kitchen culture

KITCHEN CULTURE HOLDINGS LTD.

www.kitchencultureholdings.com

WHERE LIFE REVOLVES

kitchen culture

AROUND THE KITCHEN

ANNUAL REPORT 2019/20

CORPORATE INFORMATION

BOARD OF DIRECTORS
LIM WEE LI
Executive Chairman and Chief Executive Officer

LOY SOO TOON
Executive Director, Business Development

LAU KAY HENG
Executive Director and Chief Investment Officer

WILLIAM TEO CHOON KOW
Lead Independent Director

KESAVAN NAIR
Independent Director

AUDIT COMMITTEE
WILLIAM TEO CHOON KOW – Chairman
KESAVAN NAIR

NOMINATING COMMITTEE
KESAVAN NAIR – Chairman
WILLIAM TEO CHOON KOW

REMUNERATION COMMITTEE
KESAVAN NAIR
WILLIAM TEO CHOON KOW

COMPANY SECRETARY
WEE WOON HONG, LLB (Hons)

REGISTERED OFFICE
2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086
Tel: +65 6661 9580
Fax: +65 6475 6776
Website:
www.kitchencultureholdings.com

SPONSOR
SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
80 Robinson Road #25-00
Singapore 068898
Loh Ji Kin, Audit Partner
(With effect from financial period ended 30 June 2017)

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"). This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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 Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

OUR MISSION

To create well-designed, highly functional and premium quality kitchens which are perfectly suited to the lifestyle of modern and cosmopolitan living.

PHILOSOPHY

The kitchen is the heart of the home. It is a sanctuary where family members congregate, and where one plays host or hostess to their guests – displaying their culinary skills while entertaining and interacting as they go about their tasks in a beautifully designed and appointed kitchen.

At Kitchen Culture, we go beyond the basic culinary functions to introduce and integrate the kitchen as part of the modern dweller's lifestyle and culture. Our products and services are driven by three main factors – Design, Function and Form. Each aspect is conscientiously considered and meticulously fused to create high quality kitchens that are both strikingly beautiful and perfect in function.

CONTENTS

CORPORATE PROFILE

Listed on the SGX-Catalist in 2011, Kitchen Culture Holdings Ltd. ("**Kitchen Culture**" or the "**Company**", and together with its subsidiaries, the "**Group**") ranks among Singapore's leading distributors of high-end kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories from Europe. Backed by more than 29 years of experience and track record in the business, Kitchen Culture has established itself as a premier kitchen solutions provider for discerning and well-heeled consumers in Singapore, China, Hong Kong and Malaysia.

The Company operates showrooms in Singapore, Kuala Lumpur, Chengdu and Hong Kong for retail customers, and also targets the private residential projects market, forging strong working relationships with major property developers. The Company first supplied kitchen appliances for a luxury development along Cuscaden Walk in 1991. This notable project provided the platform for forging strong working relationships with major property developers, and consequently paved the way for Kitchen Culture's business diversification into residential projects. As a testament to its success, Kitchen Culture has received several accolades and a few of the recent ones were "Singapore 1000 Company – Public Listed Companies 2017" given out by DP Information Group, "Singapore Tatler - Best Kitchen (Fitted) 2015" from Singapore Tatler and "1000 High-Growth Companies in Asia-Pacific" awarded by Financial Times in 2018.

The Company has conducted a strategic business review in March 2020 to explore new areas of opportunities and alternate businesses, including but not limited to, the areas of healthcare and medical supplies solutions, artificial intelligence, machine learning and data science. The Company has on 27 July 2020 and 7 October 2020 obtained shareholders' approvals for diversification into (i) trading of medical and related supplies business; and (ii) artificial intelligence, machine learning and data science business, respectively. Subsequently on 12 October 2020, the Company completed the acquisition of 30% equity stake in the Big Data & Artificial Intelligence integrated solutions provider, OOWAY Technology Pte. Ltd.

MILESTONES

2020

- Developed own brand of "Kitchen Culture" German-made kitchens for broader market
- Conducted strategic business review and obtained shareholders' approvals for diversification into (i) trading of medical and related supplies business; and (ii) artificial intelligence, machine learning and data science business.
- Completed 3 fundraising exercises to strengthen the Group's financial position, improve cash flow and increase resources and working capital to pursue new business opportunities.
- Acquired 30% equity stake in Big Data & Artificial Intelligence integrated solutions provider, OOWAY Technology Pte. Ltd.
- Partnered OOWAY Technology Pte. Ltd. to provide services to Camel Financial Services Holdings (Guangzhou) Co., Ltd. (骆驼金服控股(广州)有限公司), nominated financial solutions partner of DHgate.com (敦煌网)

2019

- Entered into collaboration with Haier under China Expansion Plan
- Opened up a new showroom in Chengdu located in a lifestyle furniture mall
- Brought in new brands from Germany
  - Leicht, that specializes in modular kitchen systems
  - Barazza, that specializes in premium kitchen appliances

2018

- Relaunched our own brand, Pureform, for kitchen and wardrobe systems
- Relocated the Corporate Office to a site nearer to our Singapore flagship showroom
- Awarded 1000 High-Growth Companies in Asia-Pacific by Financial Times

2017

- Relocated to a standalone showroom in Kuala Lumpur, Malaysia
- Awarded Singapore 1000 Company – Public Listed Companies 2017 by DP Information Group

2016

- Total revamp of existing Singapore flagship showroom
- Re-fitted showrooms in Hong Kong
- Commemorated 25th anniversary

2015

- Launched and commenced operations of two new mono brand showrooms in Hong Kong
- Launched and commenced operations of KCROOM and KCUBE in Singapore
- Commenced operations of additional showrooms in Chengdu, Sichuan
- Awarded Singapore Tatler – Best Kitchen (Fitted) 2015 by Singapore Tatler and Singapore 1000 Company – Public Listed Companies 2015 by DP Information Group

2014

- Launched and commenced operations of two showrooms in Chengdu, Sichuan
- Awarded Singapore Prestige Brand Award – Maybank Regional Brands and voted the Most Popular Brand within the category

2013

- Entered into a licensing and dealership agreement with an Indonesian business partner in Jakarta, Indonesia

2012

- Incorporated KHL (Hong Kong) Limited in Hong Kong
- Entered into a joint venture with 40% interest as part of expansion plans into Hong Kong
- Opened two showrooms in Hong Kong totalling about 10,000 sq. ft.

2011

- Listed on SGX-Catalist
- Incorporated Kitchen Culture (Hong Kong) Limited and Kitchen Culture (China) Limited in Hong Kong

BRANDS
KITCHEN SYSTEMS

POGGENPOHL S M

With a history of over 120 years and associated with luxury kitchens and quality living, Poggenpohl is the first renowned kitchen system in Germany and each piece is an artful creation that speaks of sheer function in today's modern kitchen.

LA CORNUE S M

La Cornue is determined to preserve the noble values traditionally associated with hand-craft production. The products are individually handmade with patience and pride till today and use modern technology for its cooking purposes.

EGGERSMANN S M HK

Eggersmann prides itself on producing individually tailored luxury kitchens for more than a century, of which the designs can hardly be matched by others for its timelessness and minimalism.

RATIONAL S

A trusted brand name for more than 40 years, Rational ensures high quality fitted kitchens that have been rigorously tested in every detail, and has devoted itself to consistently develop and produce kitchens by people for people.

KITCHEN CULTURE KITCHENS S

We are proud to introduce our own brand of imported German Kitchens manufactured to the same high European standards found in our other brands. We developed this range of products to target the broader market, including first-time home owners.

HÄCKER S M

Having produced modern fitted kitchens that fulfil the highest claims in terms of quality, functionality, durability and design since 1938, Häcker is the reliable partner of this specialist trade both today and in the future.

PUREFORM S

A customised solution offered only to Kitchen Culture's corporate clientele for their project requirements, Pureform represents a service that we are confident will be synonymous with quality, functionality and technology over time.

SNAIDERO HK C

Snaidero has been producing tailor-made kitchens for 70 years. With a wealth of experience built up over a long history of both tradition and innovation. Craftsmanship and technological research are the solid guarantees of quality and long life that have always distinguished Snaidero kitchens.

LEICHT S

LEICHT is one of the top 10 in the German kitchen industry. The company founded as a carpenter's workshop in 1928 by the brothers Alois and Josef. Leicht has come a long way since then and is now leaving its mark on the modern kitchen architecture of the 21st century.

S Singapore M Malaysia HK Hong Kong C China

BRANDS
KITCHEN APPLIANCES AND ACCESSORIES

BORA
S M HK

Intent and focused on developing the market's most efficient cooktop extraction system and the cooktops to go with it. BORA's product range offers different products for different customer groups, all tailored to their desires and requirements.

INVENTUM
S

A traditional Dutch company, founded in the early 20th century by responding to opportunities in electric power as a source of energy for devices. They are known for their revolutionary solution to prevent loss of heat in homes, the Ecolution ventilation heat pump and the safest boiling water tap, the HotSpot Titanium.

KÜPPERSBUSCH
S

Award-winning cooking appliances that indulge your culinary pleasures, Küppersbusch has stood for innovation and tradition more than 135 years, using expertise, creative ideas and stimuli to develop trend-setting technologies that set new standards for modern built-in kitchen appliances.

STEEL
S

Steel, a forefront Italian manufacturer of cooking ranges originally for professional use, is now in its third generation and has expanded its range for the domestic market to include cookers, hoods and outdoor cooking equipment. Innovation and functionality are the bywords for Steel's aesthetic designs and professional approach to kitchen products.

FOSTER
S HK C

Founded in 1973, Foster is an Italian company that operates worldwide. The brand specialises in high-end kitchen appliances such as cooktops, hoods, ovens and sinks. Foster's products are designed for ease of use enhanced by design research and advanced technology and represents the perfect blend of aesthetics and functionality.

BARAZZA
S

Barazza is a name synonymous with an uncompromising attention to quality and elegance of design. Based in Santa Lucia di Piave in Northern Italy, Barazza have forged an inspirational legacy of creating appliances that inject both functionality and style into your home. Barazza's diverse range of stylish cooking appliances – including gas hobs, sinks, multipurpose ovens and integrated stainless steel worktops – allow you to create a precisiondesigned kitchen, perfect for all your cooking needs.

ELICA COLLECTION
S

Design is the unifying element and guiding philosophy of the entire Elica Collection. Universally acclaimed for its radically innovative appearance, Elica Collection transforms a kitchen into a unique and distinctive environment.

TEKA
S C

Teka has a history of more than 90 years, since the beginning of its activity manufacturing agricultural machinery, until now, becoming one of the most important appliances brand around the world. Nowadays, the success of Teka products have gone around the world, until reaching massive awards and success, like in the spanish market, where half of the households own a Teka product.

CANDY
S

Candy manufactured the first Italian washing machine in 1945 and went on to invent the modern front loading washing machine in the late 1950's. Candy quickly became synonymous with washing throughout Italy. Candy is an international brand that offers a comprehensive range of practical, high performance, freestanding and built-in appliances; skillfully combining the most advanced technologies with stylish Italian design.

LIEBHERR
S HK

Refrigeration and freezing equipment from Liebherr has had the mark of quality, reliability and longevity for decades. Thanks to innovative technologies and high quality materials, Liebherr's equipment is particularly convenient and energy-efficient. This applies both to domestic and professional use in trade, craft, gastronomy, commerce and labor.

S Singapore M Malaysia HK Hong Kong C China

BRANDS
HOUSEHOLD FURNITURE

FIMES
S HK

Today, Fimes has become the point of reference for the bedroom furniture district with their new collection of wardrobes, chests, night closets and walk-in closets.

KFF
S HK

KFF aims to provide characteristic, high quality, comfortable designer seating solutions for everyone all over the world that has a taste for modern furniture, of the highest quality standards, in a domestic or a commercial setting made in Lemgo, Germany.

TISETTANTA
S

The range of Tisettanta, from the living area to the wardrobes, from the kitchen to the child's bedrooms, from the bedroom and its accessories. A large variety of choices to personalise every area of the home, following individual likes and needs.

DALL'AGNESE
S

Dall'Agnese boasts an important history in the furniture sector: since 1948 the factory has been playing an active role on the market by introducing new high-quality products in line with the tendencies of the time. The business goal has remained unchanged over the years: creating complete furnishings without turning to outer factories, taking part in every single step of the manufacturing process, from raw materials to finished products, being versatile and taking changes as incentives to improve.

TRE-P & TRE-PIÙ
S

TRE-P & TRE-Più is considered one of the leading brands in the world of Made in Italy design doors. Thanks to its know-how and mission to 'do more' (hence the name of the brand), the brand is able to create unique furnishing doors, making each room unique and fascinating.

S Singapore M Malaysia HK Hong Kong C China

OUR BUSINESS

LIFESTYLE

At Kitchen Culture, we believe that life revolves around the kitchen. Homeowners desire a particular lifestyle that enriches over and above being merely functional. A beautifully designed kitchen, perfect in function and form achieves this by turning the dining area into a pleasant space where people gather for a time of fellowship over good food. Therefore, our products and services are carefully selected to help our customers realize the lifestyle they desire. Our business is organised into two segments: **Distribution and Retail** and **Residential Projects**.

DISTRIBUTION AND RETAIL

The Distribution and Retail segment targets individual home owners who are looking for quality imported kitchens and appliances. We carry many premium brands of kitchens and appliances from Europe and the US. In addition, we have also developed our own "Kitchen Culture" branded range of German-made kitchens for the broader market, including those first time home owners. However, the launch of our "Kitchen Culture" kitchens in Singapore was delayed to second half of 2020 due to the circuit breaker measures.

RESIDENTIAL PROJECTS

The Resiential Projects segment targets the private residential projects market, where we work with developers to supply and install kitchens and appliances as well as wardrobes. In this segment, developers may choose to use our premium kitchen brands, our own "Kitchen Culture" branded German kitchens, or to opt for a totally customised solution. The key advantage of our imported kitchen systems is that they are modular, so it is easier and takes less time to install. As many projects are now adopting prefabricated, prefinished volumetric construction (PPVC) methods, our modular imported kitchen systems help to reduce installation time without sacrificing quality.





RESIDENTIAL PROJECTS

SINGAPORE

PROJECT NAME	DEVELOPER
119 Keng Lee Road	Khian Heng Construction
16 Greendale Avenue	Link (THM) Group
36 & 38 Armenian	Space
7 Namly View	Link (THM) Group
8 Hullet	Hullet Development Pte Ltd
8 Nassim Hill	Tennessee
Altez	Far East Organization
Amber Residences	Voda Land
Andrew Road Cluster Houses	Koh Brothers
Anguilla Park	Elevation Developments
Ardmore 3	Wheelock Properties
Ardmore 7	Pontiac Land
Ardmore 8	SC Global Developments
Ardmore Residences	Pontiac Land
Areana Residences	Roxy-Pacific Holdings Limited
Arthur 118	Fortune Development
Bishopsgate	Kajima Overseas Asia
Bluwater	Novelty Group
Boutiq @ Killiney	Heeton Holdings
Bvld Super Penthouses	SC Global Developments
Cable Road	Straits Developments
Cairnhill Residences	Allgreen Properties
Charleston	Cosland Development
Chepstow Ville	Uni-Global Enterprises
Clermont Residence	Guocoland
Coral Island	Ho Bee Land
Corals at Keppel Bay	Keppel Bay
Cyan	Far East Organization
D'Leedon	CapitaLand
D'Pavillion	MCL Land
East Galleria	Fortune Development
Eden Residences Capitol	Capitol Investment Holdings
Elevation	Elevation Developments
Fernhill Cottage	SB Development
Floridian	Far East Organization
Gallop Road	Elevation Developments
Goodman Crescent	Uni-Global Enterprises
Grange Infinite	CEL Development
Green Collection	Elevation Developments
Greenleaf View	Link (THM) Group
Greenwood Mews	Far East Organization
Hamilton Scotts	Reignwood Holding
Hana	Pontiac Land
Hana @ Tomlinson	Pontiac Land
Handy Road	JBE Properties
Harlyn Road	Elevation Developments
Hillcrest Villa	MCL Land
Holland Suites	Kinly Investment
Horizon	Far East Organization
iLiv @ Grange	Heeton Holdings
Jalan Unggas	Elevation Developments
Jardin	Far East Organization
Lakeshore Drive	Elevation Developments
Leonie Parc View	Soilbuild Group
Link (THM) HQ	Link (THM) Group
Lynwood Eight	Uni-Global Enterprises
Marina One	MS Residential
Martia Residences	Roxy Development
Miro Residence	Far East Organization

PROJECT NAME	DEVELOPER
Mont Botanik	Tuan Sing Holdings Limited
Mustafa	Khian Heng Construction
Namly Garden	Novelty Group
Nathan Suites	TID
New Futura	City Sunshine Holdings
Ocean Drive	Elevation Developments
Paradise Island	Ho Bee Land
Parc Botannia	Sing Holdings Limited & Wee Hur Holdings Ltd
Paterson II	Keong Hong Properties
Paterson Suites	Bukit Sembawang Estates
Peirce Village	City Development
Platinum Edge	Novelty Land
Radix @ Jalan Wakaff	Novelty Group
Reflections By The Bay	Keppel Land
Resort World Sentosa	Resort World
Ritz Carlton Residences	Royce Properties
Ritz Residences	Hayden Properties
Rivergate	CapitaLand
Riviere	Frasers Property Limited
RV Altitude	Roxy-Pacific Holdings Limited
Sandy Island	YTL Corporation
Scotts High Park	CapitaLand
Seawind	Far East Organization
Sentosa Dev – Penthouses	Nobel Design
Setia Residences	Setia
Silversea	Far East Organization
Sound	Far East Organization
South Beach	South Beach Consortium
Spottiswoode Suites	Centurion Properties & Lian Beng Group
Sui Generis	Kajima Overseas Asia
Swettenham	LCD Developments
Swettenham Road	LCD Property Management
The Fernhill	MCL Land
The Gazania	SingHaiyi Group
The Glyndebourne	City Development
The Greenwood	Far East Organization
The Hilltop	SC Global Developments
The Lilium	SingHaiyi Group
The Loft	CapitaLand
The Lumos	Koh Brothers/Heeton Holdings
The Marq	SC Global Developments
The Meyerise	Hong Leong Holdings
The Nassim	CapitaLand
The Orange Grove	Ho Bee Land
The Orchard Residences	Orchard Turn Development & CapitaLand
The Tomlinson	Wing Tai Properties
The Vanadium	Novelty Group
Trillight	Ho Bee Land
V on Shenton	UIC Investment (Properties)
Victoria Street	Perennial Real Estate
Vida Residences	Far East Organization
Vista Residences	Far East Organization
Volari	City Development
Waterfall Gardens	MCL Land

RESIDENTIAL PROJECTS

REGIONAL

PROJECT NAME	DEVELOPER
77 Peak Road	Wharf Peak Properties Ltd.
3-7 Wing Hing Street	Wu Yi (Holdings) Co Ltd
8 Mount Nicholson Road	Wheelock Properties
8-12 Deep Water Bay Drive	Nan Fung Group
8-12 Deep Water Bay Drive	Nan Fung Group
Anderson Road	Alpha Building Construction
Banjai on the Park	Layar Intan
Beacon Hill	Kerry Project Management (H.K.) Ltd
Beringin Residences	Beringin Terrace
Damansara City	GLM Property Development
Deep Water Bay Drive	Nan Fung Group
Deep Water Bay Road	Kadoorie Estates
Emerald Bay	Bandar Raya Developments
Henderson Road	Asia Standard International Group Ltd.
Kadoorie Avenue	Kadoorie Estates
Kam Sheung Road	Hui Bao International Investment
Le Nouvel	Wing Tai Malaysia
M5 Private Hotel	Chengdu Chongwen Hotel Management
Mount Kellet Road	Nam Fung Group/Chun Yip Construction
Nigella Park, Forest City	Country Garden Pacific View Sdn Bhd
No.1 Shouson Hill Road	East Sea Group
No.3 Lung Kui Road, Beacon Hill	Kerry Project Management (H.K.) Ltd
No.3 Lung Kui Road, Beacon Hill	Kerry Project Management (H.K.) Ltd
No.4 Headland Road, Repulse Bay	Pokfulam Development Company Limited
No.7 Headland Road, Repulse Bay	Kadoorie Estates Ltd.
No.8 Bount Nicholson Rd.	Wheelock Properties
One Menerung	Bandar Raya Developments
Pak Shek Kok	The Great Eagle Development and Project Management Ltd.
Pak Shek Kok 2014	Great Eagle Holdings Ltd.
Prince Edward West	Trump Elegant
Rua do Padre João Climaco	Vember (Macau) LIMITADA
Stanley Village Road	WMKY
Travistock, Mid-Level	Kerry Properties
Water Villas	IJM Land
Winfield Building	Nam Fung Group

