2021
ANNUAL REPORT

STAY STRONG
BREAKING THROUGH

Our Mission

- SERVICE EXCELLENCE
- PRODUCT EXCELLENCE
- PARTNERING OUR CUSTOMERS!

Our Vision

- EVERY KITCHEN, A Q'SON.

CONTENTS

This annual report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are as follows:
Name: Ms Bao Qing (Registered Professional, RHT Capital Pte. Ltd.)
Address: 6 Raffles Quay, #24-02, Singapore 048580
Email: sponsor@rhtgoc.com

CORPORATE PROFILE

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

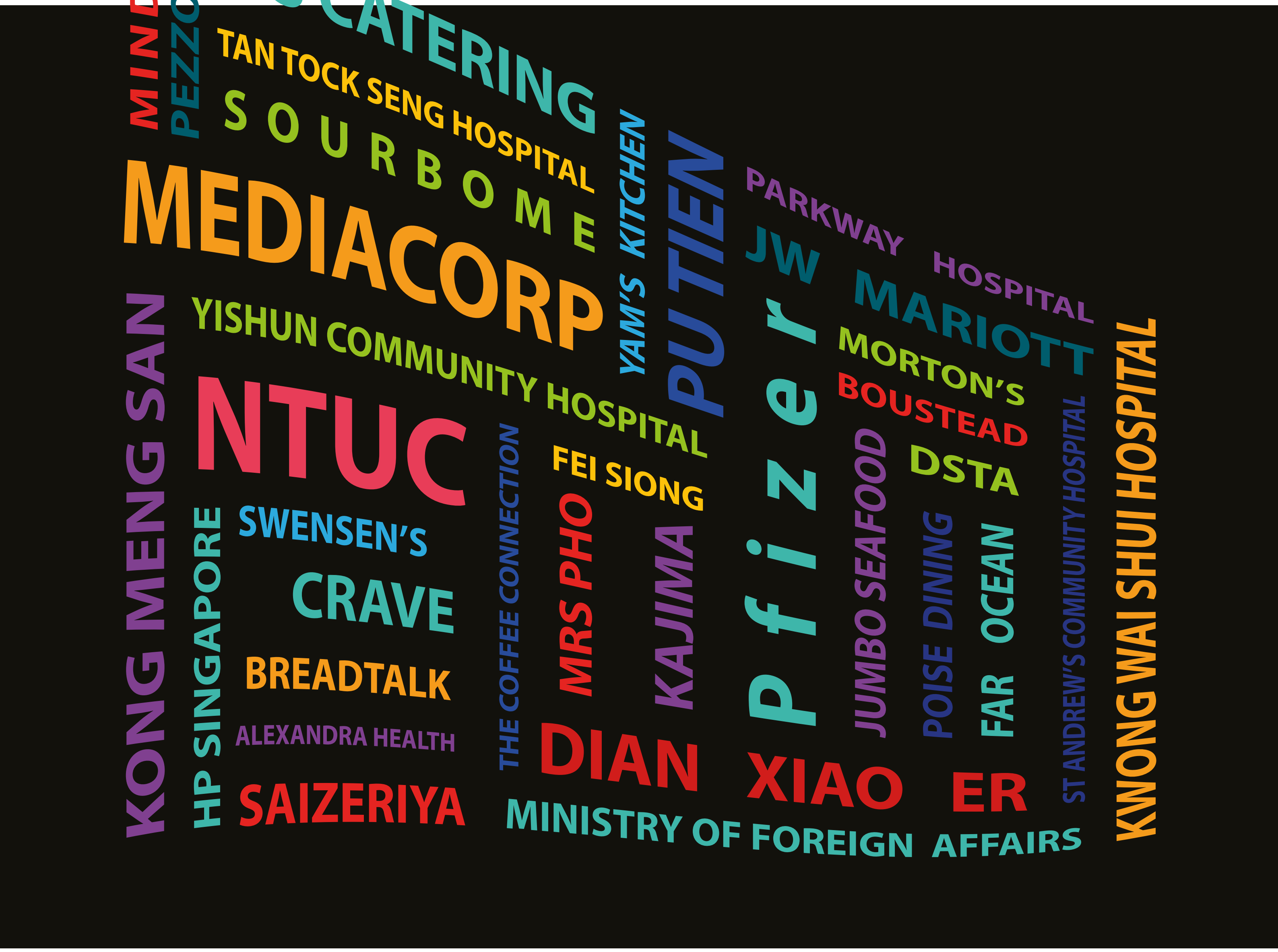



Since its inception, SKE has grown to become a one-stop kitchen solutions provider that is synonymous with quality, efficiency and reliability and a value proposition that is widely-recognised in the industry. SKE's expertise lies in its fabrication and servicing competencies. Redefining Chinese restaurant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

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

GREAT KITCHENS BY Q'SON

FY2021 has been another year of strong performance for the Group and a testament of our strategies and capabilities. We successfully secured projects with new and existing customers while continuing to deliver quality end-to-end support and turnkey kitchen solutions.



GREAT KITCHENS BY Q'SON

A growing segment among our offerings is the cold room systems. Our technical team of eight had delivered approximately S$1.0 million worth of cold room systems in FY2021 revenue.

OUR BUSINESS

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

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

Urgent repairs, cleaning and degreasing of kitchen equipment

Growing service team; increasing operational fleet of 34 vehicles

FABRICATION AND DISTRIBUTION SEGMENT

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

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

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

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

MAINTENANCE AND SERVICING SEGMENT

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

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

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

House Brands

InnoFlame
(Chinese cooking range)

Qoolux
(Industrial refrigeration products)

Third Party / OEM Brands

Distributor

Third Party
Kitchen Equipment

CHAIRMAN & CEO'S STATEMENT

LIM CHEE SAN
CHAIRMAN & INDEPENDENT NON-EXECUTIVE DIRECTOR

DEAR SHAREHOLDERS,

We are pleased to present to you the Company's annual report for the financial year ended 31 December 2021 ("FY2021").

