit Quality Indicators Disclosure Framework, and the requirements of the Listing Manual, recommends the proposed appointment of FKT as auditors of the Company in place of the outgoing auditors of the Company, BDO.

## 8. DIRECTORS' RECOMMENDATIONS

- 8.1 The Directors, having taken into account the Audit Committee's recommendations, are satisfied that FKT will be able to meet the audit requirements of the Group and are of the opinion that the proposed appointment of FKT as auditors of the Company in place of the retiring auditors, BDO, is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Change of Auditors to be proposed at the forthcoming 2021 AGM.

## 9. ACTION TO BE TAKEN BY SHAREHOLDERS

- 9.1 In light of the current COVID-19 measures in Singapore, a member will not be able to attend the Meeting in person. A member (including a Relevant Intermediary\*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.
- 9.2 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, to be deposited at the registered office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596; or
  - (b) email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com).

in either case **by no later than 4.00 p.m. on 4 November 2021, being 48 hours before the time appointed for the AGM.**

- 9.3 A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com). The Proxy Form, Notice of AGM and Annual Report are available for download from SGX website at URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com).
- 9.4 In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically.
- 9.5 A Depositor shall not be regarded as a member of the Company entitled to vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIA of the Securities and Futures Act at least 72 hours before the 2021 AGM.

# APPENDIX

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

10.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

## 11. DOCUMENTS FOR INSPECTION

11.1 A copy of the following documents will be published on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's corporate website [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com):

- (a) the Annual Report 2020;
- (b) the Constitution of the Company;
- (c) the professional clearance letter issued by BDO to FKT; and
- (d) the letter of consent to act as auditors of the Company from FKT.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Singapore Kitchen Equipment Limited**

**Chua Chwee Choo**  
Executive Director and Chief Executive Officer



# APPENDIX

## ANNEX Notice of Nomination

14 October 2021

**The Board of Directors  
Singapore Kitchen Equipment Limited**

Blk 115A Commonwealth Drive  
#01-27/28  
Singapore 149596

Dear Sirs

**NOTICE OF NOMINATION**

Pursuant to Section 205(11) of the Companies Act, Chapter 50, we, QKE Holdings Pte. Ltd., in our capacity as a member of Singapore Kitchen Equipment Limited (the "**Company**"), hereby give notice of our nomination of Foo Kon Tan LLP, of 24 Raffles Place, #07-03, Clifford Centre, Singapore 048621 for appointment as Auditor of the Company in place of the retiring Auditor, BDO LLP, of 600 North Bridge Road, #23-01, Parkview Square, Singapore 188778 at the forthcoming Annual General Meeting of the Company to be held on 6 November 2021 or at any adjournment thereof.

Yours faithfully,

Chua Chwee Choo  
For and on behalf of  
**QKE Holdings Pte. Ltd.**  
Member, Singapore Kitchen Equipment Limited

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# SINGAPORE KITCHEN EQUIPMENT LIMITED

Company Registration No. 201312671M  
(Incorporated In The Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

### IMPORTANT:

1. The Annual General Meeting ("the Meeting") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Annual Report and Notice of AGM dated 22 October 2021 have been made available on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com)
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the Meeting, addressing of substantial and relevant questions before or at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Instructions to Shareholders for AGM 2021". This means shareholders will be able to observe the Meeting through live audio-visual webcast or live audio-only stream.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.
4. Supplementary Retirement Scheme ("SRS") investors who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 5.00 p.m. on 26 October 2021. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 October 2021.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.

I/We\*, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of Singapore Kitchen Equipment Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held by way of electronic means on Saturday, 6 November 2021 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting the resolutions to be proposed at the Meeting in the spaces provided hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as my/our proxy for that resolution will be treated as invalid.**

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>	Number of Votes Abstain <sup>(1)</sup>
<b>ORDINARY BUSINESS:</b>				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Re-election of Ms Chua Chwee Choo as Director			
3	Re-election of Mr Ang Chiang Meng as Director			
4	Re-election of Mr Choo Kok Kiong as Director			
5	Re-election of Mr Lim Chee San as Director			
6	Approval of Directors' Fees of up to S\$135,000 for the financial year ended 31 December 2020			
7	Approval of Directors' Fees of up to S\$152,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears			
8	Appointment of Foo Kon Tan LLP as Independent Auditors in place of the retiring Auditors, BDO LLP			
<b>SPECIAL BUSINESS:</b>				
9	Authority to issue new shares			
10	Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan			

- (1) If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument ("Proxy Form") appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the shares held by you.
2. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms by 5.00 p.m. on 26 October 2021, at least seven (7) working days before the Meeting.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The proxy form appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the proxy form appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the proxy form.
5. The duly completed and signed proxy form appointing the Chairman of the Meeting as proxy must either be submitted to the Company in the following manner:
  - (a) if submitted by post, to be deposited at the registered office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596; or
  - (b) email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com).

**in either case, not less than forty-eight (48) hours before the time appointed for the Meeting i.e. 4.00 p.m. on 4 November 2021.**

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and sending it by email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com). The Proxy Form, Notice of AGM and Annual Report are available for download from SGX website at URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL [www.singaporekitchenequipmentltd.com](http://www.singaporekitchenequipmentltd.com)

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms personally or by post, **members are strongly encouraged to submit completed proxy forms electronically via email to [skeProxyReg@singaporekitchenequipmentltd.com](mailto:skeProxyReg@singaporekitchenequipmentltd.com)**

## PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 October 2021.

## GENERAL:

The Company shall be entitled to reject the proxy form appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



**Singapore Kitchen Equipment Limited**

Blk 115A, Commonwealth Drive, #01-27/28  
Singapore 149596  
Tel: (65) 6472 7337  
Fax: (65) 6472 6497