KITCHEN CULTURE
PRESENCE

SINGAPORE

CORPORATE OFFICE

2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086

KITCHEN CULTURE SHOWROOM

2 Leng Kee Road
#01-02/05 Thye Hong Centre
Singapore 159086

KCROOM SHOWROOM

2 Leng Kee Road
#01-07 Thye Hong Centre
Singapore 159086

HONG KONG

CORPORATE OFFICE AND SHOWROOM

Room 904 Centre Point
181-185 Glouscester Road
Wanchai, Hong Kong

MALAYSIA

CORPORATE OFFICE AND SHOWROOM

Unit G8, Lot PT 317, Jalan Angerrik
Kampung Sungai Kayu Ara
47400 Petaling Jaya Selangor
Malaysia

CHINA

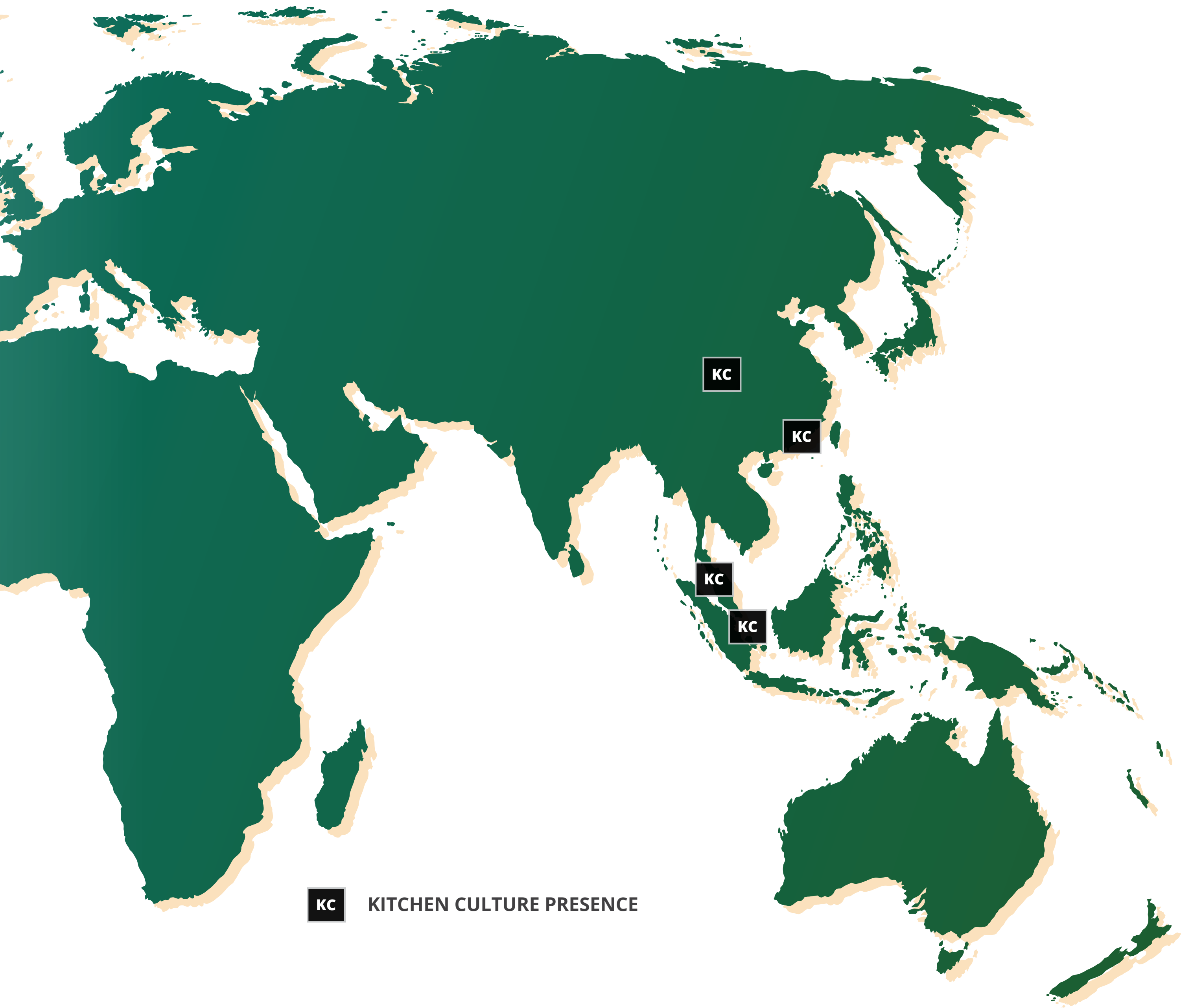
CORPORATE OFFICE

No. 99 Dong Da Street
The Atrium Shopping Mall
Room 201, 202 & 203
Chengdu, China

SHOWROOM

3302, 3rd Floor,
No. 2 Fusenmei
No. 99 Duhui Road
Wuhou District
Chengdu, China

KITCHEN CULTURE PRESENCE



OUR
CORPORATE STRUCTURE

As at 13 October 2020

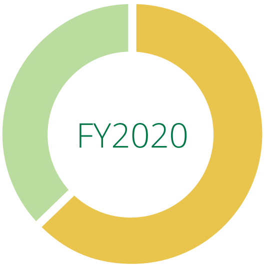
kitchen culture

- 100% **KHL MARKETING ASIA-PACIFIC PTE. LTD.** (SINGAPORE)
  - 100% KITCHEN CULTURE PTE. LTD. (SINGAPORE)
  - 100% HAUS FURNISHINGS AND INTERIORS PTE. LTD. (SINGAPORE)
  - 100% KITCHEN CULTURE SDN. BHD. (MALAYSIA)
  - 100% KCROOM PTE. LTD. (SINGAPORE)
  - 100% KCUBE PTE. LTD. (SINGAPORE)
  - 40% KITCHEN CULTURE (SICHUAN) CO., LTD. (CHINA)
- 100% **KHL (HONG KONG) LIMITED** (HONG KONG)
  - 70% KITCHEN CULTURE (HONG KONG) LIMITED (HONG KONG)
  - 70% KITCHEN CULTURE (MACAU) LIMITED (MACAU)
- 100% **KITCHEN CULTURE (CHINA) LIMITED** (HONG KONG)
- 100% **BEEF UP GLOBAL PTE. LTD.** (SINGAPORE)
- 100% **KC MEDICAL SUPPLIES PTE. LTD.** (SINGAPORE)
- 30% **OOWAY TECHNOLOGY PTE. LTD.#** (SINGAPORE)

Acquired after 30 June 2020

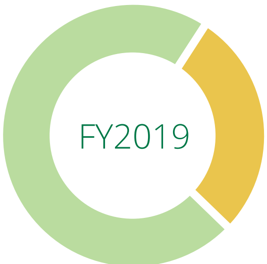
FINANCIAL HIGHLIGHTS

REVENUE BY BUSINESS SEGMENT (S$'000)



RESIDENTIAL PROJECTS
9,587 (63.0%)

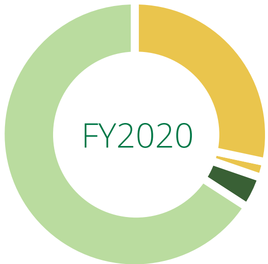
DISTRIBUTION AND RETAIL
5,635 (37.0%)



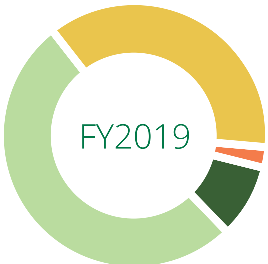
RESIDENTIAL PROJECTS
3,130 (28.3%)

DISTRIBUTION AND RETAIL
7,921 (71.7%)

REVENUE BY GEOGRAPHICAL REGION (%)



SINGAPORE
29.4%
MALAYSIA
0.9%
CHINA
2.2%
HONG KONG
67.5%



SINGAPORE
37.1%
MALAYSIA
2.5%
CHINA
9.0%
HONG KONG
51.4%

S$'000	FY2020	FY2019	FY2018	FP2017	FY2015
Revenue	**15,222**	**11,051**	**14,388**	**49,552**	**26,610**
Cost of sales	(10,256)	(6,280)	(8,111)	(34,895)	(13,946)
Gross profit	**4,966**	**4,771**	**6,277**	**14,657**	**12,664**
Other income	534	279	485	247	1,072
Gain on disposal of subsidiary corporation	1,140	–	–	–	–
Selling and distribution expenses	(1,843)	(2,856)	(4,510)	(10,028)	(9,143)
Other operating expenses	(1,387)	(825)	(780)	(561)	(5,098)
General and administrative expenses	(6,038)	(4,723)	(4,785)	(9,901)	(5,159)
Finance costs	(2,099)	(432)	(702)	(1,332)	(835)
Loss before tax	**(4,727)**	**(3,786)**	**(4,015)**	**(6,918)**	**(6,499)**
Tax (expense)/credit	82	(337)	–	–	452
Loss for the year/period	**(4,645)**	**(4,123)**	**(4,015)**	**(6,918)**	**(6,047)**
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	(104)	247	(207)	40	317
Exchange differences transferred to profit or loss upon remeasurement of investment	–	–	–	–	(11)
Total comprehensive loss for the year/period	**(4,749)**	**(3,876)**	**(4,222)**	**(6,878)**	**(5,741)**
(Loss)/Profit attributable to:					
Owners of the Company	(4,771)	(3,874)	(4,026)	(6,930)	(5,344)
Non-controlling interests	126	(249)	11	12	(703)
	(4,645)	**(4,123)**	**(4,015)**	**(6,918)**	**(6,047)**
Total comprehensive (loss)/income attributable to:					
Owners of the Company	(4,860)	(3,625)	(4,241)	(6,901)	(5,058)
Non-controlling interests	111	(251)	19	23	(683)
	(4,749)	**(3,876)**	**(4,222)**	**(6,878)**	**(5,741)**

CHAIRMAN AND CEO STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**") of Kitchen Culture Holdings Ltd. ("**Kitchen Culture**" or the "**Company**" and together with its subsidiaries, the "**Group**"), I am pleased to present to you the Annual Report of the Company for the financial year ended 30 June 2020 ("**FY2020**").

The COVID-19 pandemic has affected the global economy and further exacerbated the challenging environment that the Group operates in. The Group had to suspend its Singapore operations and Kitchen Culture Showroom in compliance with the COVID-19 Circuit Breaker. The Residential Projects segment of the Group also ceased operations during the same period as many of the property developers and main contractors had to temporarily suspend operations.

Nonetheless, the Group was able to grow its revenue for FY2020 by 37.8%, amidst the challenging backdrop, from S$11.1 million for FY2019 to S$15.2 million for FY2020 mainly driven by the Residential Projects business. Despite a 28.9% decrease in the Retail and Distribution business, the Group's Residential Projects business almost tripled to S$9.6 million, derived mainly from 6 residential projects in Singapore and 2 residential projects in Hong Kong. The Group recorded a net loss of S$4.6 million for FY2020 mainly due to higher operating expenses and finance cost which was partially offset by a gain on disposal of subsidiary corporation.

As at 30 August 2020, the Group's project portfolio stood at S$21.2 million comprising 5 residential projects in Singapore, which are expected to be completed over the next 2 to 3 years.

MOVING FORWARD

Over the years, the Group has forged close relationships with brand partners and suppliers as well as developed a reputation among its customers as a premier kitchen solutions provider for discerning and well-heeled consumers in Singapore, China, Hong Kong and Malaysia. Leveraging on the Group's established brand name and reputation for quality and service, the Group has been able to secure a sustainable pipeline of new projects amidst global economic and political uncertainties. In addition, the Group has, after FY2020, launched its own brand of "Kitchen Culture" German-made kitchens to target the broader market. Therefore, the Group expects modest revenue growth for the next 12 months even in this difficult environment with anticipated cutback in domestic consumption amidst strict safe distancing and safety measures.

During the period under review, the Board has conducted a strategic review of its business segments and announced that the Group is looking to explore new areas of opportunities and alternate businesses in the areas of healthcare and medical supplies solutions, artificial intelligence, machine learning and data science. Subsequently, the Group completed the acquisition of 30% equity stake in OOWAY Technology Pte. Ltd. ("**OOWAY**"), a Big Data & Artificial Intelligence integrated solutions provider. OOWAY's credit 3.0 platform known as the Behaviour Model of Association Risk System (bMARS®) is one of, if not the first, credit management platforms in China and ASEAN to perform credit evaluation and prediction based on corporate behaviour. We have high hopes that this investment will deliver great value to our shareholders.

APPRECIATION

I would like to take this opportunity to welcome Mr Loy Soo Toon as Executive Director in charge of Business Development of the Group. Mr Loy is spearheading the search for new customers and businesses of the Group and has achieved significant milestone for the Group since coming on board.

I would also like to welcome Mr Lau Kay Heng to join our Board. Mr Lau who was appointed as the Company's Independent Director on 24 February 2020 and had been re-designated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020. Mr Lau will spearhead the Group's investment strategy and fundraising activities going forward.

Next, we would like to express our heartfelt gratitude to Mr Chua Siong Kiat, who stepped down as Independent Director of the Company on 31 August 2020, and Mr Kesavan Nair, who will retire as Independent Director of the Company at the forthcoming annual general meeting of the Company to be held on 29 October 2020. We wish them all the best for their future endeavours.

Last but not least, I would like to express our appreciation to our shareholders, staff, business partners and customers for their dedication and support. While the road ahead is not without its challenges, we are confident that the actions we are taking today will deliver value and growth to our stakeholders in time to come.

LIM WEE LI
Executive Chairman and
Chief Executive Officer

OPERATIONS AND FINANCIAL REVIEW

REVENUE

Group revenue in FY2020 amounted to S$15.2 million, an increase of 37.8% or S$4.1 million from $11.1 million in FY2019. The increase was attributable to higher revenue contribution from the Residential Projects segment by 206.3% or S$6.5 million while the Distribution and Retail segment decreased by 28.9% or S$2.3 million.

The Residential Projects segment accounted for 63.0% or S$9.6 million of the Group's revenue, derived from 8 ongoing projects. Residential Projects revenue increased by 206.3% or S$6.5 million due to commencement of 5 projects during the year, of which 2 projects in Hong Kong were near to completion during FY2020. Comparatively, revenue for Residential Projects in FY2019 was from 7 ongoing projects carried forward from FY2018 which only accounted for 28.3% or S$3.1 million of the Group's revenue. The increase in revenue for this segment occurred in Singapore (S$0.9 million) and Hong Kong (S$5.7 million) and partially offset by a decrease in Malaysia (S$0.1 million).

The Distribution and Retail segment accounted for 37.0% or S$5.6 million of the Group's revenue in FY2020. This was a decrease of 28.9% or S$2.3 million compared with FY2019 wherein the Distribution and Retail segment accounted for 71.7% or S$7.9 million of the Group's revenue. The decrease in revenue for this segment was mainly the result of the COVID-19 situation in which affected all of the Group's operations in Singapore (S$0.5 million), Hong Kong (S$1.1 million), China (S$0.6 million) and Malaysia (S$0.1 million).

GROSS PROFIT

Gross profit in FY2020 was S$5.0 million. This is an increase of 4.1% or S$0.2 million from S$4.8 million in FY2019. However, overall gross profit margin decreased by 10.6 percentage points to 32.6% in FY2020, from 43.2% in FY2019.

The decrease in overall gross profit margin was largely the result of increased raw material costs incurred on projects in Singapore, even though the Distribution and Retail segment recorded a marginal increase in gross profit margin due to reduction on sales discounts given in Singapore and Hong Kong.

OTHER INCOME

Other income increased by S$0.2 million from S$0.3 million in FY2019 to S$0.5 million in FY2020, due to S$0.2 million received from the Singapore Government through the COVID-19 relief measures.

GAIN ON DISPOSAL OF SUBSIDIARY CORPORATION

In FY2020, the Group recorded a gain on disposal of subsidiary corporation of S$1.1 million following the disposal of 60% of the registered capital of Kitchen Culture (Sichuan) Co., Ltd. ("**KCSC**") completed in June 2020 and KCSC was reclassified from a subsidiary to an associated company of the Group.

OPERATING EXPENSES

Selling and distribution expenses decreased by 35.5% or S$1.0 million, from S$2.8 million in FY2019 to S$1.8 million in FY2020. The decrease was mainly due to a reclassification of rental expenses of S$1.1 million to general and administrative expenses arising from adoption of SFRS(I) 16, partially offset by an increase in staff costs of S$0.1 million.

General and administrative expenses increased by S$1.3 million in FY2020, from S$4.7 million in FY2019 to S$6.0 million in FY2020. This was due mainly to S$1.1 million reclassified from selling and distribution expenses above, an increase in legal and professional fee of S$0.6 million mainly for consultancy fees in connection with the Group's fundraising and marketing exercises and an increase in staff costs of S$0.4 million arising from increased management and administration headcount in Singapore, which was partially offset by decreases in depreciation charges, general expenses, maintenance of office/ showroom premises, rental expenses, postage and packing, insurance, telephone, utilities and Directors' fee.

OTHER OPERATING EXPENSES

Other operating expenses increased by 68.1% or S$0.6 million, from S$0.8 million in FY2019 to S$1.4 million in FY2020. The increase was mainly due to an increase in bad debts written off of S$0.4 million, a net increase in write down of inventories of S$1.2 million and absence of provision for defect liability and waiver of output tax which occurred in FY2019 totalling S$0.1 million, which was partially offset by a decrease in foreign exchange loss of S$0.6 million.

OPERATIONS AND FINANCIAL REVIEW

FINANCE COST

Finance cost increased by 385.7% or S$1.7 million, from S$0.4 million in FY2019 to S$2.1 million in FY2020, due mainly to interest accrued for the Convertible Loan and term loans from third parties secured during the financial year.

RESULTS FOR THE FINANCIAL YEAR

The Group recorded loss before income tax of S$4.7 million in FY2020 as compared to loss of S$3.8 million in FY2019 due to the reasons explained above.

ASSETS

The Group's total assets increased by S$9.1 million from S$13.8 million as at 30 June 2019 to S$22.9 million as at 30 June 2020.

The increase in total assets was mainly attributable to:

a. an increase in cash and cash equivalents of S$6.1 million, due mainly to proceeds from term loans from external third parties;

b. a net increase in trade receivables and contract assets of S$3.7 million resulting from:

   i. a net increase of S$4.3 million in trade receivables, mainly due to billings for work completed in FY2020 (Hong Kong S$3.6 million; Singapore S$0.7 million);

   ii. a net decrease in allowance for doubtful debts of S$0.3 million (Singapore); and

   iii. a decrease of S$0.2 million in retention sum from settlement of final account (Singapore);

c. an increase in deferred tax assets of S$82,000 (Hong Kong) from recognition of tax benefits recoverable in the foreseeable future;

d. an increase in property, plant and equipment of S$1.2 million, mainly due to addition of right-of-use assets of S$2.7 million arising from adoption of SFRS(I) 16, and motor vehicle of S$0.1 million, less depreciation charges of S$1.6 million; and

e. partially offset by a decrease in inventories of S$2.0 million, mainly used in operations and included in cost of sales (S$1.4 million) and inventories write down / write off of S$1.4 million.

LIABILITIES

The Group's total liabilities increased by S$9.9 million from S$19.1 million as at 30 June 2019 to S$29.0 million as at 30 June 2020.

The increase in total liabilities was mainly attributable to:

a. an increase in other payables of S$4.9 million due to increases in:

   i. amount due to a director of the Company, namely Mr Lim Wee Li, of S$2.5 million;

   ii. amount due to a third party of S$2.7 million;

   iii. accrued expenses for cost of sales and interest on loans of S$0.7 million; and

   iv. partially offset by a decrease to other creditors of S$1.1 million from payments to vendors for provision of services;

b. an increase in borrowings of S$5.0 million from (i) the Convertible Loan and its accrued interest of S$7.0 million and (ii) term loan from a third party of S$1.7 million, partially offset by (iii) repayment of loans from third parties of S$3.6 million and bank overdraft of S$0.1 million;

c. an increase in lease liabilities of S$1.2 million mainly arising from adoption of SFRS(I) 16; and

d. a net decrease in trade payables and contract liabilities of S$1.2 million mainly due to a net decrease in sales deposits received for orders placed on kitchen systems and appliances of S$1.0 million, and a decrease in trade payables of S$0.2 million.

SHAREHOLDER'S EQUITY

The Group recorded negative total equity of S$6.1 million as at 30 June 2020, compared with negative total equity of S$5.3 million as at 30 June 2019 due mainly to the loss after income tax recorded in FY2020, partially offset by the increase in share capital by S$4.0 million arising from a placement exercise.

BOARD OF DIRECTORS

MR LIM WEE LI
Executive Chairman and CEO

Mr Lim Wee Li is the Executive Chairman and CEO of the Company and is responsible for the formulation of the Group's strategic directions and expansion plans. He established and founded the Group in 1991 and has spearheaded the business. He oversees the sales, marketing and business development of the Group and liaises with brand principals for securing distribution rights for the Group. Mr Lim graduated with a Bachelor of Business Administration, majoring in Corporate Finance from University of North Texas, USA in 1988. He was awarded Top Entrepreneur of the Year 2008 by the Association of Small and Medium Enterprise and Rotary Club of Singapore. He is a member of the Singapore Chinese Chamber of Commerce. In 2012, Mr Lim was presented another prestigious entrepreneurial award, the Outstanding Entrepreneurship Award, by Enterprise Asia. He was conferred the Darjah Indera Mahkota Pahang (DIMP) award which carries the title 'Dato' by State Secretary of Pahang in April 2012.