For the year under review, challenges to the overall business environment and the world at large continued to mount. SKE had its fair share of knock-on effects from COVID-19 such as a manpower crunch, global supply chain disruption and material cost escalation. The spectre of a resurgence of COVID-19 cases also hung heavy in the backdrop.

Despite these challenges, the Group swiftly adapted its strategies especially for inventory management and further strengthened staff skillset to enable rapid response to challenges and opportunities alike. These and other initiatives drove the Group to stay strong, break through limitations, improve its performance and reach new milestones for the year. We are especially appreciative of our staff who deserve high compliment for their tenacity, loyalty, expertise, and willingness to soldier through in good spirit. It is their resilience that has brought us this far.

> **"Our commitment to build GREAT KITCHENS has constantly driven us to outdo ourselves year after year, and growing our presence and the Q'son brand beyond Singapore has always been part of our strategic plan."**

CHAIRMAN & CEO'S STATEMENT

CHUA CHWEE CHOO SALLY
EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

Year in Review

In FY2021, Group revenue grew by 25.9% or S$5.8 million to S$27.8 million from S$22.0 million in FY2020. The increase was largely driven by higher sales generated from the fabrication and distribution of kitchen equipment, and servicing and maintenance of kitchen equipment, as the food and beverage industry gradually recovered from the business disruptions caused by COVID-19 pandemic. Unfulfilled orders from the last quarter of FY2020 was also recognised in the first half of FY2021 as materials ordered in June 2020 was delivered in the first quarter of FY2021 for us to fulfil.

The Group's gross profit for the year likewise improved, growing by 34.4% or S$2.2 million to S$8.7 million from S$6.5 million in FY2020. A key factor behind our stronger bottom line is a shift in strategy to keep a high inventory of fast-moving products and critical spare parts. We placed large orders in January and August 2021 and were thus able to cater to numerous urgent orders at higher margins, which in turn increased our market share.

While safe distancing and other restrictions continued to be in force for most of FY2021, we pressed on and held 10 exhibitions throughout the year with live demonstrations to promote our range of equipment. These ongoing efforts paid off as the exposure and timely promotions helped drive sales and our portfolio of clients has since grown. One of our significant projects during the year was to help Pfizer set up their central staff kitchen. The project contributed approximately S$400,000 to our revenue with the handover in January 2021.

Underpinning our accomplishments for the year are our people. The manpower crunch has significantly affected most businesses and our staff have stepped up to overcome these limitations by undergoing additional training to enhance productivity. We arranged cross-training for 78 of our technical staff to equip them with numerous skills such as gas/electric, hot/cold equipment, cold room/production/industrial equipment and installation & troubleshooting. Every weekend in January to June 2021, our technical staff underwent inhouse training by senior supervisors and manufacturers' service managers. Knowledge, practical and theoretical, increased our capability to always respond skilfully to customers' needs and issues and is key in growing our list of clientele for the year.

Just as having capable talent is crucial to the sustainability of our business, we also recognise the need to strengthen our back end support and systems that facilitate our day-to-day operations.

CHAIRMAN & CEO'S STATEMENT

Since the Singapore government's earliest call to digitalise in 2018, SKE has steadily transformed its processes for the accounts, administrative and human resource departments. These changes proved especially beneficial in FY2021 as our backend support teams were working remotely and we could confidently synchronise workflow through the digitalised systems of resource and manpower planning, customer engagement and remote monitoring of projects.

In FY2021, we continued to build upon our digitalisation efforts by further strengthening our cybersecurity and data protection. This allows us to reassure our customers of the safety of their data and minimise our downtime. The Company will continue to upgrade and improve our network system to manage emerging and new threats.

Staying Strong, Breaking Through

At SKE, we constantly pursue the innovation of tools and processes to uphold our position at the forefront of the industry. In September 2021, we launched the Robotic Delivery System to help customers address their service crew manpower shortage. The robots were for front-of-house use and helped to either deliver food to the table or send used crockery and utensils back to kitchen wash area.

The launch generated buzz and translated to business for our Q'Son brand with more than 10 robots installed within 3 months of launch. Since then, we had received tremendous support and high volume of enquiries for these robots, which we believe will contribute positively to our business.

For the year under review, the Group had also reallocated IPO proceeds to acquire a freehold property at Henderson Road for approximately S$6.1 million. This allows us to shift from paying rental to investing in an asset with a high potential for capital gain as freehold commercial factory and light industry space is scarce. In October 2021, bank valuation of the property was between S$5.8 million and S$6.2 million. As of March 2022, valuation had increased to between S$6.3 million and S$6.5 million.

The property is centrally situated with convenient access to public transport and a large pool of manpower from nearby residential estates. Most importantly, this opens the doors to us holding in-house trade shows which are a highly effective platform in driving sales but can be costly when held in third-party locations. To illustrate, we previously participated in international events held at Singapore Expo once every two years from 2012 to 2016. Our expenses then ranged between S$95,000 and S$120,000 per event. In contrast, when we organised a similar trade show at our office premises for local clients in 2018, it only cost us S$5,000 and netted orders of between S$80,000 and S$90,000 and a substantial number of potential projects. With our own premises now, we can organise multiple different theme events on a regular basis.

Outlook

The financial year 2022 is also shaping up to be a volatile year as challenges such as new strains of COVID-19 impede smoother re-opening of borders and geopolitical tensions have further snarled the global supply chain and triggered an inflation spike.

On the external economic environment front, areas of concern include the Russia-Ukraine conflict which has disrupted the global supply of energy, food and other commodities. This has in turn exacerbated global inflationary pressures and adversely affected the growth of many economies. Meanwhile, China's efforts to contain its domestic COVID-19 outbreaks are likely to weigh on its economy and contribute to global supply bottlenecks.

Domestically, the COVID-19 situation has stabilised following the cresting of the Omicron wave. This, along with high vaccination rates and strong booster take-up, has allowed for a faster-than-expected lifting of domestic and border restrictions since end-March.