MR LOY SOO TOON
Executive Director, Business Development

Mr Loy Soo Toon was appointed as the Company's Executive Director on 11 February 2020. Mr Loy is responsible for spearheading the search for new customers and businesses of the Group. Mr Loy was a Public Service Commission of Singapore Local Merit Scholar and holds a Bachelor Degree in Accountancy from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants. He has more than 25 years' experience in accounting, auditing, business development, corporate advisory, mergers and acquisitions. Prior to joining the Group, Mr Loy has held Chief Financial Officer roles in both public listed and private companies. He also started the Masters of Science in Analytics programme in Nanyang Technological University in 2014 and was the Programme Manager who oversaw the successful roll out and running of the programme until July 2019.

MR LAU KAY HENG
Executive Director and Chief Investment Officer

Mr Lau Kay Heng was appointed as the Company's Independent Director on 24 February 2020 and was subsequently re-designated as Executive Director and Chief Investment Officer of the Company on 1 October 2020. He is responsible for the formulation of the Group's investment and fund-raising strategies. Mr Lau has over 20 years of corporate management and corporate advisory experience, gained from various renowned multinational and Singapore listed companies in the Asia Pacific region. These companies range across medical, chemical, pharmaceutical, interior decoration and environmental industries. Prior to joining the Company, Mr Lau was the Managing Director of Stirling Coleman Capital Limited, a corporate advisory firm specializing in corporate advisory, private equity, mergers and acquisitions, and IPO transactions in Singapore and a few other Asian countries. Mr Lau is currently the Independent Director of DISA Limited and Regal International Group Ltd. Mr Lau was a Public Service Commission of Singapore Local Merit Scholar and graduated from the National University of Singapore with a Bachelor of Science degree.

BOARD OF DIRECTORS

MR TEO CHOON KOW @ WILLIAM TEO
Lead Independent Director

Mr William Teo is the Lead Independent Director of the Company and was appointed on 1 February 2019. Mr Teo has retired since 2004 and is now focusing on his independent directorships in Singapore listed companies and on other principal commitments. Mr Teo is currently an independent director of Wee Hur Holdings Ltd, PSL Holdings Limited and Datapulse Technology Limited. Prior to that, he was a director of Ascendent Technology Pte. Ltd. and Fral Ballistic Pte. Ltd. From 1997 to 2004, he was the vice-president of Walden International Investment Group where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work. He is a Fellow of Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master in Management from Asian Institute of Management, Philippines.

MR KESAVAN NAIR
Independent Director

Mr Kesavan Nair is an Independent Director of the Company and was appointed to the Board on 27 June 2011. Mr Nair is an Advocate and Solicitor and commenced his practice with M.P.D. Nair & Co., in 1992. He is presently a Director with Bayfront Law LLC. Mr Nair graduated with a Bachelor of Laws (Honours) from The University College of Wales. He was admitted as a Barrister-at Law, Middle Temple in 1990, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory in 1991 and an Advocate & Solicitor of the Supreme Court of Singapore in 1992. Mr Nair also serves as an independent director of other listed companies in Singapore.

KEY MANAGEMENT

MR LEE FOO TUCK
Financial Controller

Mr Lee Foo Tuck was appointed as Financial Controller of the Group on 19 September 2017. Mr Lee is responsible for the Group's financial and accounting related matters and other corporate and regulatory matters. Mr Lee is a Certified Accountant and is a Fellow of the Association of Chartered Certified Accountants (UK). He has more than 40 years of experience in accounting and finance and has held various managerial positions in several companies prior to joining the Group.

MR QUEK WEY LON
Chief Operating Officer

Mr Quek Wey Lon was appointed as Chief Operating Officer of the Group on 10 January 2020. Mr Quek is responsible for overseeing the day-to-day operations of the administrative and operations functions of the Group in order to execute the Group's strategy. Prior to joining the Group, Mr Quek was the Managing Director of Sinbor Company (Private) Limited from September 2012 to December 2019. From April 2006 to September 2012, he was a Consulting Director at Ventus Global Pte. Ltd. He is a Fellow of the Institute of Chartered Accountants in England and Wales and member of the Institute of Singapore Chartered Accountants. Mr Quek graduated from King's College London with a Bachelor of Electrical and Electronic Engineering (First Class Honours) degree.

FINANCIAL CONTENTS

The Board of Directors (the "**Board**") of Kitchen Culture Holdings Ltd. (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. The Company has put in place various personnel, policies and practices that will safeguard the interests of shareholders and enhance long-term shareholder value as part of its effort to maintain high standards of corporate governance.

The Company believes that the Singapore Code of Corporate Governance 2018 (the "**Code**") serves as a practical guide in defining duties and responsibilities of the Board. This corporate governance report (the "**Report**") outlines the main corporate governance practices and procedures adopted by the Group in the financial year ended 30 June 2020 ("**FY2020**") with reference made to each of the principles and provisions of the Code. The Board confirms that the Company has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FY2020. In respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this Report.

The Company will also continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>**Provision 1.1**</u> **Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders' value.

Besides carrying out its statutory responsibilities, the Board's role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and Company's assets;
- review the performance of the Company's management (the "**Management**");
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues as part of its strategic formulation.

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interest of the Group.

The Company has in place a Code of Conduct and Ethics for the Board and Employee Handbook which covers, *inter alia*, Code of Conduct and Business Conduct Guidelines. All employees of the Group are to uphold the principles set out in the Employee Handbook and conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates.

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

Provision 1.2 **Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.**

During FY2020, the Company experienced the following changes to the Board:

(a) Cessation of Mr Tan Han Beng as Independent Director and a member of the Audit Committee ("**AC**"), Remuneration Committee ("**RC**"), and Nominating Committee ("**NC**") with effect from 31 July 2019;

(b) Appointment of Mr Chua Siong Kiat as Independent Director, Chairman of the RC, and a member of the AC and NC with effect from 16 December 2019. Mr Chua Siong Kiat has since resigned with effect from 31 August 2020;

(c) Appointment of Mr Loy Soo Toon as Executive Director, Business Development with effect from 11 February 2020; and

(d) Appointment of Mr Lau Kay Heng as Independent Director and a member of the AC, RC, and NC with effect from 24 February 2020. Following the aforementioned resignation of Mr Chua Siong Kiat, Mr Lau Kay Heng was redesignated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng has since been redesignated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020, and has accordingly relinquished his role as Chairman of the RC and a member of the AC and NC.

In accordance with revisions to Catalist Rules with effect from 1 January 2019, the NC will ensure that any new Director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, undergoes mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

As Mr Chua Siong Kiat and Mr Lau Kay Heng had prior experience as directors of issuers listed on the SGX-ST, the mandatory training courses were not applicable to them. As Mr Loy Soo Toon's last experience as a director of an issuer listed on the SGX-ST was more than 20 years ago, the Company had arranged for him to receive training in the roles and responsibilities of a director of an issuer listed on the SGX-ST as prescribed by the SGX-ST.

In addition to the mandatory training (if applicable), when a new Director is to be appointed, he will receive appropriate orientation to familiarise himself with the business and organisation structure of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the Management. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.

When necessary, the existing Directors are provided with updates on changes to the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. As part of training for the Board, the Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry-related matters. The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars conducted by bodies such as the SGX-ST and Singapore Institute of Directors, at the Company's expense.

During FY2020, Directors were provided with briefings and updates on: (i) the changes in accounting standards as well as key audit matters by the independent auditor, Nexia TS Public Accounting Corporation ("**Independent Auditor**") during the AC meetings; (ii) changing commercial risks and business conditions of the Group by the Management during the Board and/or Board Committee meetings; and (iii) updates to the Catalist Rules by the Company's sponsor, SAC Capital Private Limited. In addition, the Management has given new Directors who joined the Company in FY2020 an orientation on the Group's business and products and familiarisation tour to its Singapore office and showroom.

Provision 1.3 **The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.**

Matters which specifically require the Board's decision or approval are those involving, but not limited to:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment or re-appointment to the Board and appointment of key personnel;
- announcement of half-year and full-year results, the annual report and audited financial statements;
- material acquisitions and disposal of assets;
- major corporate actions;
- declaration of dividends;
- all matters of strategic importance; and
- corporate governance matters including interested person transactions.

Provision 1.4 **Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.**

Board Committees, namely the AC, NC and RC, have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures. The compositions, principle functions and roles of the Board Committees are described in subsequent sections of this Report.

While these committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

Provision 1.5 **Directors attend and actively participate in Board and Board Committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.**

The Board meets at least twice a year at regular intervals. Besides the scheduled Board meetings, *ad hoc* meetings involving the Board and the Management are held as and when there is a need to review important matters such as major acquisition and divestment and related funding requirements. The Company's Constitution provides for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means. The Board and Board Committees may also make decisions by way of circulating resolutions in writing.

During FY2020, the number of Board meetings, Board Committee meetings and general meetings held and attended by each member of the Board is as follows:

	Board	Board Committee			General Meeting	
		AC	NC	RC	Annual	Extraordinary
Number of meetings held	2	2	1	1	1	1
	Number of meetings attended					
Lim Wee Li	2	2*	1*	1*	1	1
Loy Soo Toon (1)	1	1*	–	–	–	1
William Teo Choon Kow	2	2	1	1	1	1
Kesavan Nair	2	2	1	1	1	1
Chua Siong Kiat (2)	1	1	–	–	–	1
Lau Kay Heng (3)	–	–	–	–	–	1
Tan Han Beng (4)	–	–	–	–	–	–

Notes:

* By invitation

(1) Mr Loy Soo Toon was appointed as Executive Director, Business Development of the Company with effect from 11 February 2020.

(2) Mr Chua Siong Kiat was appointed as Independent Director, Chairman of the RC, and a member of the AC and NC of the Company with effect from 16 December 2019. Mr Chua Siong Kiat has since resigned with effect from 31 August 2020.

(3) Mr Lau Kay Heng was appointed as Independent Director and a member of the AC, RC, and NC of the Company with effect from 24 February 2020. Following the abovementioned resignation of Mr Chua Siong Kiat, Mr Lau Kay Heng was redesignated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng has since been redesignated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020, and has accordingly relinquished his role as Chairman of the RC and a member of the AC and NC.

(4) Mr Tan Han Beng ceased to be an Independent Director and a member of the AC, RC and NC of the Company with effect from 31 July 2019.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The NC has also taken into consideration the other principal commitments of the Directors in deciding if the Directors are able to and have adequately carried out their duties. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

Provision 1.6 **Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.**

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board and Board Committee meetings. Board papers which contain sufficient information on the issues to be considered are prepared and circulated to the Directors in advance for each meeting to give the Directors sufficient time to review the matters to be discussed. In respect of budgets or internal forecasts, any material variance between the projections and the actual results should be disclosed to and explained to the Board. The Directors are entitled to request from the Management and should be provided with such additional information as needed to make informed decisions and the Management shall provide the same in a timely manner.

Provision 1.7 **Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.**

The Directors are provided with the contact details of the Management and the Company Secretary to facilitate separate and independent access.

Together with the Management, the Company Secretary is responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the provisions in the Catalist Rules are complied with. The Company Secretary is required to attend and prepare minutes for all Board and Board Committee meetings. The appointment and the removal of the Company Secretary is a matter for the approval of the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

Board Composition and Guidance

Principle 2: 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.

Provision 2.1 **An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.**

The Board currently comprises five (5) members, being three (3) Executive Directors and two (2) Independent Directors, as follows:

Executive Directors	
Mr Lim Wee Li	Executive Chairman and Chief Executive Officer ("**CEO**")
Mr Loy Soo Toon	Executive Director, Business Development
Mr Lau Kay Heng	Executive Director and Chief Investment Officer
Independent Directors	
Mr William Teo Choon Kow	Lead Independent Director and Chairman of AC
Mr Kesavan Nair	Independent Director and Chairman of NC

The independence of each Independent Director is reviewed annually and as and when circumstances require, by the NC, based on the guidelines set forth in the Code and the Catalist Rules to ensure that the Board consists of persons who, together, will provide core competencies and independent business judgements and perspectives necessary to meet the Company's objectives.

In accordance with the revisions to the Catalist Rules, Rule 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019 stipulates that a director will not be considered as independent if (i) he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or (ii) he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three (3) financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationship with the Company or any of its related corporations for the current or any of the past three (3) financial years, and they also do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC is of the view that Mr William Teo Choon Kow and Mr Kesavan Nair are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

The independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment will be subject to particularly rigorous review. The Board is of the view that the independence of the independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years which they have served on the Board. Currently, Mr Kesavan Nair has served on the Board for more than nine (9) years from the date of his first appointment. The Board conducted rigorous review by examining any conflicts of interest, his review and scrutiny of matters and proposals put before the Board, his exercise of independent judgement, the effectiveness of his oversight role as a check and balance on the acts of the Executive Directors and the Management as well as his role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers Mr Kesavan Nair to remain independent.

Mr Kesavan Nair will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming annual general meeting (**"AGM"**). Mr Kesavan Nair will not be seeking re-election at the AGM in order to facilitate Board renewal. His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Mr Kesavan Nair will cease to be the Chairman of the NC and a member of the AC and RC upon his retirement from the Board.

Provision 2.2 **Independent directors make up a majority of the Board where the Chairman is not independent.**

Provision 2.3 **Non-executive directors make up a majority of the Board.**

The Company endeavours to maintain a strong and independent element on the Board. The Board currently comprises five (5) members, of whom three (3) are Executive Directors and two (2) are Independent Directors.

As the two (2) Independent Directors on the Board forms less than 50% composition of the Board, Provisions 2.2 and 2.3 of the Code are not satisfied. In addition, the Board Committees currently fall short of the requisite three (3) members as recommended by the Code. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancies in the Board and Board Committees, arising from the redesignation of Mr Lau Kay Heng and retirement of Mr Kesavan Nair, by 31 December 2020 in order to comply with Rule 704(7) of the Catalist Rules and the provisions set forth in the Code.

Notwithstanding the above, the Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision making. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. All major decisions made at the Board are unanimous and the Independent Directors have not been out-voted.

Provision 2.4 **The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.**

The Board, through the NC, has examined its size and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

As mentioned in Provisions 2.2 and 2.3 above, the Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancy in the Board and Board Committees by 31 December 2020 to comply with Rule 704(7) of the Catalist Rules and the provisions set forth in the Code.

The Board members have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group. There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in law, accounting, finance, business and management as well as strategic planning. Details of the Directors' academic and professional qualifications are set out in the "**Board of Directors**" section of this Annual Report.

The Board recognises the benefits of having a diverse Board to help bring in new ways of thinking, insights and different perspectives to the Board, which will result in productivity and quality of board deliberations. While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and enable it to make decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

Provision 2.5 **Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

The Independent Directors participate actively in Board meetings and provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives.

Where necessary, the Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves on the Group's affairs without the presence of the Executive Directors and the Management. The Lead Independent Director will also provide feedback to the Executive Chairman and CEO after such discussions or meetings.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 **The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

Provision 3.2 **The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.**

Mr Lim Wee Li currently assumes the roles of both the Executive Chairman and CEO.

Although the Executive Chairman and the CEO is the same person, the role of the Executive Chairman is separate from that of the CEO and there is a clear division of the responsibilities between the Executive Chairman and CEO.

As the Executive Chairman, he is responsible for leading the Board to ensure its effectiveness on all respects of its role, ensuring effective communication with shareholders, encouraging constructive relations within the Board and between the Board and the Management, and promoting high standards of corporate governance. With the assistance of the Company Secretary, he also ensures Board meetings are held as required, sets the agenda for the Board meetings and ensures that all members of the Board receive timely and adequate information. As the CEO, he is responsible for the formulation of the Group's strategic directions and expansion plans, and managing the Group's overall business development.

All major proposals and decisions on the matters listed under Provision 1.1, are discussed and reviewed by the Board as a whole. With the establishment of three (3) Board Committees, each chaired by and comprise Independent Directors, there are adequate safeguards in place to ensure adequate accountability and transparency and prevent an uneven concentration of power, authority and decision-making in a single individual. Taking into account the current corporate structure, size, nature and scope of the Group's operations, the Board is of the view that it is not necessary to separate the roles of the Executive Chairman and CEO. The Board will continue to review the leadership structure.

<u>**Provision 3.3**</u> **The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.**

To promote a high standard of corporate governance, Mr William Teo Choon Kow has been appointed as the Lead Independent Director. In accordance with the Code, Mr William Teo Choon Kow is available to shareholders when they have concerns where contact through the normal channels of the Executive Chairman and CEO, and/or Financial Controller (or its equivalent role) has failed to resolve or for which such contact is inappropriate.

The Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves without the presence of the Executive Chairman and CEO where necessary. The Lead Independent Director will also provide feedback to the Executive Chairman and CEO after such discussions or meetings.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

<u>**Provision 4.1**</u> **The Board establishes a Nominating Committee to make recommendations to the Board on relevant matters relating to:**

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any.

The NC is guided by written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

(a) to review and recommend to the Board appointments and re-appointments of the Directors having regard to the Director's contribution and performance;

(b) to determine, on an annual basis, if a Director is independent, guided by the independence guidelines contained in the Catalist Rules and the Code;

(c) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) to assess the effectiveness of the Board as a whole and the Board Committees as well as the contribution of each Director to the effectiveness of the Board;

(e) to make plans for succession, in particular for the Chairman of the Board and CEO; and

(f) to recommend to the Board comprehensive induction training programmes for new Directors and review the training and professional development programmes for the Board.

Provision 4.2 **The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.**

The NC consists of three two (2) Independent Directors, namely:

Mr Kesavan Nair	Chairman of NC and Independent Director
Mr William Teo Choon Kow	Member and Lead Independent Director

The current composition of the NC falls short of the requisite minimum of three (3) members following the redesignation of Mr Lau Kay Heng as Executive Director and Chief Investment Officer with effect from 1 October 2020. In addition, Mr Kesavan Nair will retire at the forthcoming AGM. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancies in the NC by 31 December 2020 to comply with Rule 704(7) of the Catalist Rules and the provisions set forth in the Code. Notwithstanding the above, the Company confirms that the NC is able to function effectively for the time being.

Provision 4.3 **The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.**

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board. The NC will generally assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion and NC's assessment of the candidates.

The Constitution of the Company provides that at least one-third of the Directors shall retire from office by rotation at each AGM, and all Directors shall retire from office at least once every three (3) years. A retiring Director is eligible for re-election by shareholders at the AGM. The Constitution of the Company also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for re-election by the shareholders at the AGM.

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC, in considering the re-election of a Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of the retiring Directors, namely Mr Loy Soo Toon and Mr Lau Kay Heng at the forthcoming AGM. The Board has accepted the NC's recommendations. Please refer to the "**Additional information on Directors seeking re-election**" section in this report for disclosures pursuant to Rule 720(5) of the Catalist Rules.

Mr Kesavan Nair will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming AGM. Mr Kesavan Nair will not be seeking re-election at the AGM in order to facilitate Board renewal. His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Mr Kesavan Nair will cease to be the Chairman of the NC and a member of the AC and RC upon his retirement from the Board.

Provision 4.4 **The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.**

The NC determines, on an annual basis, the independence of each Independent Director, taking into consideration the circumstances set forth in the Catalist Rules and the Code. The relevant factors are set out under Provision 2.1 of the Code above. For FY2020, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Code and the Catalist Rules).

The Independent Directors have confirmed that they and their respective associates do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

Provision 4.5 **The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.**

In accordance with recent revisions to Catalist Rules, with effect from 1 January 2019, the NC will ensure that newly-appointed Directors who do not have prior experience as a director of an issuer listed on the SGX-ST, attend mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

All Directors declare their board representation as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and re-election of the Directors as well as the Directors' directorships in other listed companies and other principal commitments are set out below:

Name of Director	Date of first appointment	Date of last re-election	Other principal commitments	Directorships in other listed companies: Present	Directorships in other listed companies: Past (Last five (5) years)
Mr Lim Wee Li	25 March 2011	29 November 2019	Nil	Nil	Nil
Mr Loy Soo Toon	11 February 2020	–	Nil	Nil	Nil
Mr Lau Kay Heng	24 February 2020	–	Nil	1. DISA Limited 2. Regal International Group Ltd.	1. Cacola Furniture International Limited 2. Premiere Eastern Energy Limited (listed on ASX) 3. iBosses Corporation Limited (listed on ASX)
Mr William Teo Choon Kow	1 February 2019	29 November 2019	1. Chairman of Sengkang West Community Development Welfare Fund 2. Vice Chairman of Ang Mo Kio Council Finance Committee 3. Treasurer of School Advisory Council Pei Hwa Secondary School	1. Wee Hur Holdings Ltd. 2. PSL Holdings Limited 3. Datapulse Technology Limited	1. CWX Global Limited (formerly Loyz Energy Limited) 2. SHS Holdings Ltd. (formerly See Hup Seng Limited) 3. Silkroad Nickel Ltd. (formerly China Bearing (Singapore) Ltd.)
Mr Kesavan Nair	27 June 2011	24 October 2018	Bayfront Law LLC, Director	1. Arion Entertainment Singapore Limited 2. Artivision Technologies Ltd. 3. HG Metal Manufacturing Limited 4. IEV Holdings Limited	Nil

Key information regarding the Directors and information on shareholdings in the Company held by each Director are set out in the "**Board of Directors**" and "**Directors' Statement**" sections of this Annual Report respectively.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The NC took into account attendance and contribution at Board and Board Committees meetings and *ad hoc* discussions by each Director in deciding the capacity of the Directors. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. There is no alternate Director on the Board.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<u>**Provision 5.1**</u> **The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual director to the Board.**

<u>**Provision 5.2**</u> **The company discloses in its annual report how the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.**

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have, individually or collectively, enhanced long-term shareholders' value and contributed to the overall performance of the Group. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution of each Director to the effectiveness of the Board on an annual basis. The performance criteria do not change from year to year.