Despite these challenges, the world at large is steadily returning to normalcy with the reopening of borders and relaxing of safe management measures. This is especially so in Singapore. The pent-up demand for group dining, night life and other social F&B activities will spur demand for our products and services and bodes well for the Group. The Group is cautiously optimistic of our prospects. We will continue to maintain a substantial inventory of items and spare parts so long as a shortage of materials and global supply chain instability remains. We will also seek to diversify our sources to build resilience against disruption.

Staff development and welfare remains of vital importance to the Group. We will continue to nurture and guide staff to achieve their potential while providing benefits and meeting their needs. We place emphasis on building mutually beneficial relationships and will explore new avenues to grow together.

Rounding up, our strategies for the future are our ongoing efforts to hone our efficiency and cost management while making further strides in advances we have made such as the abovementioned introduction of robotic delivery system.

In Appreciation

In view of the Group's performance for the year, the Board is pleased to recommend and propose a final dividend of 0.5 Singapore cents per share, subject to the approval of the shareholders at the upcoming Annual General Meeting ("AGM").

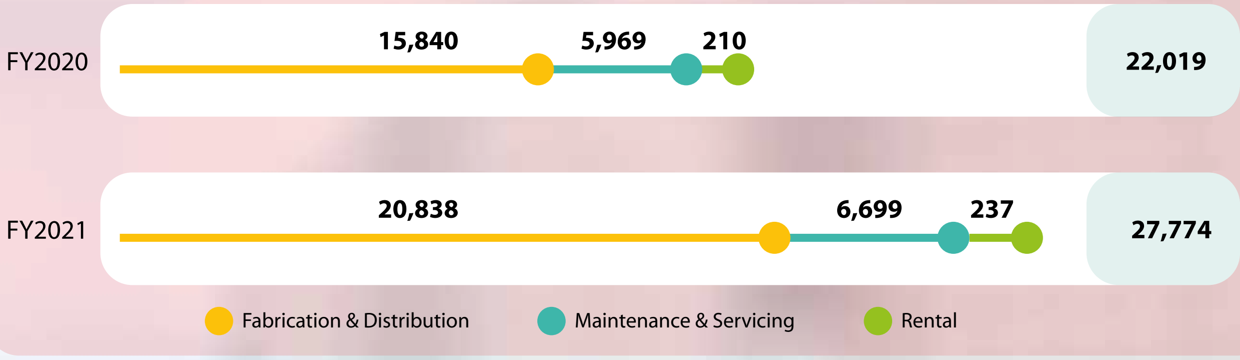
On behalf of the Board of Directors, I would like to thank our customers and partners for their ongoing support, and our management and staff for the continued hard work, passion and dedication they put in especially in light of the challenges arising from the wider environment. We would also like to express our appreciation for our shareholders for your continued faith and support. While the year ahead may have its share of challenges, we are confident that we have the means to stay strong and achieve breakthroughs as we uphold our mission and pursue our vision.

MR LIM CHEE SAN
Chairman & Independent Non-Executive Director

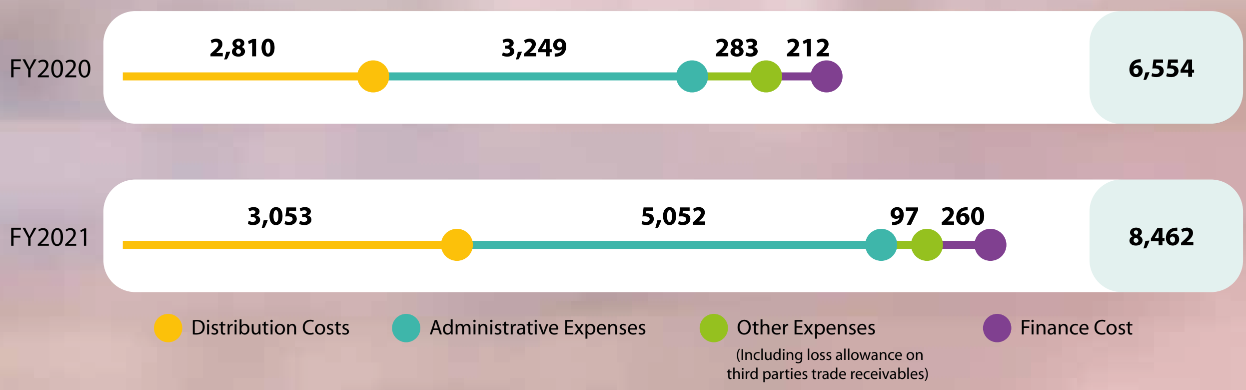
MS CHUA CHWEE CHOO SALLY
Executive Director & Chief Executive Officer

FINANCIAL HIGHLIGHTS

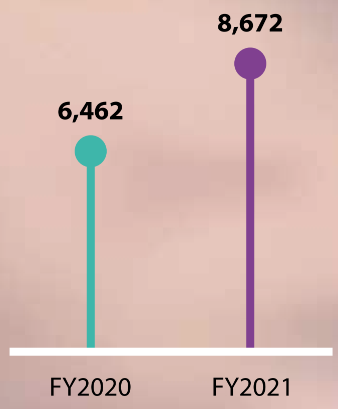
REVENUE (S$'000)



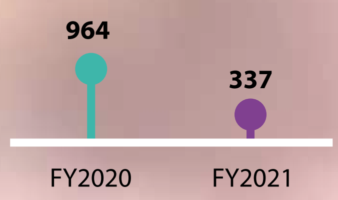
TOTAL EXPENSES (S$'000)



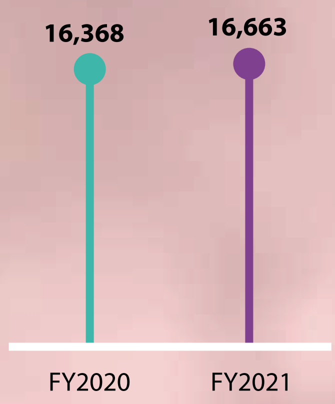
GROSS PROFIT (S$'000)



NET PROFIT (S$'000)



TOTAL SHAREHOLDERS' EQUITY (S$'000)



OPERATIONS AND FINANCIAL REVIEW

The financial year ended 31 December 2021 proved equally challenging as the effects of COVID-19 continued to weigh on lives and livelihoods. Measures to gradually reopen economies have been detoured by resurgences in infected cases and concerns of new virus variants.

Despite the challenges, there is progress in returning to normalcy as vaccination programmes have successfully built up the population immunity and initiatives to reopen borders and relax safe distancing measures are steadily rolled out. Against this backdrop, SKE remained adaptable and put in place the right strategies to weather the challenges and is now better positioned to grow our capabilities and continue generating value for our stakeholders.

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

a. Fabrication and distribution business

b. Maintenance and servicing business

c. Rental income business

The fabrication and distribution business sells and manufactures standard and customised kitchen facilities as well as kitchen equipment to customers in the food and beverage ("F&B") and hospitality services industries.

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

Lastly, our rental income business leases out kitchen equipment to customers on a short-term basis (about one to five years). This caters to customers who prefer equipment rental, as purchase would require a much higher initial capital outlay.

REVENUE

For the year under review, the F&B industry showed signs of recovery from disruptions caused by the COVID-19 pandemic which translated into higher demand for our products and services. In line with the improving sentiment, Group revenue for the year grew by S$5.8 million or 25.9% to S$27.8 million from the S$22 million recorded in FY2020. We saw higher sales from the fabrication and distribution of kitchen equipment as well as the servicing and maintenance of kitchen equipment.

In terms of contribution to revenue, the fabrication and distribution business bagged the lion's share with S$20.8 million or 75% of Group revenue. Meanwhile, the maintenance and servicing business contributed 24.1% or S$6.7 million. The remainder stemmed from rental income.

FY2021 REVENUE BY SEGMENTS

FABRICATION & DISTRIBUTION SEGMENT	S$20.8 million
MAINTENANCE & SERVICING SEGMENT	S$6.7 million
RENTAL SEGMENT	S$0.2 million

OPERATIONS AND FINANCIAL REVIEW

COST OF SALES & GROSS PROFIT

Accordingly with the higher revenue, the Group's cost of sales likewise increased by approximately S$3.5 million from S$15.6 million in FY2020 to S$19.1 million in FY2021. The increase was mainly due to an increase in cost of goods sold of approximately S$2.5 million and an increase in direct labour costs of approximately S$0.9 million.

The higher sales has also driven the increase in the Group's gross profit, rising to S$8.7 million for FY2021 as compared to the S$6.5 million in FY2020.

OTHER ITEMS OF INCOME

The Group's other income was S$0.7 million lower at S$0.5 million for FY2021 largely due to the phasing out of Jobs Support Scheme support received by the Group for the COVID-19 pandemic.

OPERATING EXPENSES

Distribution costs
The Group's distribution expenses rose by approximately S$0.2 million from S$2.8 million in FY2020 to S$3.0 million in FY2021. This increase was largely due to labour costs as we invested in our people, which enabled us to achieve higher revenue.

Administrative expenses
For the year under review, administrative expenses rose to S$5.1 million of which S$0.7 million was due to an increase in legal, consultancy, special audit fees that were incurred for the investigation into the 8 transactions made by Q'Son Kitchen Equipment Holdings Pte Ltd on behalf of Q'Son Kitchen Equipment Pte Ltd in FY2018 and FY2019.

Other expenses (inclusive of loss allowance on third parties' trade receivables)
As the business climate continued to improve throughout the financial year, this led to a decrease in the Group's other expenses to S$0.1 million in FY2021 from S$0.2 million in FY2020 as there was a decrease in allowance for doubtful debts and bad debts written off.

Finance costs
The Group's finance costs were higher by approximately S$0.05 million for a total of S$0.25 million for FY2021 due to interest expense on the property loan for our new freehold property at 207 Henderson Road.

PROFIT FOR THE FINANCIAL YEAR

The Group continued to be profitable with a net profit after tax ("NPAT") of approximately S$0.3 million in FY2021 which is lower when compared to the NPAT of approximately S$1 million in FY2020.

STATEMENT OF FINANCIAL POSITION

Non-current Assets
The Group's non-current assets was S$0.8 million lower for FY2021 at S$1.8 million due to the reclassification of approximately S$0.7 million non-current right-of-use ("ROU") assets to current and S$0.2 million of depreciation for property, plant and equipment.

Current Assets
Meanwhile, the Group's current assets amounted to approximately S$30.0 million as at 31 December 2021 (31 December 2020: S$29.6 million).

The Group's inventories decreased by S$0.2 million from S$3.6 million as at 31 December 2020 to S$3.4 million as at 31 December 2021 mainly due to the decrease in spare parts.

Trade receivables decreased by approximately S$0.2 million to S$10.1 million as at 31 December 2021 due to our proactive collection strategy implemented by the Group during the year.

That in turn lead to an increase in cash and cash equivalents which is mainly due to higher net

cash generated from operations which was in turn due to the abovementioned faster collection of trade receivables.

Current liabilities

The Group's current liabilities position increased by S$0.6 million from S$10.7 million as at 31 December 2020 to S$11.3 million as at 31 December 2021.

Similarly, contract liabilities also increased, rising by approximately S$2.0 million from S$1.3 million as at 31 December 2020 to S$3.3 million as at 31 December 2021. This is mainly due to increase in advance payments by customers.

In contrast, trade payables decreased by approximately S$0.6 million from S$5.0 million as at 31 December 2020 to S$4.4 million as at 31 December 2021, mainly attributed to faster payments to our suppliers, which is required to support the increase in demand from the Group's customers.

Current portion of lease liabilities also decreased by approximately of S$0.1 million, mainly due to the expiry of leases and the repayment of lease liabilities in FY2021.

Non-current liabilities

The Group's non-current liabilities came in lower by S$1.4 million mainly due to repayment of enterprise loan from bank, expiry of rental leases and reduction of motor vehicle lease liabilities.