The evaluation of the Board's and Board Committee's performance include factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders. The individual performance criteria for Directors include qualitative and quantitative factors such as the performance of principal functions and fiduciary duties, level of participation at meetings and attendance record.

Assessment checklists are disseminated to each Director for completion and the assessment results are collated and discussed at the NC meeting. The Executive Chairman will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board in FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: 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.

__Provision 6.1__ **The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:**

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

(a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company; and

(b) to review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

__Provision 6.2__ **The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.**

The RC consists of two (2) Independent Directors, namely:

Mr William Teo Choon Kow	Member and Lead Independent Director
Mr Kesavan Nair	Member and Independent Director

The current composition of the NC falls short of the requisite minimum of three (3) members following the redesignation of Mr Lau Kay Heng as Executive Director and Chief Investment Officer with effect from 1 October 2020. In addition, Mr Kesavan Nair will retire at the forthcoming AGM. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancies in the RC and appoint the chairman of the RC by 31 December 2020 to comply with Rule 704(7) of the Catalist Rules and the provisions set forth in the Code. Notwithstanding the above, the Company confirms that the RC is able to function effectively for the time being.

__Provision 6.3__ **The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.**

The RC reviews all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Chairman and CEO, and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Each member of the RC will abstain from voting on any resolutions in respect of his own remuneration and the remuneration of employees related to him.

Provision 6.4 **The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.**

The RC did not seek any external professional advice on remuneration of the Directors in FY2020. Where necessary, the RC will seek independent professional advice on remuneration matters at the expense of the Company, and shall ensure that any relationship between the appointed consultant and the Company or any of its Directors will not affect the independence and objectivity of the remuneration consultant.

Level and Mix of Remuneration

Principle 7: 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.

Provision 7.1 **A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.**

The Company has a remuneration policy for the Executive Directors, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, which take into account the performance of the Group and the performance of the Executive Directors, as well as market rates. The performance-related elements of remuneration are designed to align the Executive Directors' interest with those of the Company's shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Mr Lim Wee Li (Executive Chairman and CEO) is paid based on his service agreement with the Company. Under the service agreement, Mr Lim Wee Li will be paid an annual fixed bonus of one (1) month of his last drawn salary. He is also entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it exceeds S$1,000,000 for the financial year. No annual performance bonus has been paid for FY2020. The service agreement provides that the Company shall be entitled to recover from Mr Lim Wee Li the relevant portion of the bonus and any sum paid under the service agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Lim Wee Li resulting in financial loss to the Company. The service agreement is automatically renewed upon expiry on such terms and conditions as the parties may agree, and provided for, *inter alia*, termination by either party upon giving not less than six (6) months' notice in writing.

Mr Loy Soo Toon and Mr Lau Kay Heng are currently on fixed-term agreements with the Company, under which they receive a fixed basic monthly salary, pending the finalisation of their respective service agreements with the Company. The remuneration packages for Mr Loy Soo Toon and Mr Lau Kay Heng will be subject to the RC's review and recommendation to the Board for approval.

<u>Provision 7.2</u> **The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are recommended by the RC and determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at each AGM. The Independent Directors do not receive any other remuneration from the Company.

<u>Provision 7.3</u> **Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.**

The Board ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

The Company does not currently have any employee share option scheme or long-term incentive scheme. The RC will consider recommending the implementation of such scheme for the Directors as well as key management personnel as and when it considers appropriate.

Save for the Executive Chairman and CEO, the RC is of the view that it is currently not necessary for the Company to use contractual provisions to allow the Company to reclaim incentive components of remuneration from its executive directors in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC believes that there are alternative legal avenues to these specific contracture provisions that will enable the Company to recover financial losses arising from such exceptional events from the key management personnel. The RC will review such contractual provisions as and when necessary.

Disclosure on Remuneration

Principle 8: 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.

<u>Provision 8.1</u> **The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

<u>Provision 8.3</u> **The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.**

The Company has a remuneration policy for the Executive Directors and key management personnel, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, which take into account the performance of the Group and the performance of the Executive Directors and key management personnel, as well as market rates. The performance-related elements of remuneration are designed to align the Executive Directors' interest with those of the Company's shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the Executive Chairman and CEO, and key management personnel of the Group. Currently, the Company has not implemented any employee share schemes.

A breakdown, showing the level and mix of each Director's remuneration for FY2020 is as follows:

Remuneration band and Name of director	**Fee**	**Salary**	**Bonus**	**Benefits**	**Total**
	%	**%**	**%**	**%**	**%**
S$250,000 to below S$500,000					
Mr Lim Wee Li	–	100	–	–	100
Below S$250,000					
Mr Loy Soo Toon(1)	–	100	–	–	100
Mr William Teo Choon Kow	100	–	–	–	100
Mr Kesavan Nair	100	–	–	–	100
Mr Lau Kay Heng(2)	100	–	–	–	100
Mr Chua Siong Kiat(3)	100	–	–	–	100
Mr Tan Han Beng(4)	100	–	–	–	100

Notes:

(1) Mr Loy Soo Toon was appointed as Executive Director, Business Development with effect from 11 February 2020.

(2) Mr Lau Kay Heng was appointed as Independent Director and a member of the AC, RC and NC of the Company with effect from 24 February 2020. Following the abovementioned resignation of Mr Chua Siong Kiat, Mr Lau Kay Heng was redesignated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng has since been redesignated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020, and has accordingly relinquished his role as Chairman of the RC and a member of the AC and NC.

(3) Mr Chua Siong Kiat was appointed as Independent Director, Chairman of the RC and a member of the AC and NC of the Company with effect from 16 December 2019. Mr Chua Siong Kiat has since resigned with effect from 31 August 2020.

(4) Mr Tan Han Beng ceased to be an Independent Director and a member of the AC, RC and NC of the Company with effect from 31 July 2019.

A breakdown showing the remuneration amount and mix of each key management personnel (who is not a Director or CEO of the Company) is as follows:

Remuneration band and Name of key management personnel [(1)]	**Salary**	**Bonus**	**Benefits**	**Total**
	%	**%**	**%**	**%**
Below S$250,000				
Mr Lee Foo Tuck	100	–	–	100
Mr Quek Wey Lon [(2)]	100	–	–	100

Notes:

(1) The Executive Officers are the only key management personnel of the Group, excluding the Executive Directors.

(2) Mr Quek Wey Lon was appointed as the Chief Operating Officer ("**COO**") of the Group with effect from 10 January 2020.

The RC has reviewed and approved the remuneration packages of the Executive Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Directors and key management personnel are adequately but not excessively remunerated. The RC also ensured that the Independent Directors are also not over-compensated to the extent that their independence may be compromised. Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing in full the remuneration of each Director and key management personnel of the Group. However, the Company adopts the disclosure of remuneration in bands of S$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

The aggregate total remuneration paid to the above key management personnel (excluding the Executive Chairman and CEO) amounted to approximately S$173,000 for FY2020.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

Provision 8.2 **The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

There was no employee of the Group who is an immediate family member of the directors, or the Executive Chairman and CEO, and whose remuneration exceeded S$100,000 for FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: 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.

<u>**Provision 9.1**</u> **The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults the independent auditor and internal auditor to determine the risk tolerance level and sets the corresponding risk policies which are implemented by the Management. The Board oversees the management in implementing and monitoring the risk management and internal control systems.

The Company has a risk management committee chaired by the Lead Independent Director, and consists of all Board members as well as Daryl Kwok (Project Director), Quek Wey Lon (Chief Operating Officer) and Lee Foo Tuck (Financial Controller). The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has engaged the services of an international professional services firm, Wensen Consulting Asia (S) Pte. Ltd. ("**Internal Auditor**"), to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance on its policies and procedures manual. The Internal Auditor and the Independent Auditor are two (2) separate entities and are independent of each other.

The Board noted the following material internal control weaknesses which were raised by the Internal Auditor and the Independent Auditor in FY2020:

(a) Absence of formal standard operating policies and procedures ("**SOP**") for sales management function and inventory management function.

(b) User access rights in the sales module and inventory module do not align to the roles and responsibilities of the relevant employees.

(c) Discrepancies between physical inventory and inventory records, as well as balances in the inventory sub-ledgers.

(d) Absence of review and reconciliation of Work-In-Progress ("**WIP**") schedule for monitoring of projects.

To address the above material internal control weaknesses, the Company has accepted the following recommendations ("**IC Rectifications**") by the Internal Auditor and the Independent Auditor:

(a) Formalise the SOP for sales management function and inventory management function.

(b) Align user access rights in the sales module and inventory module to the roles and responsibilities of the relevant employees.

(c) Management's review on inventory sub-ledgers.

(d) Periodic review and reconciliation of WIP schedule.

For item (a), the Management has represented that certain procedures are in place for sales management function and inventory management function but lack for formal documentation. For items (b) to (d), the Management has put in place interim measures to closely monitor the relevant processes before the IC Rectifications are fully implemented. The Management targets to fully implement the above IC Rectifications by November 2020 (for item (a)), October 2020 (for item (b)), March 2021 (for item (c)) and December 2020 (for item (d)) respectively.

The Management is committed and has taken steps to remediate these identified material weaknesses and continue to review and evaluate its internal controls over financial reporting and operations. The Management will update the AC and the Board on the implementation status for the IC Rectifications based on the milestones set out above. In addition to the review of the Group's risk management systems and internal controls, the AC will continue to engage the Internal Auditor to conduct a follow-up review of the material internal control weaknesses.

<u>**Provision 9.2**</u> **The Board requires and discloses in the company's annual report that it has received assurance from:**

(a) the CEO and the Chief Financial Officer ("CFO") 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 other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board has received assurance from the CEO and the Financial Controller that:

(a) the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances; and

(b) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

In addition, the Board has received assurance from the Executive Director, Business Development and the COO that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls in respect of their respective areas of responbilities.

Opinion on adequacy and effectiveness of Group's internal controls and risk management system

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor and Independent Auditor, the adoption of interim measures and the IC Rectifications, reviews performed by the Management and the Board, and the assurance from the Management, the Board with the concurrence of the AC is of the opinion that the risk management and internal control systems maintained by the Group addressing the financial, operational, compliance and information technology risks of the Group, are adequate and effective as at 30 June 2020. The Board and the AC note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control system.

Audit Committee

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

Provision 10.1 **The duties of the AC include:**

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing 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. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC has written terms of reference that describe the responsibilities of its members.

The AC shall meet periodically to perform, *inter alia*, the following functions:

(a) to review the audit plans of the independent auditor and internal auditor, including the results of the independent auditor and internal auditor's review and evaluation of the system of internal controls of the Group;

(b) to review the annual consolidated financial statements and the independent auditor's report on the financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

(c) to review the periodic consolidated financial statements comprising the statement of comprehensive income of the Group, statement of cash flows of the Group, statements of financial position of the Group and the Company and statements of changes in equity of the Group and the Company and such other information required by the Catalist Rules before submission to the Board for approval;

(d) to review and discuss with the independent auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and 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;

(e) to review the co-operation given by the Management to the independent auditor;

(f) to consider the appointment or re-appointment of the independent auditor;

(g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

(h) to review any potential conflicts of interests;

(i) to review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC is given the task to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has full access to and co-operation from the Management and full discretion to invite any Director and/or key management personnel to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The Board has, on the recommendation of the AC, implemented a whistle-blowing policy for the Group, with the objective of providing an avenue for the staff of the Group to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware. Details of the whistle-blowing policies and arrangements have been made available to the staff of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal. No such whistle-blowing letter was received in FY2020.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. In the AC's opinion, the Independent Auditor, Nexia TS Public Accounting Corporation, is suitable for re-appointment and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditor of the Company at the forthcoming AGM. During FY2020, the aggregate amount of audit and non-audit fees paid or payable to the Independent Auditor for the audit services is reflected in Note 24 to the audited financial statements of the Group for FY2020. The non-audit fees paid or payable to the Independent Auditor for FY2020 was related to financial due diligence service engaged for a potential acquisition.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group for FY2020.

The AC considered the report from the Independent Auditor, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the Independent Auditor have been included as Key Audit Matters ("**KAM**") in the Independent Auditor's Report for FY2020. In assessing the KAM, the AC took into consideration the approach and methodology applied as well as on the reasonableness of the estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in the KAM were appropriate.

Provision 10.2 **The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

The AC consists of two (2) Independent Directors, namely:

Mr William Teo Choon Kow	Chairman of AC and Lead Independent Director
Mr Kesavan Nair	Member and Independent Director

The current composition of the AC falls short of the requisite minimum of three (3) members following the redesignation of Mr Lau Kay Heng as Executive Director and Chief Investment Officer with effect from 1 October 2020. In addition, Mr Kesavan Nair will retire at the forthcoming AGM. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancies in the AC by 31 December 2020 to comply with Rule 704(7) of the Catalist Rules and the provisions set forth in the Code. Notwithstanding the above, the Company confirms that the AC is able to function effectively for the time being.

As Mr William Teo Choon Kow is trained in accounting and financial management, the Board is of the view that the AC has the necessary experience and expertise required to discharge its duties. The Company will endeavor to identify at least a candidate, who will be filling the vacancy in the AC, with recent and relevant accounting or related financial management expertise or experience, to comply with the provisions set forth in the Code.

Provision 10.3 **The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.**

None of the AC members is a former partner or director of, or has any financial interest in, the Independent Auditor.

Provision 10.4 **The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.**

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Wensen Consulting Asia (S) Pte. Ltd., an international professional services firm, to undertake the functions of an internal auditor for the Group. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and administratively to the Executive Chairman and CEO. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including the access to the AC.

The Group has outsourced its internal audit function to a professional internal audit service provider firm, namely Wensen Consulting Asia (S) Pte. Ltd. The main role of the internal audit is to review the effectiveness of the Group's system of internal controls and this is performed with impartiality, proficiency and due professional care.

The Group has outsourced its internal audit function to a professional internal audit service provider firm, namely Wensen Consulting Asia (S) Pte. Ltd. The main role of the internal audit is to review the effectiveness of the Group's system of internal controls and this is performed with impartiality, proficiency and due professional care. The outsourced internal audit function is headed by the Executive Director, who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director, is a Practicing Member of the Institute of Singapore Chartered Accountants (ICSA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities.

The AC has reviewed the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the Group's internal audit function is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience, and has an appropriate standing within the Company.

<u>Provision 10.5</u> **The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.**

The AC had held discussions with the Independent Auditor and Internal Auditor, without the presence of the Management, to review the adequacy of audit arrangements for FY2020, with emphasis on the scope and quality of their audits, and to discuss the observations of the Independent Auditor and Internal Auditor on the Management or on processes and procedures of the Group.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: 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.

<u>Provision 11.1</u> **The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

<u>Provision 11.2</u> **The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings on each substantially separate issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report and related documents, including the notice of general meeting.

<u>Provision 11.3</u> **All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.**

All shareholders will receive the Company's annual report, circulars and notice of AGM or general meetings. Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at the AGM or any general meetings.

The Chairman of the Board and of each Board Committee are required to be present to address questions at the AGM or any general meetings. The independent auditor will also be present at such meetings to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management are made available to the shareholders upon their request.

Provision 11.4 **The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

The Constitution of the Company allows any shareholder of the Company, if he is unable to attend a general meeting, to appoint not more than two (2) proxies to attend and vote on his behalf at the meeting through proxy form sent in advance. A proxy need not be a member of the Company. Pursuant to the provisions of the Companies Act, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders. As the authentication of members' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

The Board adheres to the requirements of the Catalist Rules where all resolutions are to be voted by way of poll for general meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after any general meetings. The Company will employ electronic polling if necessary.

Provision 11.5 **The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.**

The Company Secretary prepares minutes of the general meetings, which capture the essence of the comments or queries from shareholders and responses from the Board and the Management. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management will be published on the SGXNET and the Company's website.

Provision 11.6 **The company has a dividend policy and communicates it to shareholders.**

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company'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. No dividend was paid or proposed for FY2020 as the Group was making a loss in FY2020.

Any dividend payments will be clearly communicated to shareholders via announcements on SGXNET.

Engagement With Shareholders

Principle 12: 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.

Provision 12.1 **The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.**

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group. Such information is disclosed in an accurate and comprehensive manner via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period.

Provision 12.2 **The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.**

Provision 12.3 **The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.**

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET;

(b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(c) Operate an open policy with regard to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

The Company provides its phone number and contact form on the Company's website at https://kcholdings.com.sg/investors-relations/investors-relations-contact.php, through which the shareholders may contact the Company with questions and the Company may respond to such questions.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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.

Provision 13.1 **The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.**

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, and customers, in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals. Both Executive and Independent Directors meet or speak with shareholders at general meetings to gather their views and address concerns.

Provision 13.2 **The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.**

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement and can be found in the sustainability report of the Group.

Provision 13.3 **The company maintains a current corporate website to communicate and engage with stakeholders.**

The Company maintains its corporate website (https://kcholdings.com.sg/) providing information about the Company such as the Board of Directors and Management team, products or services, as well as all disclosures and announcements of the Company submitted via the SGXNET. Stakeholders can also contact the Company through phone or via the contact form, details of which can be found on the Company's website.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished trade- or price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one (1) month before the date of the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

In addition, directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transaction

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for its review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Details of the interested person transaction entered into by the Group for FY2020 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	FY2020	**FY2019**	**FY2020**	**FY2019**
Mr Lim Wee Li (Executive Chairman and CEO) – Allotment and issuance of 66,148,657 new ordinary shares in the capital of the Company on 30 July 2020 pursuant to the conditional debt conversion deed dated 2 April 2020 in relation to the conversion of shareholder's loans of S$4,630,406.33 extended by Mr Lim Wee Li to the Company. Shareholders' approval for the conversion was obtained on 27 July 2020.	S$4,630,406.33	–	S$4,630,406.33	–

The Board confirms that the above interested person transaction was entered into on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. Please refer to the Company's circular to shareholders dated 10 July 2020 for further details on the abovementioned transaction.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid/payable to the Sponsor, SAC Capital Private Limited, for FY2020.

Material Contracts and Loans

With reference to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "**Interested Person Transaction**" section above, the audited financial statements and the service agreements between the Company and the executive directors, there were no material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Chairman and CEO or any director or substantial shareholders of the Company, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Use of Proceeds

(i) 1st Placement Exercise

The Company, on 19 March 2020, allotted and issued 56,273,000 new ordinary shares in the capital of the Company ("**Shares**") to such third party subscribers procured by the placement agent, UOB Kay Hian Private Limited, at a placement price of S$0.068 per Share, under the placement exercise undertaken by the Company which was completed on 19 March 2020 (the "**1st Placement Exercise**"). The Company raised net proceeds from the Placement Exercise (after deducting expenses incurred in connection with the Placement Exercise) amounting to S$3.73 million (the "**1st Placement Net Proceeds**"). As at 13 October 2020, the use of 1st Placement Net Proceeds is as follows:

Use of 1st Placement Net Proceeds	Amount allocated (S$'000)	Aggregate amount utilised last disclosed in the announcement dated 30 August 2020 (S$'000)	Amount utilised from 1 September 2020 to 13 October 2020 (S$'000)	Balance as at 13 October 2020 (S$'000)
Repayment of amounts owing to external parties	1,900	1,900	–	–
Pursue new business opportunities	1,000	–	–	1,000
General working capital (including meeting general overheads and other operating expenses of the Group, as well as the expenses pertaining to the 1st Placement Exercise)	831	641	111	79
Total	**3,731**	**2,541**	**111**	**1,079**

The breakdown of the utilisation of the 1st Placement Net Proceeds for general working capital is as follows:

	S$'000
Consultancy fees in connection with the Group's fundraising and marketing strategies	195
Operating expenses (including staff costs and other miscellaneous expenses)	520
Expenses in relation to the 1st Placement Exercise	37
Total	**752**

The above utilisation of the 1st Placement Net Proceeds is in line with the intended use and allocation as set out in the Company's announcements dated 6 March 2020 and 19 March 2020.

(ii) Convertible Loan Agreement dated 3 May 2020

The Company had on 3 May 2020 entered into a Convertible Loan Agreement with various investors ("**CLA**") pursuant to which such investors agreed to grant an interest-bearing convertible loan of an aggregate amount of S$6,050,000 (the "**Convertible Loan**"), and the Company agreed to allot and issue an aggregate of up to 46,694,626 new Shares at the conversion price of S$0.149 per new Share upon the investors' exercise of their respective conversion rights to convert the Convertible Loan (including interest), in accordance with the terms and conditions of the CLA (the "**Proposed CLA Conversion**"). The Proposed CLA Conversion was approved by shareholders at an extraordinary general meeting held on 29 June 2020. The Company had subsequently allotted and issued an aggregate of 46,694,626 new Shares to the investors pursuant to such investors' exercise of their respective rights under the CLA. The Company raised gross proceeds of up to S$6,050,000 under the CLA. After deducting estimated expenses (including but not limited to legal expenses), the estimated net proceeds amount to approximately S$6,020,000 (the "**CLA Net Proceeds**"). The Company intends to use the CLA Net Proceeds for the working capital requirements for KC Medical Supplies Pte. Ltd. ("**KC Medical**"). There has been no change in the utilisation of the CLA Net Proceeds since the announcement dated 30 August 2020. The breakdown of the utilisation of CLA Net Proceeds as at 13 October 2020 is as follows:

	S$'000
Consultancy fees on potential projects for KC Medical	303
KC Medical's operating expenses and other miscellaneous expenses	9
Additional expenses in relation to the Proposed CLA Conversion	43
Total	**355**

(iii) 2nd Placement Exercise

The Company, on 6 August 2020 and 12 August 2020, allotted and issued an aggregate of 40,572,000 new Shares to certain subscribers, under the proposed placement of an aggregate of 40,572,000 new Shares at an issue price of S$0.235 per Share (the "**2nd Placement Exercise**"). The Company raised net proceeds from the 2nd Placement Exercise (after deducting expenses incurred in connection with the 2nd Placement Exercise of approximately S$50,000 to be borne by the Company) amounting to approximately S$9,484,000 (the "**2nd Placement Net Proceeds**"). As at 13 October 2020, the use of the 2nd Placement Net Proceeds is as follows:

Use of 2nd Placement Net Proceeds	**Amount allocated (S$'000)**	**Aggregate amount utilised last disclosed in the announcement dated 30 August 2020 (S$'000)**	**Amount utilised from 1 September 2020 to 13 October 2020 (S$'000)**	**Balance as at 13 October 2020 (S$'000)**
Pursue new business opportunities	4,684	–	–	4,684
General working capital (including meeting general overheads and other operating expenses of the Group)	2,800	475	400	1,925
Repayment of amounts owing to external parties	2,000	2,000	–	–
Total	**9,484**	**2,475**	**400**	**6,609**

The breakdown of the utilisation of the 2nd Placement Net Proceeds for general working capital is as follows:

	S$'000
Consultancy fees in connection with the Group's fundraising and marketing strategies	475
Operating expenses (including staff costs and other miscellaneous expenses)	400
Total	**875**

The above utilisation of the 2nd Placement Net Proceeds is in line with the intended use and allocation as set out in the Company's announcement dated 22 July 2020.

Information on Directors Seeking Re-Election

Mr Loy Soo Toon and Mr Lau Kay Heng are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Loy Soo Toon and Mr Lau Kay Heng in accordance with Appendix 7F of the Catalist Rules is set out below:

	LOY SOO TOON	LAU KAY HENG
Date of appointment	11 February 2020	24 February 2020
Date of last re-appointment (if applicable)	–	–
Age	54	54
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Loy's overall contributions and performance, is of the view that he is suitable for re-appointment as an executive director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Lau's overall contributions and performance, is of the view that he is suitable for re-appointment as an executive director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Loy's profile write-up as set out in the "**Board of Directors**" section of this Annual Report.	Executive. As set out in Mr Lau's profile write-up as set out in the "**Board of Directors**" section of this Annual Report.
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Business Development	Executive Director and Chief Investment Officer
Professional qualifications	1. Chartered Accountant, Singapore (Institute of Singapore Chartered Accountants) 2. Bachelor of Accountancy, National University of Singapore	Bachelor of Science, National University of Singapore

	LOY SOO TOON	LAU KAY HENG
Working experience and occupation(s) during the past 10 years	June 2014 to February 2020: Arete M Pte. Ltd. – Chief Financial Officer January 2014 to July 2019: Nanyang Technological University Master of Science (Analytics) – Programme Manager July 2005 to May 2014: Eminence Capital Pte. Ltd. – Director, Business Development	June 2011 to September 2020: Stirling Coleman Capital Limited – Managing Director January 2009 to May 2011: A3 Capital Pte. Ltd. – Managing Director
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Catalist Rule 704(6) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	<u>Past (for the last 5 years)</u> Directorships: Nil Other Principal Commitments: Please refer to "**Working experience and occupation(s) during the past 10 years**" section above <u>Present</u> Directorships: Soezy Pte. Ltd.	<u>Past (for the last 5 years)</u> Directorships: 1. Cacola Furniture International Limited 2. Premier Eastern Energy Limited 3. iBosses Corporation Limited 4. Asia M&A Group Pte Ltd Other Principal Commitments: Please refer to "**Working experience and occupation(s) during the past 10 years**" section above <u>Present</u> Directorships: 1. DISA Limited 2. Regal International Group Ltd. 3. A3 International Investments Limited 4. DISA Digital Safety Pte. Ltd.

	LOY SOO TOON	LAU KAY HENG
	Other Principal Commitments: Nil	Other Principal Commitments: Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) 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?	Yes. Mr Loy was formerly adjudicated a bankrupt in 2003 by the Singapore Court pursuant to a personal guarantee provided by Mr Loy, whilst he was an Executive Director at Williams Precision Engineering Pte Ltd ("**Williams Precision**"). Mr Loy was Executive Director of Williams Precision from December 1999 to April 2002, where he and Williams Precision had provided personal and corporate guarantees for loans intended for capital expenditure purposes as well as amounts owed to Sonic-Steel Pte Ltd, a key materials supplier to Williams Precision. After he stepped down in April 2002, there was a litigation suit filed in October 2002 by Sonic-Steel Pte Ltd. Notwithstanding that he had already stepped down as an Executive Director, Mr Loy was not relieved of his personal guarantees. Mr Loy was subsequently discharged from bankruptcy on 10 July 2018.	No
(b) 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	No
(c) Whether there is any unsatisfied judgment against him?	No	No

	LOY SOO TOON	LAU KAY HENG
(d) 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
(e) 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
(f) 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
(g) 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

	LOY SOO TOON	**LAU KAY HENG**
(h) 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
(i) 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
(j) 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	Yes. Mr Loy was the Group Financial Controller of CAM International Holdings Limited ("**CAM International**", and together with its subsidiaries, the "**CAM Group**") from May 1997 to September 1999. He joined CAM Group in August 1996 and was appointed as Chief Financial Officer of a subsidiary of the CAM Group in Penang, Malaysia prior to May 1997. Mr Loy was also the director of CAM International from December 1998 to July 1999. The former managing director and majority shareholder of CAM International, was involved in accounting fraud and triggered a collapse of the group that resulted in the authorities having to carry out a special investigation. The Commercial Affairs Department and the Corrupt Practices Investigation Bureau were involved. Resulting from the aforesaid, all parties involved in the fraudulent activities were sentenced in the district court. In June 1997, Mr Loy was one of the members of the management committee, which was set out to oversee CAM Group's management and business direction subsequent to the investigations. Mr Loy represented that he was neither involved in, nor assisted with, any investigations relating to the aforesaid.	No

	LOY SOO TOON	LAU KAY HENG
	Mr Loy resigned from CAM International in September 1999 after the proposed restructuring in the CAM Group following the involvement of a new majority shareholder in CAM International.	
(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
(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
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) 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?	No	No

DIRECTORS' STATEMENT

For the financial year ended 30 June 2020

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company for the financial year ended 30 June 2020 and the statement of financial position of the Company as at 30 June 2020.

In the opinion of the directors,

(a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on the pages 67 to 126 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2020 and the changes in equity of the Company and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 2 of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lim Wee Li	
William Teo Choon Kow	
Kesavan Nair	
Loy Soo Toon	(Appointed on 11 February 2020)
Lau Kay Heng	(Appointed on 24 February 2020)

Arrangements to enable directors to acquire shares and 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' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 30.06.2020	At 01.07.2019	At 30.06.2020	At 01.07.2019
The Company				
(No. of ordinary shares)				
Lim Wee Li	26,177,000	93,177,000	-	-
Subsidiary Corporations				
- Kitchen Culture (Hong Kong) Limited				
(No. of ordinary shares)				
Lim Wee Li	-	-	7,000,000	7,000,000
- Kitchen Culture (Macau) Limited				
(No. of ordinary shares)				
Lim Wee Li	-	-	17,500	17,500

Directors' interests in shares or debentures (cont'd)

On 30 January 2020, Mr Lim Wee Li disposed of 67,000,000 ordinary shares in the Company, and retains 26,177,000 ordinary shares or 21.7% shareholding in the Company. Mr Lim, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiary corporations of the Company.

The directors' interest in the ordinary shares of the Company as at 21 July 2020 were the same as those as at 30 June 2020.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of financial year, there were no unissued shares of the Company under option.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr William Teo Choon Kow (Chairman)
Mr Kesavan Nair
Mr Chua Siong Kiat (Resigned on 31 August 2020)

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The Audit Committee has met 2 times during the financial year ended 30 June 2020 and has reviewed the following, where relevant, with the executive director and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Company's and the Group's financial and operating results and accounting policies;

(c) the financial statements of the Group and external auditor's report on those financial statements before their submission to the directors of the Company;

(d) 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;

(e) the co-operation and assistance given by the management to the Group's internal and external auditors; and

(f) the re-appointment of the external auditors of the Group.

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 functions 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.

The Audit Committee has recommended to the directors that the independent auditor, Nexia TS Public Accounting Corporation be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Lim Wee Li Director	**William Teo Choon Kow** Director

14 October 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kitchen Culture Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 126.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

(1) Accounting for construction contracts in residential projects segment
[Refer to Notes 3.16 and 4]

Area of focus

For the financial year ended 30 June 2020, revenue from residential projects segment amounted to $9,587,345 (2019: $3,130,207). We focused on revenue recognition for this segment during the year to ensure that revenue was recorded appropriately, as described below.

Contract revenue is recognised by reference to the stage of completion of the project activity at the end of reporting date, when the outcome of a construction project can be estimated reliably. The stage of completion is measured by reference to the proportion of value of work certified for work performed to-date compared to the total project revenue ("output method"), and this revenue is recognised over time.

As these contracts are usually long-term, sometimes spanning a number of reporting dates, changes in conditions and circumstances over time can result in variations to the original contract terms or cost overruns. Therefore, the exercise of judgement is required to estimate the stage of completion and the resultant profit margins to be recognised that is recorded in each reporting period.

In the event when it is probable that the total contract costs will exceed the total contract revenue, a provision for all foreseeable losses would be recognised as an expense immediately. This could result from, *inter alia*, disputes over variation works, claims that may be recoverable from customers and cost overruns which require further negotiation and settlements.

As a result of the judgements required to determine the stage of completion and profit margins to be recognised as well as the adequacy of provision for foreseeable losses that could arise from the on-going contracts, this is a key focus area in our audit.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were performed:

- Evaluated management's assessment of the application of SFRS(I) 15 and considered the appropriateness of the Group's revenue recognition accounting policies.
- Reviewed contract terms and conditions and the contractual sum, and substantiated project revenue and costs incurred against the underlying documents.
- Verified the contract amounts to customer contracts and variation orders. Our testing also included evaluating customer acceptance of the work (particularly for variation orders) performed to establish whether contractual milestones had been achieved, assessing the impact of any ongoing disputes, and reviewing the reasonableness of management's estimates of budgeted project costs and cost to complete the contract.

Key Audit Matters (cont'd)

(1) Accounting for construction contracts in residential projects segment (cont'd)

How our audit addressed the area of focus (cont'd)

- Reviewed journal entries posted to revenue accounts to identify if there are any unusual or irregular items recognised for those significant projects.

- Performed sensitivity analysis to assess the impact on the amount of revenue and contract costs of uncompleted contracts by reasonable possible changes to these estimates.

- Assessed the adequacy of provision for foreseeable losses on the projects by analysis of the estimated total costs exceeding the total contract revenue, and identified any major delays and/or cost overruns which might result in loss-making contracts.

(2) Valuation of inventories
[Refer to Notes 3.10 and 4]

Area of focus

For the financial year ended 30 June 2020, the carrying amount of inventories was $4,853,956 (2019: $6,897,834). The Group's inventories mainly consist of kitchen appliances and systems, wardrobe systems, household furniture and accessories which are subject to changing consumer demands due to product design, trends and market conditions.

Inventories are measured at the lower of cost (weighted average method) and net realisable value ("NRV"). A review is made periodically by management on excess or obsolete inventories and inventories sold below cost as a result of reduction in customer demand. We focused on this area because significant judgement was involved in management's assessment to estimate the write down of inventories required.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were performed:

- Discussed the basis of writing down the inventories with the management and assessed the reasonableness of the assumptions used in the estimation of write down of inventories.

- Ensured that the write down of inventories is consistent with Group policy.

- Identified any obsolete or slow-moving inventories during the physical count observation.

- Checked and tested inventories costing and NRV through sample selection.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 Act and 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 director on the audit resulting in this independent auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

14 October 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Assets					
Cash and cash equivalents	5	6,403,022	333,677	5,938,263	9,269
Trade receivables	6	7,827,846	3,681,898	-	-
Other receivables	7	1,265,885	1,308,897	5,560,376	4,913,247
Contract assets	21	352,932	790,067	-	-
Inventories	8	4,853,956	6,897,834	-	-
Tax recoverable		3,316	4,211	-	-
Current assets		20,706,957	13,016,584	11,498,639	4,922,516
Property, plant and equipment	9	1,609,108	405,490	-	-
Investment property	11	220,448	233,225	-	-
Trade receivables	6	307,754	130,599	-	-
Investments in subsidiary corporations	12	-	-	100,002	2
Investment in associated company	13	-	-	-	-
Deferred tax assets	14	82,497	-	-	-
Non-current assets		2,219,807	769,314	100,002	2
Total assets		22,926,764	13,785,898	11,598,641	4,922,518
Liabilities					
Trade payables	15	1,953,657	2,166,068	-	-
Other payables	16	13,649,532	8,717,107	7,594,038	4,910,360
Contract liabilities	21	3,186,234	4,212,571	-	-
Lease liabilities	17	1,092,483	54,407	-	-
Borrowings	18	8,802,729	1,208,036	6,957,500	-
Income tax payable		4,429	20,419	-	-
Current liabilities		28,689,064	16,378,608	14,551,538	4,910,360
Lease liabilities	17	337,066	134,715	-	-
Borrowings	18	-	2,600,000	-	-
Non-current liabilities		337,066	2,734,715	-	-
Total liabilities		29,026,130	19,113,323	14,551,538	4,910,360
Equity					
Share capital	19	12,707,823	8,731,259	12,707,823	8,731,259
Translation reserve	20	200,067	288,961	-	-
Accumulated losses		(18,717,395)	(13,946,536)	(15,660,720)	(8,719,101)
Capital and reserves attributable to equity holders of the Company		(5,809,505)	(4,926,316)	(2,952,897)	12,158
Non-controlling interests		(289,861)	(401,109)	-	-
Total capital deficit		(6,099,366)	(5,327,425)	(2,952,897)	12,158
Total liabilities and equity		22,926,764	13,785,898	11,598,641	4,922,518

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	21	15,222,365	11,050,616
Cost of sales		(10,256,499)	(6,280,105)
Gross profit		4,965,866	4,770,511
Other income	22	534,161	279,288
Gain on disposal of subsidiary corporation	5	1,140,586	-
Selling and distribution expenses		(1,842,704)	(2,855,584)
Other operating expenses		(1,387,247)	(825,262)
General and administrative expenses		(6,038,529)	(4,722,514)
Loss from operations		(2,627,867)	(3,353,561)
Finance cost	23	(2,098,799)	(432,094)
Loss before income tax		(4,726,666)	(3,785,655)
Income tax credit/(expense)	25	81,507	(337,290)
Net loss		(4,645,159)	(4,122,945)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(103,346)	247,096
Other comprehensive (loss)/income, net of tax		(103,346)	247,096
Total comprehensive loss		(4,748,505)	(3,875,849)
Net (loss)/income attributable to:			
Equity holders of the Company		(4,770,859)	(3,874,348)
Non-controlling interests		125,700	(248,597)
		(4,645,159)	(4,122,945)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(4,859,753)	(3,625,654)
Non-controlling interests		111,248	(250,195)
		(4,748,505)	(3,875,849)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic loss per share	26	(3.5)	(3.3)
Diluted loss per share	26	(3.5)	(3.3)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	← Attributable to equity holders of the Company →					
	Share capital	Currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity/ (capital deficit)
	$	$	$	$	$	$
2020						
Beginning of financial year	8,731,259	288,961	(13,946,536)	(4,926,316)	(401,109)	(5,327,425)
(Loss)/profit for the year	-	-	(4,770,859)	(4,770,859)	125,700	(4,644,159)
Other comprehensive (loss)/income						
Exchange differences on translation of foreign operations	-	(88,894)	-	(88,894)	(14,452)	(103,346)
Total comprehensive (loss)/income for the year	-	(88,894)	(4,770,859)	(4,859,753)	111,248	(4,748,505)
Issuance of new ordinary shares (Note 19)	3,976,564	-	-	3,976,564	-	3,976,564
End of financial year	12,707,823	200,067	(18,717,395)	(5,809,505)	(289,861)	(6,099,366)
2019						
Beginning of financial year	8,731,259	40,267	(10,072,188)	(1,300,662)	(150,914)	(1,451,576)
Loss for the year	-	-	(3,874,348)	(3,874,348)	(248,597)	(4,122,945)
Other comprehensive (loss)/income						
Exchange differences on translation of foreign operations	-	248,694	-	248,694	(1,598)	247,096
Total comprehensive (loss)/income for the year	-	248,694	(3,874,348)	(3,625,654)	(250,195)	(3,875,849)
End of financial year	8,731,259	288,961	(13,946,536)	(4,926,316)	(401,109)	(5,327,425)

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Company	Share capital $	Accumulated losses $	Total $
2020			
Beginning of financial year	8,731,259	(8,719,101)	12,158
Issuance of new ordinary shares (Note 19)	3,976,564	-	3,976,564
Total comprehensive loss for the year	-	(6,941,619)	(6,941,619)
End of financial year	12,707,823	(15,660,720)	(2,952,897)
2019			
Beginning of financial year	8,731,259	(1,856,254)	6,875,005
Total comprehensive loss for the year	-	(6,862,847)	(6,862,847)
End of financial year	8,731,259	(8,719,101)	12,158

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Loss after tax		(4,645,159)	(4,122,945)
Adjustments for:			
- Income tax (credit)/expense	25	(81,507)	337,290
- Depreciation of property, plant and equipment	24	1,579,000	330,590
- Amortisation of investment property	24	12,777	12,777
- Gain on disposal of property, plant and equipment	24	(7,220)	(52,111)
- Gain on disposal of a subsidiary corporation	5	(1,140,586)	-
- Property, plant and equipment written off	24	1,569	-
- Interest expense	23	2,098,799	432,094
- Interest income	22	(2,297)	(731)
- Unrealised foreign exchange differences, net		(87,290)	261,996
		(2,271,914)	(2,801,040)
Change in working capital, net of effect from disposal of a subsidiary corporation:			
- Inventories		1,207,063	384,063
- Trade and other receivables		(6,709,223)	1,826,345
- Contract assets		437,135	503,501
- Trade and other payables		3,365,298	532,456
- Contract liabilities		(1,026,337)	436,254
Cash generated from operations		(4,997,978)	881,579
Income tax refunded		652	33,718
Net cash (used in)/provided by operating activities		(4,997,326)	915,297
Cash flows from investing activities			
Interest received		2,297	731
Additions to property, plant and equipment		(400,867)	(66,306)
Disposal of property, plant and equipment		7,220	55,809
Disposal of a subsidiary corporation, net of cash disposed of	5	(88,880)	-
Net cash used in investing activities		(480,230)	(9,766)
Cash flows from financing activities			
Fixed deposit pledged to bank		52,082	115,998
Proceeds from issue of new shares	19	3,976,564	-
Repayment of bank borrowings		-	(252,829)
Principal payment of lease liabilities		(1,384,527)	(56,123)
Repayment of non-convertible loan		-	(375,000)
Proceeds from advances from a director		2,515,170	-
Repayment of advances from a director		-	(102,866)
Proceeds from convertible loan		6,050,000	-
Repayment of loan from shareholder		(804,771)	-
Interest paid		(390,798)	(89,572)
Proceeds from loan from a third party		3,160,900	-
Repayment of loan from a third party		(395,472)	-
Proceeds of term loan from external third parties		1,738,000	200,000
Repayment of term loan from external third parties		(2,798,000)	(90,000)
Net cash provided by/(used in) financing activities		11,719,148	(650,392)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	Group 2020 $	Group 2019 $
Net increase in cash and cash equivalents		6,241,592	255,139
Cash and cash equivalents			
Beginning of financial year	5	183,559	(69,085)
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies		(22,129)	(2,495)
End of financial year	5	6,403,022	183,559

<u>Reconciliation of liabilities arising from financing activities</u>

	1 July 2019 $	Principal and interest (payments) /receipts $	Non-cash changes: Adoption of SFRS(I) 16 $	Additions $	Interest expense $	Accretion of interest $	Changes in foreign exchange $	30 June 2020 $
Lease liabilities	189,122	(1,450,267)	2,178,030	446,871	65,740	-	53	1,429,549
Loan from a director	2,116,124	2,515,170	-	-	-	-	11	4,631,305
Convertible loan	-	6,050,000	-	-	907,500	-	-	6,957,500
Loan from shareholder	1,000,000	(804,771)	-	-	-	-	-	195,229
Loan from a third party	-	2,765,428	-	-	-	-	-	2,765,428
Loan from external third parties	2,710,000	(1,380,447)	-	-	624,011	(303,564)	-	1,650,000

	1 July 2018 $	Principal and interest (payments) /receipts $	Non-cash changes: Additions $	Issue of share capital $	Interest expense $	Changes in foreign exchange $	30 June 2019 $
Bank borrowings	252,829	(327,683)	-	-	74,854	-	-
Non-convertible loan	375,000	(375,000)	-	-	-	-	-
Finance lease liabilities	184,540	(61,842)	56,900	-	5,718	3,806	189,122
Loan from a director	2,218,979	(102,866)	-	-	-	11	2,116,124
Loan from shareholders	1,000,000	-	-	-	-	-	1,000,000
Loan from external third parties	2,600,000	101,000	-	-	9,000	-	2,710,000

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

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

The financial statements of the Group for the financial year ended 30 June 2020 were authorised for issue in accordance with resolution of the Board of Directors of Kitchen Culture Holdings Ltd. on 14 October 2020.