Shareholder's Equity

As at 31 December 2021, the Group's shareholders' equity amounted to S$16.7 million which is higher than the shareholders' equity of S$16.4 million as at 31 December 2020. This was a result of the increase in retained earnings of approximately S$0.3 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S$14.8 million as at 31 December 2021, representing an increase of approximately S$0.2 million from the cash and cash equivalents balance of S$14.6 million as at 31 December 2020.

Net Cash from Operating Activities

The Group's net cash inflows from the operating activities was approximately S$3.9 million. This was mainly due to increase of S$1.9 million in advance payments by customers and net cash generated by the operations of the Group.

Net Cash Flows Used in Investing Activities

Net cash outflows used in investing activities during FY2021 amounted to approximately S$0.05 million only, as a result of reduced purchase of property, plant and equipment.

Net Cash Flows from Financing Activities

Net cash outflows from financing activities during FY2021 was approximately S$3.6 million due mainly to proceeds from new borrowings being less than repayments of borrowings.

Going forward, despite the uncertainties ahead, the Group will strive to continue growing our business while staying vigilant and prudent, so as to capture new opportunities and deliver greater value to all our stakeholders.

BOARD OF DIRECTORS

LIM CHEE SAN

Chairman and Independent Non-Executive Director

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

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

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

BOARD OF DIRECTORS

CHUA CHWEE CHOO

Executive Director and
Chief Executive Officer

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

BOARD OF DIRECTORS

LEE CHONG HOE

Executive Director

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

ANG CHIANG MENG

Independent Non-Executive Director

Ang Chiang Meng was appointed to our Board as Independent Non-Executive Director on 4 August 2021. Chiang Meng is a Managing Partner of Argile Partners, a consultancy firm based in Asia. He has strong experience in management consultancy, corporate advisory and turn arounds, focusing on business transformations, new markets, change management, interim and crisis management, restructurings, capital raising and M&A.

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

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

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

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

BOARD OF DIRECTORS

CHOO KOK KIONG

Independent Non-Executive Director

Choo Kok Kiong, Alvin was appointed to our Board as Independent Non-Executive Director on 28 August 2021. Alvin is a Non-Executive Non-Independent Director of QAF Limited, a leading multi-industry food company with core businesses in Bakery. Primary Production and Distribution and Warehousing. Alvin is also an Executive Director and Group Chief Financial Officer of Gallant Venture Limited, an investment holding company with focus on regional growth opportunities.

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

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

KEY MANAGEMENT

KOH SAI ENG CHARLENE

Senior Manager

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

CHONG WUN LEONG SKY

Group Chief Finance Officer ("CFO")

Sky Chong joined the Group in Feb 2022 as Group CFO. He is responsible for overall financial management and accounting functions, including corporate finance, tax, regulatory compliance, budgetary control and treasury functions for the Group. Sky Chong has acquired vast hospitality industry experience with local companies such as Breadtalk, Singapore Island Country Club, & Raffles Marina. Other prior experience include working as the Regional Finance Manager for Palfinger Marine and Operations Controller for Schlumberger, a major oil & gas company & based in Dubai serving the worldwide shipments of drilling fluids/ chemicals with revenues in excess of USD100 million annually.

Sky Chong holds a Bachelor's Degree in Accountancy from RMIT University and is a member of CPA Australia.

CORPORATE STRUCTURE

SINGAPORE KITCHEN EQUIPMENT LIMITED

100% Q'SON KITCHEN EQUIPMENT PTE LTD

100% Q'SON INTERNATIONAL PTE. LTD.

100% Q'SON INDUSTRIES (M) SDN. BHD.
(SUBSIDIARY)

100% QSON KITCHENHUB SDN. BHD.
(SUBSIDIARY)

100% Q'SON KITCHEN EQUIPMENT SERVICES PTE. LTD.
(SUBSIDIARY)
(FORMERLY KNOWN AS PHOENIX, THE CENTRAL KITCHEN SOLUTIONS PTE. LTD.)

100% PT INDO QSON KITCHEN EQUIPMENT*
(SUBSIDIARY)
* Incorporated on 15 January 2020

CORPORATE INFORMATION

Company Registration Number: 201312671M

BOARD OF DIRECTORS

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

Chua Chwee Choo
(Executive Director and Chief Executive Officer)

Lee Chong Hoe
(Executive Director)

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

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

AUDIT COMMITTEE

Ang Chiang Meng
(Chairman, appointed on 20 September 2021)

Lim Chee San

Choo Kok Kiong

NOMINATING COMMITTEE

Lim Chee San
(Chairman, appointed on 20 September 2021)

Choo Kok Kiong

Ang Chiang Meng

REMUNERATION COMMITTEE

Choo Kok Kiong
(Chairman, appointed on 6 November 2021)

Ang Chiang Meng

Lim Chee San

COMPANY SECRETARY

Wong Yoen Har

REGISTERED OFFICE

207 Henderson Road #01-01
Henderson Industrial Park
Singapore 159550
Tel: (65) 6472 7337
Fax: (65) 6472 6497

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Habourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 65361360

SPONSOR

RHT Capital Pte. Ltd.
6 Raffles Quay,
#24-02,
Singapore 048580
(Appointed on 1 November 2021)

INDEPENDENT AUDITOR

Foo Kon Tan LLP
24 Raffles Place,
#07-03 Clifford Centre,
Singapore 048621

Partner-in-charge:
Cheong Wenjie
(Appointed with effect for the financial year ended 31 December 2021)

PRINCIPAL BANKERS

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

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

(A) BOARD MATTERS

Principle 1 - The Board's Conduct of Affairs
The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

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

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

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

The Board's roles are to:

(a) Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) Review management performance;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(d) Identify the key stakeholder groups and recognised that their perceptions affect the Group's reputation;

(e) Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

(a) Audit Committee ("AC");

(b) Remuneration Committee ("RC");

(c) Nominating Committee ("NC"); and

(d) Singapore Kitchen Equipment Performance Share Plan Committee.

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2021 ("FY2021") and attendance of each Director are set out below:

Name of Directors	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee		Annual General Meeting
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	
Lim Chee San[1]	5	2	4	2	1	-	1	-	1
Chua Chwee Choo	5	5	4	4*	1	1*	1	1*	1
Lee Chong Hoe	5	5	4	4*	1	1*	1	1*	1
Ang Chiang Meng[2]	5	3	4	3	1	-	1	-	1
Choo Kok Kiong[3]	5	2	4	3	1	-	1	-	1
Tan Bee Kiew[4]	5	4	4	1	1	1	1	1	-
Ng How Hwan, Kevin[5]	5	5	4	1	1	1	1	1	-
Lui Hing Weng Samuel[6]	5	4	4	1	1	1	1	1	-

* By invitation
1 Appointed as Independent Non-Executive Director and Chairman of the Board on 28 August 2021 and 20 September 2021 respectively.
2 Appointed as Independent Non-Executive Director on 4 August 2021.
3 Appointed as Independent Non-Executive Director on 28 August 2021.
4 Resigned as Independent Non-Executive Director on 20 September 2021.
5 Retired as Independent Non-Executive Director at the Annual General Meeting held on 6 November 2021.
6 Resigned as Independent Non-Executive Director on 29 September 2021.

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

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

(a) The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) The CEO and the key management personnel, including the Executive Director, Mr Lee Chong Hoe, confirmed, to their best knowledge, the adequacy and effectiveness of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Principle 2: Board Composition and Guidance
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this report, the Board currently comprises five (5) Directors as set out below:

Name of Directors	Designation	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies
Lim Chee San	Chairman and Independent Non-Executive Director	28 August 2021	6 November 2021	Chemical Industries (Far East) Limited Colex Holdings Limited Blackgold Natural Resources Limited Gallant Venture Ltd	Hupsteel Limited Sky One Holdings Limited Soon Lian Holdings Limited
Chua Chwee Choo	Executive Director and Chief Executive Officer	9 May 2013	25 June 2020	-	-
Lee Chong Hoe	Executive Director	9 May 2013	25 June 2020	-	-
Ang Chiang Meng	Independent Non-Executive Director	4 August 2021	6 November 2021	Axington Inc	-
Choo Kok Kiong	Independent Non-Executive Director	28 August 2021	6 November 2021	Gallant Venture Ltd QAF Limited	-

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

When necessary, the Independent Non-Executive Directors will have discussions amongst themselves without the presence of the management.

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

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

For FY2021, the relevant Independent Non-Executive Directors, namely, Mr Lim Chee San, Mr Ang Chiang Meng and Mr Choo Kok Kiong have confirmed their independence in accordance with the Code, its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules. The NC and the Board (save for the interested Independent Non-Executive Directors who abstained on their own review) have reviewed and are of the opinion that all Independent Non-Executive Directors are independent according to the Code and its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules.

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

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

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

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

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

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

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

The Chairman's duties include:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board meetings;

(d) ensuring that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encourage constructive relations within the Board and between the Board and management;

(g) facilitating the effective contribution of non-executive directors in particular; and

(h) promoting high standards of corporate governance;

The CEO's duties include:

(a) overseeing the daily running of the Group's operations;

(b) charting the corporate strategies for future growth with the support of the management; and

(c) executing strategies and policies adopted by the Board.

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

- The Chairman and the CEO are not the same person;

- The Chairman and the CEO are not immediate family members;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

- The Chairman is not part of the management team; and
- The Chairman is an independent director.

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

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

The NC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the NC during FY2021 and as at the date of this report are:

Director	Designation
Lim Chee San	Chairman (since 20 September 2021)
Ang Chiang Meng	Member (member since 20 September 2021, Chairman 4 August 2021 - 20 September 2021)
Choo Kok Kiong	Member
Tan Bee Kiew	Member (Chairman until 15 January 2021, resigned as Director on 20 September 2021)
Ng How Hwan, Kevin	Member (Retired as Director at the Annual General Meeting held on 6 November 2021)
Lui Hin Weng, Samuel	Member (Chairman 15 January 2021 – 4 August 2021, resigned as Director on 29 September 2021)

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

(a) Reviewing and suggest succession plans for directors, in particular for the Chairman of the Board and CEO to the Board;

(b) Developing the performance evaluation framework and set the objective performance criteria for the Board, Board Committees and individual Directors;

(c) Recommending to the Board on the training programmes for new Directors and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks;

(d) Reviewing, assessing and making recommendations to the Board on appointment and re-appointment of Directors and senior management to the Company;

(e) Reviewing, assessing and considering the competencies, commitment, contribution, performance and independence of the Directors before recommending Directors who are due to retire or re-appointment to be put forward to the shareholders for approval at the annual general meeting;

(f) Determining, on an annual basis, the independence of the Directors in accordance with the Code and other salient factors; and

(g) Deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, in particular, when he/she has multiple board representations.

The NC met once in FY2021 and below is a summary of the key activities undertaken by the NC in discharge of its duties:

(a) Reviewed the Terms of Reference;

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

(c) Reviewed the independence of the Independent Directors and satisfied that they are independent;

(d) Conducted annual assessment of the Board, Board Committees and individual Directors; and

(e) Determined Directors who are subject to re-election.

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

Summary procedures on appointing a new director:

Step 1 <Candidate identified>	Identify candidate on the recommendation of the existing Directors, senior management staff, network of contacts, third-party referrals, recruitment consultants to identify a broader range of candidates.
Step 2 <Assessment and evaluation to be conducted by the NC>	Assessment should be conducted based on, but not limited to experience, knowledge, gender, age, educational background, business interest that may result in a conflict of interest, independence of the candidate (for Independent Directors), skills and other criteria deem fit to the needs of the Board and whether the candidates will add diversity to the Board and have adequate time to discharge his/her duties.
Step 3 <Recommendation to be made by the NC to the Board>	● Board to consider and discuss on the proposed new appointment. ● Appoint an independent third party to source and screen candidates, if necessary.
Step 4 <Discussion and decision to be made by the Board on the proposed new appointment. Appointment of new member to the Board is at the Board's sole discretion>	● If proposed appointment is approved, invitation or offer to be made to the proposed/potential candidate to join the Board and/or Board Committees. ● If the proposed appointment is rejected, the whole process to be re-commenced.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board and Board Committee meetings for FY2021 as disclosed on page 25 of this Annual Report.