1 General information

Kitchen Culture Holdings Ltd. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Leng Kee Road #01-08, Thye Hong Centre, Singapore 159086.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are set out in Note 12 to the financial statements. The Group is primarily involved in the selling and distribution of imported high-end kitchen systems and appliances, wardrobe systems and household furniture and accessories.

Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation declared the outbreak a Public Health Emergency of International Concern. The outbreak was subsequently characterised as a pandemic on 11 March 2020.

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced demand in recreational activities.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies which the Group operates in, hence is expected to affect the Group's financial performance in the following financial years.

An assessment was made for the reporting year whether there is any indication that the Group's assets and liabilities may be impacted adversely. If any such indication of uncertainties exists, an estimate is made of the fair value of the related account balances.

2 Going concern

The Group incurred a net loss of $4.6 million (2019: $4.1 million) for the financial year ended 30 June 2020, and recorded a net operating cash outflow of $5.0 million (2019: inflow of $0.9 million). As at 30 June 2020, the Group's current liabilities exceeded its current assets by $8.0 million (2019: $3.4 million).

These financial results indicate the existence of events or conditions on the Group's ability to continue as a going concern and discharge its liabilities in the ordinary course of business. Nevertheless, the directors believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2020 is appropriate after taking into consideration the following factors:

(a) The entire amount of the convertible loan (see further Note 18) and accrued interest of $7.0 million as at 30 June 2020 was converted into new ordinary shares in the capital of the Company in July 2020.

(b) Mr Lim Wee Li, the Executive Chairman and CEO who had extended an interest free loan of $4.6 million to the Group for working capital purposes as at 30 June 2020, had on 30 July 2020 converted the entire amount into new ordinary shares in the capital of the Company.

2 Going concern (cont'd)

(c) The Company had on 22 July 2020 entered into subscription agreements with various subscribers for the issue and allotment of new ordinary shares in the capital of the Company. The Company subsequently received aggregate proceeds of $9.5 million from the subscribers in August 2020.

(d) An amount of $3.1 million in the contract liabilities relates to sales deposits collected from customers for kitchen systems purchased, which will be recognised as revenue subsequently upon delivery of the kitchen systems to the customers and do not represent payment obligations of the Group.

In the event that the Group is unable to continue in operational existence for the foresseable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify non-current assets and non-current liabilities to current assets and liabilities respectively. The financial statements do not include any adjustments which may arise from these uncertainties.

3 Significant accounting policies

3.1 Basis of accounting

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2019

On 1 July 2019, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

3 Significant accounting policies (cont'd)

3.1 Basis of accounting (cont'd)

Interpretations and amendments to published standards effective in 2019 (cont'd)

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 3.6.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 104 *Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

ii) On a lease-by-lease basis, the Group has:

    a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
    b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
    c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
    d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
    e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 July 2019.

3 Significant accounting policies (cont'd)

3.1 Basis of accounting (cont'd)

Interpretations and amendments to published standards effective in 2019 (cont'd)

For leases previously classified as operating leases on 1 July 2019, the Group has applied the following transition provisions:

i) On a lease-by-lease basis, the Group chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. 1 July 2019).

ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

iii) For leases previously classified as finance leases, the carriying amount of the leased asset and finance lease liability as at 1 July 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 are as follows:

	Increase
	$
Property, plant and equipment (Note 9)	2,178,030
Lease liabilities	2,178,030

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 30 June 2019 and the lease liabilities recognised in the balance sheet as at 1 July 2019 are as follows:

	$
Operating lease commitments disclosed as at 30 June 2019	2,265,264
Less: Discounting effects using weighted average incremental borrowing rate of 3%	(87,234)
	2,178,030
Add: Finance lease liabilities recognised as at 30 June 2019	189,122
Lease liabilities recognised as at 1 July 2019	2,367,152

3 Significant accounting policies (cont'd)

3.2 Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 Significant accounting policies (cont'd)

3.2 Basis of consolidation (cont'd)

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

Changes in the Group's ownership interests in existing subsidiary corporations

Changes in the Group's ownership interest in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations 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 their subsidiary corporations. Any difference between the amount of 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 corporation, a gain or loss is recognised in profit or loss and 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 corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS (I)s). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiary corporations are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

3.3 Business combination

Acquisitions of subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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.

3 Significant accounting policies (cont'd)

3.3 Business combination (cont'd)

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their 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 recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

3.4 Financial instruments

Classification and measurement

The Group classifies and measures its financial assets at amortised cost. The classification depends 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 reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value.

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

At subsequent measurement

Financial assets of the Group mainly comprise of cash at bank and trade and other receivables. There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group manages this group of financial assets by collecting the contractual cash flows representing solely payments of principal and interest. Accordingly, this group of financial assets is measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For trade receivables and contract assets, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applied the general approach permitted by the SFRS(I) 9, which recognised from initial recognition the expected credit losses of the receivables for the next 12 months until a significant increase in credit risk has occurred, at which point the loss allowances is measured based on lifetime losses.

3.5 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available currently rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

3.6 Leases

The accounting policy for leases before 1 July 2019 is as follows:

When the Group is the lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

3 Significant accounting policies (cont'd)

3.6 Leases (cont'd)

When the Group is the lessee:

- Lessee – Finance leases

  Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

  The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

  Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

- Lessee – Operating leases

  Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

  Contingent rents are recognised as an expense in profit or loss when incurred.

The accounting policy for leases from 1 July 2019 is as follows:

When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16 except when the Group is an intermediate lessor.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.16.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

3 Significant accounting policies (cont'd)

3.6 Leases (cont'd)

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  The right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments consist of the fixed payment (including in-substance fixed payments), less any lease incentives receivables.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3 Significant accounting policies (cont'd)

3.7 Construction contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability under trade and other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost using the effective interest method.

3.9 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises 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 weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3 Significant accounting policies (cont'd)

3.11 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than asset under construction, over their estimated useful lives, using the straight-line method, as follows:

	No. of years
Leasehold property	over the lease terms of 25 years
Renovations	5 years
Office equipment	5 years
Furniture and fittings	5 years
Motor vehicles	5 to 10 years
Operating equipment	5 years
Coffee making equipment and accessories	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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 amounts of the asset and is recognised in profit or loss.

3.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. The Group has elected to measure its investment property using the cost model. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated over the shorter of the lease term and its useful life unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful life of the investment property is the shorter of its lease term of 23 years.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3 Significant accounting policies (cont'd)

3.13 Impairment of tangible assets

At the end of each reporting date, the Group reviews the carrying amounts of its tangible 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset or cash-generating unit ("CGU") is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU 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 CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 Significant accounting policies (cont'd)

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

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 date, 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligations.

3.15 Government grants

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

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3 Significant accounting policies (cont'd)

3.16 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

<u>Revenue from construction contracts – installation of kitchen appliances and system</u>

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to progress of construction work based on surveys of work performed to date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

If the value of the goods and services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceeds the value of the goods and services transferred, a contract liability is recognised.

<u>Sale of goods – kitchen appliances</u>

Revenue from sale of goods of kitchen appliances is recognised at a point in time when the customer takes control of the goods, which is when the goods are delivered to the customer.

<u>Rendering of services</u>

Revenue from service is recognised during the financial year in which the services are rendered by reference to the completion of actual service provided as a proportion of the total services to be performed and is recognised over time.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

<u>Rental income</u>

The Group's policy for recognition of revenue from operating leases is described in Note 3.6.

3 Significant accounting policies (cont'd)

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

3.19 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

3.20 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income 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 calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary corporations operate by the end of the reporting date.

Deferred tax is recognised on the 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. 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 subsidiary corporations 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3 Significant accounting policies (cont'd)

3.20 Income tax (cont'd)

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.21 Foreign currency transactions and translation

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 and statement of changes in equity 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.

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 date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 Significant accounting policies (cont'd)

3.21 Foreign currency transactions and translation (cont'd)

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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 date. 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, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary corporation that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary corporation that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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 recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

3 Significant accounting policies (cont'd)

3.23 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and fixed deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

4 Critical judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies and assessment of going concern, which are described in Notes 2 and 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

Management did not make any material judgements that have significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed below.

Key sources of estimation uncertainty

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

<u>Impairment of trade receivables and contract assets</u>

As at 30 June 2020, the Group's trade receivables and contract assets amounted to $8,135,600 (2019: $3,782,402) (Note 6) and $352,932 (2019: $790,067) (Note 21) respectively, arising from the Group's different revenue segments.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of $261,979 for trade receivables was recognised as at 30 June 2020.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year.

The Group's credit risk exposure for trade receivables and contract assets by different revenue segment are set out in Note 27 and Note 21 respectively.

4 Critical judgements and key sources of estimation uncertainty (cont'd)

Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and a write off or write down is recorded against the carrying amount of the inventory balance for any such obsolescence, excess and declines. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting date and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write off or write down include management's expectations for future sales and inventory management which may materially affect the carrying amount of inventories as at financial year end. Possible changes in these estimates could result in revisions to the stated value of the inventories but these changes would not arise from the assumptions or other sources of estimation uncertainty at the end of the financial year. As at 30 June 2020, management has written down and write off inventories of $1,266,224 and $133,988 (2019: $36,584 and $283,931) respectively during the year.

The carrying amount of inventories at the end of the financial year are disclosed in Note 8.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the project activity at the end of reporting date, when the outcome of a construction project can be estimated reliably. The stage of completion is measured by reference to the proportion of value of work certified for work performed to-date compared to the total project revenue ("output method").

Significant assumptions are required in determining the stage of completion, the extent of the project costs incurred, the estimated total project revenue and total budgeted project costs, as well as the recoverability of the projects. Total project revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relies on past experience and knowledge of the project managers.

If the revenue on uncompleted contracts at the reporting date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by $905,667 (2019: $133,463) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $717,924 (2019: $115,580) respectively.

5 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Bank balances	6,403,022	281,595	5,938,263	9,269
Fixed deposit	-	52,082	-	-
	6,403,022	333,677	5,938,263	9,269

5 Cash and cash equivalents (cont'd)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020	**2019**
	$	**$**
Cash and cash equivalents (as above)	6,403,022	333,677
Less: Pledged fixed deposit	-	(52,082)
Less: Bank overdraft (Note 18)	-	(98,036)
Cash and cash equivalents in the consolidated statement of cash flows	6,403,022	183,559

Fixed deposit was pledged to a bank to secure banking facilities.

Disposal of subsidiary corporation

On 18 June 2020, the Group completed the disposal of its 60% equity interest in its wholly-owned subsidiary corporation, Kitchen Culture (Sichuan) Co., Ltd.. The effects of the disposal on the cash flows of the Group were:

	Group
	2020
	$
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and bank balances	88,880
Trade and other receivables	636,651
Inventories	836,815
Property, plant and equipment	256,350
Total assets	1,818,896
Trade and other payables	(4,735,774)
Tax payable	(15,990)
Total liabilities	(4,751,764)
Net liabilities derecognised	(2,933,068)
Net assets retained and reclassified as investment in associated companies	*
Net liabilities disposed of	(2,933,068)
Cash outflows arising from disposal:	
Net liabilities disposed of (as above)	(2,933,068)
Waiver of debt	1,792,482
Gain on disposal	1,140,586
Consideration on disposal	*
Less: Consideration receivable	*
Less: Cash and cash equivalents in subsidiary corporation disposed of	(88,880)
Net cash outflow on disposal	(88,880)

* Less than $1

6 Trade receivables

	Group 2020 $	Group 2019 $
Current		
Trade receivables	6,123,967	2,630,980
Accrued revenue	717,091	-
Retention sums	1,248,769	1,609,454
	8,089,827	4,240,434
Loss allowances (Note 27(c))	(261,979)	(558,536)
Net trade receivables, current	7,827,846	3,681,898
Non-current		
Prepayments	-	30,095
Retention sums	307,754	100,504
Net trade receivables, non-current	307,754	130,599

The average credit period on sale of goods is 60 days (2019: 60 days). No interest is charged on the trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

7 Other receivables

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Deposits	613,489	142,776	-	-
Prepayments	87,438	139,929	38,785	4,467
Advances to suppliers	176,485	431,613	-	-
Other receivables – non-related parties	155,217	594,579	-	-
Amounts due from subsidiary corporations	-	-	15,089,360	10,383,023
Amounts due from associated company	233,256	-	233,256	-
	1,265,885	1,308,897	15,361,401	10,387,490
Loss allowances (Note 27(c))	-	-	(9,801,025)	(5,474,243)
	1,265,885	1,308,897	5,560,376	4,913,247

Amount due from from subsidiary corporations and associated company are non-trade in nature, unsecured, interest free and repayable on demand.

8 Inventories

	Group	
	2020	2019
	$	$
Finished goods – at net realisable value	4,853,956	6,897,834

The cost of inventories recognised as an expense includes $1,266,224 (2019: $36,584) in respect of write-downs of inventory to net realisable value and $133,988 (2019: $283,931) in respect of inventory written off. The charge to the current financial year's profit or loss were included in "Other operating expenses".

9 Property, plant and equipment

Group	Premises $	Renovations $	Furniture and fittings $	Office equipment $	Motor vehicles $	Operating equipment $	Coffee making equipment and accessories $	Total $
Cost								
At 1 July 2018	-	1,684,942	342,495	772,445	792,970	8,925	-	3,601,777
Additions	-	42,495	2,880	3,431	67,800	6,600	-	123,206
Disposal	-	-	-	-	(300,594)	-	-	(300,594)
Exchange differences	-	(5,047)	(845)	(3,582)	(3,855)	-	-	(13,329)
At 30 June 2019	-	1,722,390	344,530	772,294	556,321	15,525	-	3,411,060
Adoption of SFRS(I) 16 on 1 July 2019 (Note 3.1)	2,178,030	-	-	-	-	-	-	2,178,030
Additions	543,314	84,205	1,575	13,285	190,359	-	15,000	847,738
Disposal	-	-	-	-	(20,501)	-	-	(20,501)
Written off	-	(1,587)	(925)	(1,712)	-	-	-	(4,224)
Deconsolidated	-	(82,515)	(3,868)	(25,145)	(245,029)	-	-	(356,557)
Exchange differences	22,331	15,488	2,702	3,725	3,702	-	-	47,948
At 30 June 2020	**2,743,675**	**1,737,981**	**344,014**	**762,447**	**484,852**	**15,525**	**15,000**	**6,103,494**
Accumulated depreciation								
At 1 July 2018	-	1,476,170	329,637	634,816	540,153	5,559	-	2,986,335
Depreciation for the year	-	142,325	10,115	76,472	99,714	1,964	-	330,590
Disposal	-	-	-	-	(296,896)	-	-	(296,896)
Exchange differences	-	(8,673)	(571)	(2,456)	(2,759)	-	-	(14,459)
At 30 June 2019	-	1,609,822	339,181	708,832	340,212	7,523	-	3,005,570
Depreciation for the year	1,389,520	52,291	4,228	37,871	90,250	2,198	2,642	1,579,000
Disposal	-	-	-	-	(20,501)	-	-	(20,501)
Written off	-	(958)	(775)	(922)	-	-	-	(2,655)
Deconsolidated	-	(20,853)	(3,068)	(13,177)	(63,109)	-	-	(100,207)
Exchange differences	3,748	19,348	2,685	3,536	3,862	-	-	33,179
At 30 June 2020	**1,393,268**	**1,659,650**	**342,251**	**736,140**	**350,714**	**9,721**	**2,642**	**4,494,386**
Carrying amount								
At 30 June 2019	-	112,568	5,349	63,462	216,109	8,000	-	405,490
At 30 June 2020	**1,350,407**	**78,331**	**1,763**	**26,307**	**134,138**	**5,804**	**12,358**	**1,609,108**

9 Property, plant and equipment (cont'd)

During the financial year ended 30 June 2019, the Group acquired motor vehicles under finance lease amounting to $67,800 and the carrying amounts of all motor vehicles under finance leases arrangements amounted to $201,356.

10 Leases

Nature of the Group's leasing activities

The Group leases office premises, warehouse and showrooms and motor vehicles for the purpose of business operations.

(a) Carrying amounts of ROU asset

	Group	
	30 June 2020	**1 July 2019**
	$	**$**
Premises	1,350,407	2,178,030
Motor vehicles	134,133	201,356
End of financial year	1,485,540	2,379,386

(b) Depreciation charge during the year

	2020
	$
Premises	1,389,520
Motor vehicles	67,540
End of financial year	1,457,060

(c) Interest expense

	2020
	$
Interest expense on lease liabilities (Note 23)	65,740

(d) Lease expense not capitalised in lease liabilities

	2020
	$
Lease expense – low value leases (Note 24)	316,661

(e) Total cash outflow for all leases in 2020 was $1,766,928.

(f) Addition of right-of-use assets during the financial year 2020 was $543,314.

11 Investment property

	Group	
	2020	**2019**
	$	**$**
Beginning of financial year	233,225	246,002
Amortisation charge for the year (Note 24)	(12,777)	(12,777)
End of financial year	220,448	233,225

The Group's investment property is held for capital appreciation and/or to earn rental and is expected to be recovered through sale. The Group has recognised rental income amounting to $3,894 (2019: $8,981) in profit and loss. There are no significant direct operating expenses (including repairs and maintenance) incurred on the investment property.

The investment property held by the Group is as follows:

Description and location	**Existing use**	**Tenure**	**Unexpired lease term**
Unit 91, Montigo Resorts, Nongsa, Batam, Riau Island	Holiday resort	Leasehold	17 years

Fair value measurement of the Group's investment property

The fair value measurement of investment property not carried at fair value but for which fair values are disclosed has been categorised as a Level 2 fair value based on the inputs to the valuation technique which are described as follows:

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

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 30 June 2020, the fair values of the properties have been determined by Roma Appraisals Limited and is valued to be approximately $500,000 (2019: $500,000).

There were no transfer between fair value hierarchies.