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

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

Director	Designation
Lee Chong Hoe	Executive Director
Ang Chiang Meng	Independent Non-Executive Director

Please refer to pages 138 to 143 for information required under Appendix 7F of the Catalist Rules in relation to the Directors nominated for re-election at the forthcoming AGM.

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

During the FY2021, the NC assessed the Board, Board Committees and individual Directors. The NC was satisfied with the outcome of the evaluations and both NC and the Board are of the view that the Board has met its performance objectives for FY2021. The NC was also satisfied that sufficient time and attention have been provided by the Directors to the Group. No external facilitator was engaged in the performance assessment.

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

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC is responsible for recommending to the Board the remuneration principles and framework for members of the Board and senior management. The RC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The composition of members of the RC during FY2021 and as at the date of this report are:

Director	Designation
Choo Kok Kiong	Chairman (Chairman since 6 November 2021, member 29 September 2021 - 6 November 2021)
Ang Chiang Meng	Member (since 4 August 2021)
Lim Chee San	Member (since 6 November 2021)
Ng How Hwan, Kevin	Chairman (Chairman till 6 November 2021, retired as Director at the Annual General Meeting held on 6 November 2021)
Tan Bee Kiew	Member (Resigned as Director on 20 September 2021)
Lui Hin Weng, Samuel	Member (Resigned as Director on 29 September 2021)

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

(a) To recommend to the Board a general framework of remuneration policy for the Board, determine specific remuneration packages and terms of employment for each Executive Director, the CEO and key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

(b) To perform annual review of the remuneration of employees related to the Executive Directors, CEO and substantial or controlling shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include to review and approve any bonuses, pay increases and/or promotions for these employees;

(c) To review and recommend to the Board the terms of renewal for Executive Directors and key management personnel whose employment contracts will expire or have expired to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous but ensure fairness and avoid rewarding poor performance; and

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(d) To function as the Committee referred to in the Singapore Kitchen Equipment Performance Share Plan.

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

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

Principle 7: Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The RC met once in FY2021 and below is a summary of the key activities undertaken by the RC in discharge of its duties:

(a) Reviewed the Terms of Reference;

(b) Reviewed the remuneration package of the Executive Directors and key management personnel;

(c) Reviewed and recommended the Directors' Fees payable to the Independent Non-Executive Directors of the Company to the Board; and

(d) Reviewed and set the key performance target for the Executive Directors and key management personnel.

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

Principle 8: Disclosure on Remuneration
The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown of the Directors' remuneration for FY2021 is as follows:

Directors' Remuneration FY2021

	Remuneration Band							
Name	Disclosable Amount Below S$250,000 (S$)	S$250,000 to S$500,000 (S$)	Above S$500,000 (S$)	Salary %	Bonus %	Other Benefits %	Directors' Fees+ %	Total %
Chua Chwee Choo		✓		82.1		17.9		100
Lee Chong Hoe		✓		78.6		21.4		100
Lim Chee San	17,045						100	100
Ang Chiang Meng	18,409						100	100
Choo Kok Kiong Alvin	13,636						100	100
Tan Bee Kiew	39,583						100	100
Ng How Hwan Kevin	33,333						100	100
Lui Hin Weng Samuel	24,561						100	100

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

The annual aggregate amount of the total remuneration paid to the Directors of the Company in FY2021 is approximately S$997,000.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the key management personnel. A breakdown (in percentage terms) of remuneration of the top three (3) key management personnel (who are not Directors of the Company) for FY2021 is as follows:

Key Management Personnel Remuneration FY2021

	Remuneration Band							
Name	Below S$250,000* (S$)	S$250,000 to S$500,000 (S$)	Above S$500,000 (S$)	Salary %	Bonus %	Other Benefits %	Directors' Fees+ %	Total %
Koh Sai Eng Charlene	✓			100				100
Yeo Ngen Huay Serine	✓			100				100
Soh Kee Hock	✓			100				100

The annual aggregate amount of the total remuneration paid to the top three (3) key management personnel in FY2021 is approximately S$414,000.

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

Ms Chua Chwee Choo, Executive Director and CEO of the Company, is the wife of Mr Lee Chong Hoe, Executive Director of the Company and their individual remuneration have exceeded S$100,000. Other than the above, no employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S$100,000 during FY2021.

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(C) ACCOUNTABILITY AND AUDIT

"Principle 9: Risk Management and Internal Controls
The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

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

In FY2021, the internal auditors, Baker Tilly Consultancy (Singapore) Pte Ltd, had carried out an internal audit on the system of internal controls and reported the findings to the AC.

As announced on 22 March 2021, the AC had requested additional review and verification to be carried out by its auditors in particular on the 8 payment transactions between the Group and its major shareholder, QKE Holdings Pte Ltd ("QKEH"). These 8 payment transactions amounting to S$1.395 million were made by QKEH on behalf of the Group between April 2018 and May 2019. These 8 payment transactions were not approved by the Board. In addition, preliminary findings showed certain documents were doctored without the knowledge and approval by the Board, CEO or Executive Director.

Rajah & Tann Singapore LLP was appointed to conduct a fact-finding review of the circumstances surrounding the 8 payment transactions ("R&T Review"). Baker Tilly Consultancy (Singapore) Pte Ltd considered the findings of the R&T Review and completed its review of the internal controls of the Group. Lapses in the Group's internal controls have been identified and measures have been taken to strengthen the Group's internal controls.

Having considered the present Group's size, nature and scope of the Group's operations, the Board is satisfied that the AC is able to assume the responsibility of the risk management function and oversee the overall adequacy and effectiveness of the Group's risk management systems and procedures. As such, no separate Risk Committee is established. Instead, the AC will be renamed as the Audit and Risk Management Committee in FY2022. An announcement on renaming of AC as Audit and Risk Management Committee will be announced by the Company via SGXNet in due time.