12 Investments in subsidiary corporations

	Company 2020 $	Company 2019 $
Equity investment at cost		
Beginning of financial year	1,500,005	1,500,005
Add: Addition	100,000	-
Less: Allowance for impairment	(265,652)	(1,500,003)
Less: Disposal	(740,611)	-
Less: Reclassified to investment in associated company (Note 13)	(493,740)	-
End of financial year	100,002	2

Movement in allowance for impairment in respect of subsidiary corporations during the year is as follows:

	Company 2020 $	Company 2019 $
Beginning of financial year	1,500,003	-
Allowance made during the year	-	1,500,003
Disposal	(740,611)	-
Reclassified to investment in associated company (Note 13)	(493,740)	-
End of financial year	265,652	1,500,003

Details of significant subsidiary corporations are as follows:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2020 %	Proportion of ordinary shares held by the Group 2019 %	Proportion of ordinary shares held by non-controlling interests 2020 %	Proportion of ordinary shares held by non-controlling interests 2019 %
Held by the Company						
KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM")	Sales and distribution of kitchen system and appliances, wardrobe system, household furniture and appliances	Singapore	100	100	-	-
Kitchen Culture (China) Limited (i)	Dormant	Hong Kong	100	100	-	-
KHL (Hong Kong) Limited (i)	Investment holding	Hong Kong	100	100	-	-

12 Investments in subsidiary corporations (cont'd)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019
			%	%	%	%
Held by the Company (cont'd)						
Beef Up Global Pte. Ltd. (v)	Dormant	Singapore	100	100	-	-
KC Medical Supplies Pte. Ltd. (v)(vi)	Dormant	Singapore	100	-	-	-
Held by KHL Marketing Asia-Pacific Pte. Ltd.						
Kitchen Culture Sdn. Bhd. (ii)	Trading in furniture and fittings, kitchen equipment and related products	Malaysia	100	100	-	-
Kitchen Culture Pte. Ltd. (v)	Dormant	Singapore	100	100	-	-
Haus Furnishings and Interiors Pte. Ltd.	Provision of labour services	Singapore	100	100	-	-
KCube Pte. Ltd.	Trading in mid-range kitchen equipment and related products	Singapore	100	100	-	-
Kitchen Culture (Sichuan) Co., Ltd. (iii)(vii)	Sales and distribution of kitchen systems and appliances, wardrobe system, household furniture and appliances	The People's Republic of China	-	100	-	-
KCROOM Pte. Ltd. (v)	Dormant	Singapore	100	100	-	-
Held by KHL (Hong Kong) Limited						
Kitchen Culture (Macau) Limited (iv)	Dormant	Macau	70	70	30	30
Kitchen Culture (Hong Kong) Limited (i)	Sales and distribution of kitchen system, kitchen appliances, wardrobe system, household furniture and appliances	Hong Kong	70	70	30	30

12 Investments in subsidiary corporations (cont'd)

The above subsidiary corporations are audited by Nexia TS Public Accounting Corporation, Singapore except for the subsidiary corporations that are indicated below:

(i) Audited by Fan, Chan & Co, Hong Kong ("FC"), a member firm of "Nexia International" network

(ii) Audited by ST & Partners PLT, Malaysia ("ST")

(iii) Audited by Grant Thornton LLP, China ("GT")

(iv) Audited by Keng Ou CPAs, Macau ("KOCPA")

(v) Not required to be audited

(vi) Incorporated during the year

(vii) On 18 June 2020, the Group completed the disposal of its 60% equity interest in Kitchen Culture (Sichuan) Co., Ltd. ("KCSC") which resulted in a loss of control in KCSC. In consequence of the loss of control but significant influence retained, the Group has deconsolidated KCSC and reclassified the investment as an associated company (Notes 5 and 13).

The Board of Directors and the Audit Committee of the Company have reviewed the profile of ST, GT and KOCPA, and having considered that the subsidiary corporations audited by these firms are not significant subsidiary corporations, the Board of Directors and the Audit Committee are satisfied that their appointment would not compromise the standard and effectiveness of the audit of the Group.

	Non-controlling interests	
	2020	**2019**
	$	**$**
Kitchen Culture (Hong Kong) Limited	(283,580)	(396,442)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

(i) <u>Summarised balance sheet</u>

	2020	**2019**
	$	**$**
Current		
Assets	6,924,939	4,408,519
Liabilties	(8,468,742)	(5,821,466)
Total current net liabilities	(1,543,803)	(1,412,947)
Non-current		
Assets	607,368	91,474
Liabilities	(8,832)	-
Total non-current net assets	598,536	91,474
Net liabilities	(945,267)	(1,321,473)

12 Investments in subsidiary corporations (cont'd)

(ii) Summarised income statement

	2020 $	2019 $
Revenue	10,277,853	5,679,854
Profit before income tax	341,987	43,119
Income tax credit/(expense)	81,750	(266,192)
Post tax profit/(loss) from continuing operations	423,737	(223,073)
Total comprehensive income/(loss)	423,737	(223,073)
Total comprehensive income/(loss) allocated to non-controlling interests	127,121	(66,922)

(iii) Summarised cash flows

	2020 $	2019 $
Net cash (used in)/generated from operating activities	(2,179,174)	670,238
Net cash used in investing activities	(2,389)	(33,682)
Net cash generated from/(used in) financing activities	2,169,959	(491,542)

There were no material transactions with non-controlling interests for the financial year ended 30 June 2020 and 2019.

13 Investment in associated company

	Group 2020 $	Company 2020 $
Equity investment at cost:		
Beginning of financial year	-	-
Reclassified from investments in subsidiary corporations (Note 12)	-	-
Remeasurement of equity interests retained	*	-
End of financial year	-	-

There are no contingent liabilities relating to the Group's interest in the associated company.

Set out below is the associated company of the Group:

Name	Principal activities	Country of business/ incorporation	% of ownership interest 2020 %
Held by the KHL Marketing Asia-Pacfic Pte. Ltd.			
Kitchen Culture (Sichuan) Co., Ltd. [(i)]	Sales and distribution of kitchen systems and appliances, wardrobe system, household furniture and appliances	The People's Republic of China	40

[(i)] Audited by Grant Thornton LLP, China ("GT")

14 Deferred income taxes

The following are the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current reporting date and prior reporting period:

	Property, plant and equipment $	Tax loss carry forward $	Total $
Group			
1 July 2018	(79,785)	(257,552)	(337,337)
Exchange differences	47	-	47
Reversal of deferred tax assets	79,738	257,552	337,290
At 30 June 2019	-	-	-
Recognition of deferred tax assets	(81,750)	-	(81,750)
Exchange differences	(747)	-	(747)
At 30 June 2020	(82,497)	-	(82,497)

Subject to the agreement by the tax authorities, at the end of the reporting date, the Group has unutilised tax losses of $17,610,335 (2019: $16,634,359) available for offset against future profits. Unutilised tax losses may be carried forward indefinitely subject to the conditions imposed by the tax authorities including the retention of majority shareholders as defined.

15 Trade payables

	Group 2020 $	Group 2019 $
Trade payables	1,953,657	2,166,068

16 Other payables

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Other payables	3,859,633	4,911,058	611,110	511,210
Amount due to subsidiary corporations	-	-	2,268,697	1,706,200
Loan from a director	4,631,305	2,116,124	4,630,406	2,115,259
Loan from a shareholder of a subsidiary corporation	382,447	459,713	-	-
Loan from a third party	2,765,428	-	-	-
Deferred grant income	113,495	-	-	-
Accrued operating expenses	1,897,224	1,230,212	83,825	577,691
	13,649,532	8,717,107	7,594,308	4,910,360

The loan from a director and shareholder of a subsidiary corporation are unsecured, interest-free and repayable on demand except for an amount of $382,447 (2019: $459,713) relating to loan from a shareholder of a subsidiary corporation which bears interest of 10% per annum.

17 Lease liabilities

Lease liabilities (disclosure required under SFRS(I) 16)

	Group 2020 $
Maturity analysis:	
Year 1	1,143,285
Year 2	255,856
Year 3	37,020
Year 4	33,661
Year 5	11,823
	1,481,645
Less: Future interest charges	(52,096)
	1,429,549
Analysed as:	
Current	1,092,483
Non-current	337,066
	1,429,549

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Finance lease (disclosure required under SFRS(I) 1-17)

	Group	
	Minimum lease payments 2019 $	Present value of minimum lease payments 2019 $
Minimum lease payments due:		
- Not later than one year	60,890	54,407
- Between one and five years	160,559	134,715
	221,449	189,122
Less: Future finance charges	(32,327)	-
Present value of finance lease liabilities	189,122	189,122
Less: Amount due for settlement within 12 months (shown as current liabilities)		(54,407)
Amount due for settlement after 12 months		134,715

For the financial year ended 30 June 2019, finance lease terms are for an average of 7 years. The average effective borrowing rate was 2.3% to 2.8% per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease liabilities was guaranteed by the Company's Director, namely Lim Wee Li of $63,076 and the Company of $102,690.

The fair value of the Group's lease obligations in 2019 approximated its carrying amount.

18 Borrowings

	Year of maturity	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Borrowings from financial institutions					
Bank overdraft (Note 5)		-	98,036	-	-
		-	98,036	-	-
Borrowings from non-financial institutions					
Loan from shareholder	2021	195,229	1,000,000	-	-
Loan from other third parties	2018	-	1,110,000	-	-
Loan from other third parties	2021	1,650,000	1,600,000	-	-
Loan from other third parties (convertible loan)	-	6,957,500	-	6,957,500	-
		8,802,729	3,710,000	6,957,500	-
		8,802,729	3,808,036	6,957,500	-
Presented as:					
Current		8,802,729	1,208,036	6,970,500	-
Non-current		-	2,600,000	-	-
		8,802,729	3,808,036	6,970,500	-

Borrowings from non-financial institutions

Borrowings from non-financial institutions bear interest at 10% fixed rate per annum and is repayable upon maturity on 31 December 2018 except for $1,395,229 loan repayable after next 12 months.

The Company had on 3 May 2020 entered into a convertible loan agreement with investors ("Investors"), pursuant to which, the Investors agreed to grant an interest-bearing convertible loan for the amount of $6,050,000 to the Company (the "Convertible Loan"). Following this, the Investors were granted the right to convert the Convertible Loan together with the interest payable on the Convertible Loan into a maximum of 46,694,626 new ordinary shares in the issued and paid-up capital of the Company in accordance of the terms of the Convertible Loan Agreement.

Fair value of non-current borrowings

	Group 2020 $	Group 2019 $
Non-financial institutions	-	2,536,230

The fair values above are determined from cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group 2020 %	Group 2019 %
Non-financial institutions	-	10.00

19 Share capital

	Group and Company			
	No. of shares		Amount	
	2020	**2019**	**$**	**$**
Issued and paid-up				
Beginning of financial year	118,477,000	118,477,000	8,731,259	8,731,259
Shares issued	58,273,000	-	3,976,564	-
End of financial year	176,750,000	118,477,000	12,707,823	8,731,259

On 22 January 2020 and 19 March 2020, the Company issued and allotted 2,000,000 and 56,273,000 new ordinary shares with no par value for a total consideration of $150,000 and $3,826,564 respectively for working capital purposes.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

20 Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiary corporations into Singapore Dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

21 Revenue from contracts with customers

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories, by nature of revenue and geographical regions.

	At a point in time $	Over time $	Total $
2020			
Revenue from construction contracts			
- Singapore	-	2,453,822	2,453,822
- Hong Kong	-	7,133,522	7,133,522
	-	9,587,344	9,587,344
Sales of goods			
- Singapore	2,018,323	-	2,018,323
- Hong Kong	3,144,331	-	3,144,331
- Malaysia	140,296	-	140,296
- China	332,071	-	332,071
	5,635,021	-	5,635,021
	5,635,021	9,587,344	15,222,365
2019			
Revenue from construction contracts			
- Singapore	-	1,615,342	1,615,342
- Hong Kong	-	1,448,724	1,448,724
- Malaysia	-	66,141	66,141
	-	3,130,207	3,130,207
Sales of goods			
- Singapore	2,490,034	-	2,490,034
- Hong Kong	4,231,130	-	4,231,130
- Malaysia	206,880	-	206,880
- China	992,365	-	992,365
	7,920,409	-	7,920,409
	7,920,409	3,130,207	11,050,616

21 Revenue from contracts with customers (cont'd)

(b) Contract assets and liabilities

	Group	
	2020	**2019**
	$	**$**
Over time:		
Contract assets – construction contracts	352,932	790,067
Over time:		
Contract liabilities – construction contracts	116,516	13,703
Point in time:		
Contract liabilities – sales of goods	3,069,718	4,198,868
	3,186,234	4,212,571

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date arising from construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets increased due to the timing differences between the agreed payment schedule and the progress of the construction work.

Contract liabilities are in relation to the advance consideration received from customers which were previously presented as "sales deposits received" and "amounts due to customers on projects". The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under contract when control of goods transfers to the customer.

(i) Revenue recognised in relation to contract liabilities

	Group	
	2020	**2019**
	$	**$**
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year		
- Construction contracts	13,703	1,341,129
- Sales of goods	899,582	83,010
	913,285	1,424,139

There is no revenue recognised in the current financial year from performance obligations satisfied in previous periods.

(c) Assets recognised from costs to fulfil contracts

The Group has no other current assets in relation to costs to fulfil contracts with customers. Costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

Based on the Group's assessment, the expected costs to complete the remaining construction contracts as at 30 June 2020 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial year ended 30 June 2020 (2019: $Nil).

22 Other income

	Group	
	2020	**2019**
	$	**$**
Government grants	272,254	9,919
Interest income on bank deposits	2,297	731
Service income	170,242	103,254
Sundry income	89,368	165,384
	534,161	279,288

Government grants include the Special Employment Credit, the Wage Credit Scheme, the Jobs Support Scheme and others. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses in Singapore to adjust to the rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. The Jobs Support Scheme was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during this period of economic uncertainty due to the global COVID-19 pandemic.

23 Finance cost

	Group	
	2020	**2019**
	$	**$**
Interest expense on loans and bills payable	2,033,059	426,375
Interest expense on lease liabilities	65,740	5,719
	2,098,799	432,094

24 Loss before income tax

Loss before income tax has been arrived at after charging/(crediting):

	Group	
	2020	2019
	$	$
Allowance for doubtful receivables:		
- trade (third parties) (Note 27(c)(iv))	161,242	180,145
Allowance for doubtful receivables written back:		
- trade (third parties) (Note 27 (c)(iv))	(39,383)	-
Bad debts written-off	505,248	148,091
Audit fees paid to:		
- auditors of the Company	80,504	86,016
- other auditors	12,175	24,568
Non-audit fees paid to:		
- auditors of the Company	11,000	-
Cost of inventories recognised as an expense included in cost of sales	1,355,640	1,640,893
Depreciation of property, plant and equipment (Note 9)	1,579,000	330,590
Amortisation of investment property (Note 11)	12,777	12,777
Directors' fees	87,284	163,366
Inventories written down (Note 8)	1,266,224	36,584
Inventories written off (Note 8)	133,988	283,931
Net (gain)/loss on foreign exchange differences	(150,349)	490,242
Net gain on disposal of property, plant and equipment	(7,220)	(52,111)
Property, plant and equipment written off	1,569	-
Rental expense on operating lease	316,661	1,666,813
Salaries and related costs	3,051,494	2,831,548
Contributions to defined contribution plans	430,237	295,905
Gain on disposal of subsidiary corporation (Note 5)	(1,140,586)	-
Interest income on bank deposits	(2,297)	(731)
Interest expense on loans and bills payable	2,033,059	426,375
Interest expense on lease liabilities	65,740	5,719

25 Income tax credit/(expense)

	Group 2020 $	Group 2019 $
Tax credit/(expense) attributable to profit is made up of:		
- Loss for the financial year		
Current income tax	(243)	-
Deferred tax credit/(expense)	81,750	(337,290)
	81,507	(337,290)

Reconciliation of effective tax rate

	Group 2020 $	Group 2019 $
Loss before income tax	(4,726,666)	(3,785,655)
Tax calculated using Singapore tax rate of 17% (2019: 17%)	(803,533)	(643,561)
Effect of different tax rates in other countries	69,777	47
Effects of unrecognised tax benefits	380,706	585,142
Expenses not deductible for tax purposes	670,083	58,372
Income not subjected to tax	(317,276)	-
Deferred tax credit/(expense)	81,750	(337,290)
Income tax credit/(expense)	81,507	(337,290)

26 Loss per share

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following:

	Group 2020	Group 2019
(a) Basic loss per share		
Loss for the year attributable to equity holders of the Company ($)	(4,770,859)	(3,874,348)
Weighted average number of ordinary shares in issue	135,187,708	118,477,000
Basic loss per share (cents per share)	(3.5)	(3.3)

(b) Diluted loss per share

As the Group incurred net loss for the financial years ended on 30 June 2020 and 2019, adjustments, if any, were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

Hence, the diluted loss per share for the financial years ended 30 June 2020 and 2019 were the same as the basic loss per share for the same periods.

27 Financial instruments, financial risks and capital management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting year.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Financial assets				
Financial assets, at amortised cost*	9,137,561	4,519,757	5,521,591	4,908,780
Cash and cash equivalents	6,403,022	333,677	5,938,263	9,269
	15,540,583	4,853,434	11,459,854	4,918,049
Financial liabilities				
Trade and other payables	15,489,694	10,883,195	7,494,038	4,910,360
Lease liabilities	1,429,549	189,122	-	-
Borrowings	8,802,729	3,808,036	-	-
	25,721,972	14,880,333	7,494,038	4,910,360

* Excludes prepayments and advances to suppliers

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives

The Group is exposed to various financial risks arising from the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board with management is responsible for developing and monitoring the Group's risk management policies. The management reports regularly to the Board of Directors on its activities.

The Group does not hold nor issue derivative financial instruments.

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

(i) Foreign currency risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. Such significant foreign currencies include the Hong Kong Dollar ("HKD"), Singapore Dollar ("SGD"), Euro ("EUR"), United States Dollar ("USD"), Renminbi ("RMB") and Malaysian Ringgit ("MYR"). The Group does not enter into any derivative financial investments to hedge this risk.

The Group uses natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting year, the carrying amounts of monetary assets (including trade and other receivables and cash and cash equivalents) and monetary liabilities (including trade and other payables) denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
HKD	1,410	1,458	1,410	1,458
SGD	11,139	-	-	-
EUR	10,552	1,504	-	-
RMB	11,126	152,369	-	-
USD	5,667	176	-	-
Financial liabilities				
HKD	-	2,756	-	-
SGD	-	659,698	-	-
EUR	95,296	53,111	-	-
USD	-	3,359	-	-
MYR	-	556,332	-	-
RMB	143,546	182,548	-	-

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

A positive number below indicates an increase in loss for the year where functional currency of the Group and the Company strengthens by 10% against the foreign currency. For a 10% weakening of the functional currency of the Group and the Company against the foreign currency, there would be an equal and opposite impact on the profit or loss.

	Group (Decrease)/increase in loss before tax		**Company (Decrease)/increase in loss before tax**	
	$	**$**	**$**	**$**
HKD	141	(130)	141	146
SGD	1,114	(65,970)	-	-
EUR	(8,474)	(5,161)	-	-
USD	567	(318)	-	-
MYR	-	(55,633)	-	-
RMB	(13,242)	(3,018)	-	-

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Cash flow and fair value interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain its borrowings in both fixed and variable rate instruments. The Group's exposure to interest rate risks arises mainly from non-current variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from non-current borrowings at variable rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rates financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting date in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

As the Group has no variable rate instruments, a change in interest rate at the reporting date would not affect profit or loss and equity.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss and equity.

(iii) Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Short-term funding is obtained from overdraft facilities, loans from a director and short-term bank loans. Any temporary shortfall of funds of the Company or its subsidiary corporations would be managed via short-term funding.

As disclosed in Note 2, the Board of Directors is confident that adequate liquidity exists to finance the requirements of the Group for at least the next twelve months, on the basis, inter alia, that the Company had on 22 July 2020 entered into subscription agreements with various subscribers for the issue and allotment of new ordinary shares in the capital of the Company, and subsequently received aggregate proceeds of $9.5 million from the subscribers in August 2020.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Less than 1 year $	Between 1 and 5 years $	Total $
Group			
2020			
Trade payables	1,953,657	-	1,953,657
Other payables	13,536,037	-	13,536,037
Lease liabilities	1,143,285	338,360	1,481,645
Borrowings – fixed rate instruments	2,375,294	-	2,375,294
2019			
Trade payables	2,166,068	-	2,166,068
Other payables	8,717,107	-	8,717,107
Finance lease liabilities	60,890	160,559	221,449
Borrowings – fixed rate instruments	1,319,036	3,234,652	4,553,688
Company			
2020			
Other payables	7,594,308	-	7,594,308
2019			
Other payables	4,910,360	-	4,910,360

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date based on the credit facilities and banker guarantees available to the subsidiary corporation was $Nil (2019: $Nil). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee as the credit facilities has been fully repaid during the financial year (Note 18). The Company has yet to withdraw the bankers guarantee as at financial year end.

Financial support to subsidiary corporations

As at 30 June 2020, the Company has unsecured contingent liabilities in respect of undertakings to provide continuing financial support to its subsidiary corporations, KCube Pte. Ltd., Haus Furnishing and Interiors Pte Ltd, Kitchen Culture (Macau) Limited, Kitchen Culture (Hong Kong) Limited, KHL (Hong Kong) Limited, Kitchen Culture Sdn. Bhd., and Kitchen Culture (China) Ltd. to continue their operations for the next twelve months after the date of their audited financial statements. The net current liabilities portion of those subsidiary corporations amounted to $21,852,822 (2019: $10,693,671) as at year end.

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place to mitigate the risk of financial loss from defaults. The Group does not require collateral in respect of trade and other receivables. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's and the Company's cash and bank balances are held with creditworthy financial institutions.

Trade receivables consist of various customers spread across different geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, letters of credit will be obtained on the trade receivables.

The Group's customers are mainly property development main contractors, property developers and individuals. The Group's historical experience in the collection of accounts receivable fall within the recorded allowances. Due to these factors, management believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables. The good credit history of these customers reduces the risk to the Group to an acceptable level.

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic except as described below. The Group and the Company define counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group and the Company determine concentration of credit risk by monitoring the country and business segment profile of it trade and other receivables on an ongoing basis. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

	2020	**2019**
	$	**$**
Group		
Singapore	3,645,799	2,529,317
Malaysia	478,124	709,509
Hong Kong	5,013,638	1,085,306
Others	-	195,626
	9,137,561	4,519,758
Company		
Singapore	2,182,647	1,706,200
Malaysia	-	114
Hong Kong	3,100,523	3,197,301
Others	238,420	5,165
	5,521,590	4,908,780

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

Trade receivables and contract assets

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

At the end of the year, the Group has outstanding trade receivables from the top 3 (2019: 4) customers which represent 76% (2019: 23%) of total trade and other receivables balance at year end. Ongoing credit evaluation is performed on the financial condition of customers.

Movement in trade receivables credit loss allowances is as follows:

	2020	2019
	$	$
Group		
Beginning of financial year	558,536	378,838
Loss allowances recognised in profit or loss during the year		
- Assets acquired (Note 24)	161,242	180,145
- Written back (Note 24)	(39,383)	-
- Written off	(418,156)	-
Exchange differences	(260)	(447)
End of financial year	261,979	558,536

27 Financial instruments, financial risks and capital management (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

Other receivables

At the end of the year, the Company has outstanding net other receivables (excluding prepayments) of $5,521,590 (2019: $4,908,780) from its subsidiary corporations which represent 99% (2019: 99%) of its total other receivables. Ongoing credit evaluation is performed on the financial condition of its subsidiary corporations.

Movement in other receivables credit loss allowances is as follows:

	2020 $	2019 $
Company		
Beginning of financial year	5,474,243	1,055,052
Loss allowances recognised in profit or loss during the year		
- Assets acquired	4,326,782	4,419,191
End of financial year	9,801,025	5,474,243

(v) Determination of fair values

Non-current trade receivables

The fair value of non-current trade receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Other financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, bank borrowings, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure externally imposed capital requirements are complied with.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising paid up capital, reserves and retained earnings and/or accumulated losses.

The Group's management will review the capital structure periodically. As part of this review, management will consider the cost of capital and the risks associated with each class of capital. The Group will seek to balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

28 Commitments

Operating lease arrangements

The Group as a lessee

As at 30 June 2019, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2019 $
Future minimum lease payments payable:	
Within one year	1,286,926
In the second to fifth year inclusive	978,338
	2,265,264

Operating lease payments represent rentals payable by the Group for its office premises, various showrooms and warehouses under non-cancellable operating lease agreements. Leases are negotiated with varying terms, escalation clauses and rentals are fixed for an average of two to three years with renewal options.

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

As disclosed in Note 3.1, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 30 June 2020, except for short-term leases.

29 Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are residential projects, distribution and retail, and others.

Residential projects segment is involved in designing, assembling, installing, testing and inspection of various furniture and fittings, kitchen equipment and related products.

Distribution and retail segment is involved in selling and distributing of products through a network of authorised dealers and retailers.

Others are the investment holding, dormant and inactive companies.

Management monitors the operating results of its reportable segments separately for making decisions about allocation of resources and assessment of performances of each segment.

29 **Segment information** (cont'd)

The segment information provided to Management for the reportable segments is as follows:

	Residential Projects		Distribution and Retail		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Reportable segment revenue	9,587,345	3,130,207	5,635,020	7,920,409	-	-	15,222,365	11,050,616
Reportable segment losses	(17,379)	(485,207)	(1,763,488)	(1,518,436)	(1,909,885)	(878,159)	(3,690,752)	(2,881,802)
Reportable segment assets	9,545,415	3,989,319	7,146,930	9,765,787	6,234,919	30,792	22,926,764	13,785,898
Segment liabilities	7,856,384	3,716,318	5,796,781	8,143,346	5,349,786	3,236,082	19,002,951	15,095,746
Capital expenditure	1,567,443	123,206	1,458,325	-	-	-	3,025,768	123,206
Other material non-cash expenses								
Depreciation of property, plant and equipment	(840,799)	(101,653)	(736,457)	(227,364)	(1,744)	(1,573)	(1,579,000)	(330,590)
Depreciation of investment property	(7,027)	(5,111)	(5,750)	(7,666)	-	-	(12,777)	(12,777)
Loss allowances, net	(67,022)	(72,058)	(54,837)	(108,087)	-	-	(121,859)	(180,145)
Property, plant and equipment written off	-	-	(1,569)	-	-	-	(1,569)	-
Inventories written off	(73,693)	(113,572)	(60,295)	(170,359)	-	-	(133,988)	(283,931)
Bad debts written off	(277,886)	(59,236)	(227,362)	(88,855)	-	-	(505,248)	(148,091)

29 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the financial statements. Interest income, (loss)/gain on foreign exchange difference, interest on borrowings, and gain on disposal of subsidiary corporation are not allocated to segments as these are managed on a group basis.

A reconciliation of segment loss to the loss before tax is as follows:

	Group	
	2020	**2019**
	$	**$**
Segment losses	(3,690,752)	(2,881,803)
Gain on disposal of subsidiary corporation	1,140,586	-
Interest income	2,297	731
Loss on foreign exchange differences, net	(150,349)	(490,242)
Interest on borrowings	(2,028,448)	(414,341)
Loss before tax	(4,726,666)	(3,785,655)
Total assets for reportable segments/consolidated total assets	22,926,764	13,785,898
Total liabilities for reportable segments	19,002,951	15,095,746
Other liabilities	10,023,179	4,017,577
Consolidated total liabilities	29,026,130	19,113,323

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and certain borrowings which are classified as unallocated liabilities.

29 Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Group				
Singapore	4,472,145	4,105,377	1,260,235	470,725
Hong Kong	10,277,853	5,679,854	524,871	91,473
Malaysia	140,296	273,020	44,450	58,791
The People's Republic of China	332,071	992,365	-	17,726
	15,222,365	11,050,616	1,829,556	638,715

Non-current assets information presented above are non-current assets (excluding financial assets and deferred tax assets) as presented on the consolidated statement of financial position.

Information about major customer

Revenue of approximately $8,986,657 (2019: $906,689) are derived from 3 (2019: 1) major external customers who individually contributed 10 percent or more of the Group's revenue, and is attributable to the residential project segment. The details are tabled below.

	Group	
	2020	**2019**
	$	**$**
Customer 1	4,513,186	-
Customer 2	3,153,601	-
Customer 3	1,319,870	906,689

30 Related corporations and related parties transactions

Related corporations in these financial statements refer to members of the holding company's group of companies. Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group	
	2020	**2019**
	$	**$**
Interest paid/payable		
- Director	-	10,479
- Shareholders	100,274	100,000
- Shareholder of a subsidiary corporation	335,603	32,926

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group	
	2020	**2019**
	$	**$**
Salaries, bonuses and short term benefits	952,935	985,612
Directors' fees	87,284	163,366
Employer's contribution to defined contribution plans including Central Provident Fund	39,485	110,392
	1,079,704	1,259,370
Comprised amounts paid to:		
Directors of the Company	595,481	654,737
Directors of subsidiary corporations	297,300	495,096
Other key management personnel	186,923	109,537
	1,079,704	1,259,370

31 Events occurring after the reporting date

(a) Allotment and issue of shares pursuant to conversion of convertible loan

The Company had on 2 July 2020 announced the Company had received 2 conversion notices from 2 investors to convert $1,750,000 of the Convertible Loan Amount and the accrued interest thereon into 13,506,710 Conversion Shares.

On 4 July 2020, the Company had received another 4 conversion notices from 4 investors to convert $2,200,000 of the Convertible Loan Amount and the accrued interest thereon into 16,979,864 Conversion Shares.

On 8 July 2020, the Company had received another 2 conversion notices from 2 investors to convert $600,000 of the Convertible Loan Amount and the accrued interest thereon into 4,630,872 Conversion Shares.

On 9 July 2020, the Company had received another conversion notice from an investor to convert $500,000 of the Convertible Loan Amount and the accrued interest thereon into 3,859,060 Conversion Shares.

On 13 July 2020, the Company had received another 2 conversion notices from 2 investors to convert $1,000,000 of the Convertible Loan Amount and the accrued interest thereon into 7,718,120 Conversion Shares.

Accordingly, the Company had allotted and issued a total of 46,694,626 Conversion Shares.

(b) Conversion of shareholder's loans into new ordinary shares in the capital of the Company

On 30 July 2020, the Company announced the completion of the conversion of the $4.6 million interest-free loan from Mr Lim Wee Li, the Executive Chairman and CEO, into 66,148,657 Debt Conversion Shares, which have been allotted and issued to Mr Lim Wee Li.

(c) Allotment and issue of 40,572,000 new ordinary shares in the capital of the Company at a placement price of $0.235 per share

On 22 July 2020, the Company had announced that the Company had entered into subscription agreements with various subscribers for the issue and allotment of new ordinary shares in the capital of the Company.

Consequently, the Company had on 6 August 2020 and 12 August 2020 issued and allotted a total of 40,572,000 ordinary shares to 21 subscribers for an aggregate consideration of $9,534,420.

(d) Proposed acquisition of shares in the capital of OOWAY Technology Pte. Ltd.

On 13 August 2020, the Company had entered into a sale and purchase agreement and a shareholders' agreement with OOWAY Group Ltd. in relation to the proposed acquisition by the Company of 300 ordinary shares in the capital of OOWAY Technology Pte. Ltd. (the "Target"), representing 30% of the total number of issued shares of the Target at a purchase consideration of $23,922,000 ("Proposed Acquisition").

On 7 October 2020, the shareholders had approved, at an extraordinary general meeting, (i) the allotment and issuance of 90,000,000 new ordinary shares in the capital of the Company ("Consideration Shares") at an issue price of $0.2658 per share to OOWAY Group Ltd., in satisfaction of the purchase consideration of the Proposed Acquisition; and (ii) the allotment and issuance of 4,500,000 new ordinary shares in the capital of the Company ("Introducer Shares") at an issue price of $0.2658 per share to Precious Glory Enterprises Limited as introducer fee for the Proposed Acquisition.

On 12 October 2020, the Proposed Acquisition was completed and the Target has become an associated company of the Group. Consequently, the Company had on 13 October 2020 issued and allotted the Consideration Shares and the Introcuer Shares

31 Events occurring after the reporting date (cont'd)

(e) Binding memorandum of understanding between the Company and OOWAY Technology Pte. Ltd.

On 30 September 2020, the Company entered into a binding memorandum of understanding (the "MOU") with OOWAY Technology Pte. Ltd. ("OOWAY"). This MOU is in furtherance of a strategic cooperation agreement dated 29 September 2020 entered into between OOWAY and Camel Financial Services Holdings (Guangzhou) Co., Ltd. (骆驼金服控股（广州）有限公司).

(f) COVID-19

Other than the COVID-19 outbreak as disclosed in Note 1 to the financial statements, there are no subsequent significant developments which would materially affect the Group's and the Company's operating and financial performance or any adjusting events that provide evidence of conditions that existed at the end of the reporting period, as of the date of this report.

As the situation continues to evolve with a significant level of uncertainty, the Group will continue to monitor the financial impact on the Group's and the Company's financial positions and operations closely.

32 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2020 and which the Group has not early adopted:

<u>Effective for annual periods beginning on or after 1 January 2020</u>

- Amendments to SFRS(I) 3: Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to Reference to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform

<u>Effective for annual periods beginning on or after 1 June 2020</u>

- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions

<u>Effective for annual periods beginning on or after 1 January 2021</u>

- SFRS(I) 17 Insurance Contracts

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

<u>Effective date: to be determined*</u>

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

STATISTICS OF SHAREHOLDINGS
As at 7 October 2020

SHARE CAPITAL

Issued and fully paid capital – S$34,198,903.33#
Total number of shares in issue – 330,165,283
Number of treasury shares – Nil

Class of shares – Ordinary shares
Voting rights – 1 vote per share
Number of subsidiary holdings held – Nil

Note:

Being the issued and paid-up share capital of the Company extracted from the records of the Accounting and Corporate Regulatory Authority Singapore.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 64.8% of the total number of issued ordinary shares of the Company were held in the hands of the public as at 7 October 2020 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.69	229	0.00
100 - 1,000	15	2.60	9,800	0.00
1,001 - 10,000	90	15.63	630,400	0.19
10,001 - 1,000,000	421	73.09	58,903,885	17.84
1,000,001 AND ABOVE	46	7.99	270,620,969	81.97
TOTAL	**576**	**100.00**	**330,165,283**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM WEE LI	92,325,657	27.96
2	CHEE TUCK HONG	23,859,060	7.23
3	RAFFLES NOMINEES (PTE.) LIMITED	17,819,500	5.40
4	DBS NOMINEES (PRIVATE) LIMITED	12,606,200	3.82
5	CITIBANK NOMINEES SINGAPORE PTE LTD	11,559,160	3.50
6	UOB KAY HIAN PRIVATE LIMITED	7,431,236	2.25
7	HSBC (SINGAPORE) NOMINEES PTE LTD	5,987,400	1.81
8	OCBC SECURITIES PRIVATE LIMITED	5,868,000	1.78
9	CHIANG SIEW KAY	5,521,000	1.67
10	LIM TONG SOON	4,989,000	1.51
11	IFAST FINANCIAL PTE. LTD.	4,571,200	1.38
12	LIM & TAN SECURITIES PTE LTD	4,535,000	1.37
13	CHEE TAI CHIEW	4,508,200	1.37
14	PHILLIP SECURITIES PTE LTD	4,146,800	1.26
15	ONG SOON LIONG @ONG SOON CHONG	3,900,000	1.18
16	YANG XIANZHENG	3,859,060	1.17
17	PAMELA RACHEL KWAN KA FOONG	3,659,060	1.11
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,380,600	1.02
19	TAN KOON	3,323,336	1.01
20	LEOW ENG CHONG	2,990,600	0.91
	TOTAL	**226,840,069**	**68.71**

STATISTICS OF SHAREHOLDINGS

As at 7 October 2020

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
Lim Wee Li	92,325,657	27.96	–	–
Chee Tuck Hong	23,859,060	7.23	–	–

KITCHEN CULTURE HOLDINGS LTD.
(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of KITCHEN CULTURE HOLDINGS LTD. (the "**Company**") will be held by way of electronic means on Thursday, 29 October 2020 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of additional Directors' fees of S$1,300 for the financial year ended 30 June 2020. *(see explanatory note 1)* **(Resolution 2)**

3. To approve the payment of Directors' fees of S$142,000 for the financial year ending 30 June 2021, payable quarterly in arrears (Financial year ended 30 June 2020: S$87,300). **(Resolution 3)**

4. To re-elect Mr Loy Soo Toon, a Director retiring pursuant to Regulation 117 of the Company's Constitution. *(see explanatory note 2)* **(Resolution 4)**

5. To re-elect Mr Lau Kay Heng, a Director retiring pursuant to Regulation 117 of the Company's Constitution. *(see explanatory note 3)* **(Resolution 5)**

6. To note the retirement of Mr Kesavan Nair, retiring pursuant to Regulation 107 of the Company's Constitution. *(see explanatory note 4)*

7. To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:

8. That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors be authorised and empowered to: **(Resolution 7)**

   (a) (i) allot and issue shares in the capital of 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 may at 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 while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) 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) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of 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 bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 SGX-ST), the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 5)

9. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary

14 October 2020
Singapore

Explanatory Notes:

1. The proposed payment of additional Directors' fees relates to an upward adjustment in the aggregate amount of Directors' fees payable to the Independent Directors in the financial year ended 30 June 2020 ("**FY2020**"), in view of the appointments of new Directors during FY2020.

2. Mr Loy Soo Toon will, upon re-election as a Director of the Company, remain as the Executive Director, Business Development of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

3. Mr Lau Kay Heng will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Investment Officer of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

4. Mr Kesavan Nair, an Independent Director, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee of the Company, will retire by rotation pursuant to Regulation 107 of the Company's Constitution at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Mr Kesavan Nair will cease to be the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee of the Company upon his retirement.

5. Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law to be held, or the date on which such authority is varied or revoked by the Company at a general meeting, whichever is earliest, 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), of which up to 50% may be issued other than on a *pro rata* basis to shareholders of the Company.

Notes:

On 3 April 2020, the Singapore Government announced the implementation of "circuit breaker" measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19. The COVID-19 (Temporary Measures) Act 2020 (the "**Temporary Measures Act**") was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Meetings Orders**") was issued by the Minister for Law on 13 April 2020 which provide, among others, legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders have been extended from 30 September 2020 to 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place.

Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members. Instead, these documents will be sent to members solely by electronic means via publication on the Company's website at the URL https://kcholdings.com.sg/media-centre/announcements.php and will also be made available on the SGXNET at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

Alternative arrangements relating to members' participation at the AGM are:

(a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);

(b) submitting questions in advance in relation of the resolutions set out in the Notice of AGM; and

(c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

Members will be able to participate in the AGM in following manner set out in the paragraphs below.

Live AGM Webcast and Live AGM Audio Feed:

In light of the above developments, the Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Thursday, 29 October 2020 at 10.00 a.m. in place of the physical AGM. Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via mobile phone, tablet, computer or any such electronic device. The Company will not accept any physical attendance by members. Any member seeking to attend the AGM physically in person will be turned away.

In order to do so, members must pre-register online at the URL https://sg.conveneagm.com/kitchenculture by 10.00 a.m. on Tuesday, 27 October 2020 (the "**Registration Deadline**"), being not less than 48 hours before the time appointed for holding the AGM, to enable the Company to verify their members' status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live AGM Webcast and the Live AGM Audio Feed of the AGM proceedings by 10.00 a.m. on 28 October 2020 (being 24 hours before the time appointed for the holding of the AGM).

Members are reminded that the AGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 10.00 a.m. on 28 October 2020 may contact the Company's technical support by email at AGM@kitchenculture.com for assistance.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who buy shares using SRS monies ("**SRS Investors**"), and who wish to participate in the AGM should, in addition to pre-registering online, contact their respective relevant intermediaries (which would include SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of Questions in Advance:

Please note that members will not be able to raise questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Members may submit questions relating to the items on the Resolutions set out in the Notice of AGM in advance: (a) by post to the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086; (b) by email to AGM@kitchenculture.com; or (c) via such member's account following registration at the URL https://sg.conveneagm.com/kitchenculture. All questions must be submitted by 10.00 a.m. on 26 October 2020 (being 72 hours before the time appointed for the holding of the AGM).

A member who wishes to submit his/her/its questions by post or by email is required to indicate his/her/its full name (for individuals)/company name (for corporates), NRIC/passport number/company registration number, contact number, shareholding type and number of shares held together with his/her/its submission of questions, to the office address or email address provided.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, can also submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from members will be posted on the SGXNET and the Company's website soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM.

Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the Resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the AGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Chairman of the AGM, as proxy, need not be a member of the Company.

The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

(a) by post to the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086;

(b) by email to AGM@kitchenculture.com; or

(c) via the Shareholder's account following registration at the URL https://sg.conveneagm.com/kitchenculture,

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 10.00 a.m. on 27 October 2020. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed Proxy Forms electronically via email.

Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS Operators) through which they hold such shares in order to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 20 October 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 10.00 a.m. on 27 October 2020.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the AGM.

The Company wishes to thank all shareholders for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Personal Data Privacy:

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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*This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms. Lee Khai Yinn (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

KITCHEN CULTURE HOLDINGS LTD.
(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

(a) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

(b) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM dated 14 October 2020.

(c) SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 20 October 2020 (being seven (7) working days before the AGM).

I/We*, ______________________ (Name) (NRIC/Passport/Registration number* ______________)

of ____ (Address)

being a member/members* of **KITCHEN CULTURE HOLDINGS LTD**. (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on Thursday, 29 October 2020 at 10.00 a.m. and at any adjournment thereof to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid**.

NO.	RESOLUTIONS	FOR**	AGAINST**	ABSTAIN**
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020 together with the Independent Auditor's Report thereon			
2.	To approve the payment of additional Directors' fees of S$1,300 for the financial year ended 30 June 2020.			
3.	To approve the payment of Directors' fees of S$142,000 for the financial year ending 30 June 2021, payable quarterly in arrears			
4.	To re-elect Mr Loy Soo Toon as a Director of the Company			
5.	To re-elect Mr Lau Kay Heng as a Director of the Company			
6.	To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix its remuneration			
	SPECIAL BUSINESS			
7.	To authorise the Directors to allot and issue shares and convertible securities			

* Delete accordingly
** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick [√] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2020

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM 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 form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. The Chairman of the AGM, being a proxy, need not be a member of the Company.

4. This instrument appointing a proxy or proxies, duly executed, must be submitted (a) by post to at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086; (b) by email to AGM@kitchenculture.com; or (c) via such member's account following registration at the URL https://sg.conveneagm.com/kitchenculture, not less than 48 hours before the time appointed for holding the AGM. 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 via email.

5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.

7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) of Singapore, including investors under the Supplementary Retirement Scheme ("**SRS Investors**"), who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries, including SRS Operators, to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 20 October 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

9. The Company shall be entitled to reject this instrument appointing a proxy or proxies 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 this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 14 October 2020.