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

For FY2021, notwithstanding the 8 payment transactions, the Board has received assurance from the following:

(a) The CEO and the CFO, confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) The CEO, Executive Director and the key management personnel confirmed, to their best knowledge, the adequacy and effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and assurances from the CEO, Executive Director, CFO and key management personnel, the Board is of the opinion that save for what has been disclosed for the disclaimer of opinion in the Auditor's Report, the Group's internal controls addressing financial, operational, compliance and information technology risks and risk management systems were adequate and effective during FY2021. The AC concurs with the Board's opinion.

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

The AC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the AC during FY2021 and as at the date of this report are:

Director	Designation
Ang Chiang Meng	Chairman (Chairman since 20 September 2021, member 4 August 2021 - 20 September 2021)
Choo Kok Kiong	Member (since 29 September 2021)
Lim Chee San	Member (since 6 November 2021)
Ng How Hwan, Kevin	Member (Retired as Director at the Annual General Meeting held on 6 November 2021)
Tan Bee Kiew	Chairman till 20 September 2021 (Resigned as Director on 20 September 2021)
Lui Hin Weng, Samuel	Member (Resigned as Director on 29 September 2021)

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(a) Review the significant financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board;

(b) Review and report to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to the AC by the Board);

(c) Review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

(d) Review the scope and results of the external audit, and the independence and objectivity of the EA. The AC shall then recommend to the Board the appointment, re-appointment and removal of the EA, and its remuneration and terms of engagement;

(e) Review the Policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(f) Review Interested Person Transactions; and

(g) Undertake such other functions and duties as may be required by the Board under the Code, Catalist Rules and Companies Act 1967 of Singapore from time to time.

The AC met four times in FY2021 and below is a summary of the key activities undertaken by the AC in discharge of its duty:

(a) Reviewed the Terms of Reference;

(b) Reviewed with the EA the audit plan, their evaluation of the system of internal controls, their report, management letter and the management's response;

(c) Reviewed the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and Catalist Rules and any other relevant statutory or regulatory requirements;

(d) Reviewed internal audit programmes and adequacy and effectiveness of the Group's internal audit function as well as to ensure coordination between the external auditor and internal auditor and management;

(e) Reviewed and discussed with external auditor, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(f) Recommended the re-appointment of the EA and approve the remuneration and terms of engagement of the external auditors to the Board;

(g) Reviewed non-audit services provided by EA to the Group, the nature, extent and cost effectiveness of such services to ensure that these services do not affect the independence and objectivity of the external auditor; and

(h) Reviewed and deliberated on key audit matters and areas of emphasis highlighted by the EA.

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

For the audit of the financial statements for FY2021, the following matters disclosed in the independent auditor's report resulting in a disclaimer of opinion by the EA were discussed by the AC with management and EA:

Matters	How the AC reviewed these
1. Effect of 8 Payment Transactions on opening balances and comparative information	
Arising from the 8 Payment Transactions, other irregularities and matters were subsequently identified by the predecessor external auditor, BDO LLP ("BDO"), which include the uncovering of altered supplier invoices, cheque images, bank statements; the discovery of payment vouchers which were constructed for payments of staff bonuses that were not made out by the Group; contracts with customers which were not identified in prior periods resulting in improper recognition of revenue in the previous financial years; and new information presented to BDO in relation to arrangements with customers which were inconsistent with those management representations which BDO had obtained in prior periods. In view of the above, BDO assessed the impact of the various irregularities, inconsistencies in management representation and the potential lapses in internal control over the financial reporting processes, and determined that there may be misstatements in multiple elements of the financial statements.	The AC requested the predecessor auditor to review the underlying documents for the 8 Payment Transactions. Rajah & Tann Singapore LLP had also been engaged by the Company to assist in the review of the 8 Payment Transactions and provide legal advice to the Company's management in the discharge of their duties to the Company. On 8 June 2022, the Company announced the completion of the fact-finding review in respect of the 8 Payment Transactions. Crucially, the underlying bases for the Eight Transactions are legitimate as all findings indicate that QKEH had paid for the Eight Transactions on behalf of QKE for the stated purposes, rather than for any other purpose(s). QKEH has also agreed to refund, and has refunded, the sums paid out under the Debit Note inclusive of interest.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Matters	How the AC reviewed these
BDO was therefore unable to obtain sufficient appropriate audit evidence to conclude whether the financial statements for FY2020 were materially misstated; to ascertain the existence, completeness, accuracy, rights and obligations, valuation and/or classification, and related disclosures, of various transactions and balances entered into with customers, suppliers and the holding company, including the prior year adjustments then made by management; and to evaluate whether the Group had operated within appropriate internal control and corporate governance frameworks which may have a pervasive effect on the financial statements for FY2020. Accordingly, EA is unable to determine whether the opening balances as at 1 January 2021 are fairly stated. Due to the carry-forward effects on the financial performance and cash flows for FY2021 and the closing balances of assets and liabilities of the Group and the Company as at 31 December 2021, EA is unable to determine whether any adjustments might have been necessary in respect of the financial statements for FY2021.	The AC is assured that the Group has not suffered any monetary loss arising from the 8 Payment Transactions. The Board has deliberated and taken a position on the treatment of the 8 Payment Transactions and the impact thereof has been previously reflected in the audited financial statements for FY2020. The Company also acknowledges the irregularities brought about by the 8 Payment Transactions and had worked on strengthening internal controls to mitigate such risks. All payments would have to be authorised by a Group A signatory and a Group B signatory. Where payment amount exceeds S$200,000, the approval of the Independent Director as the Group B signatory is strictly required. All interested person transactions and all expenses incurred by the Executive Directors would have to be approved by the Board's Independent Directors. Payments from QKE to QKEH are now strictly prohibited to prevent any recurrence. All control measures to prevent a recurrence of the incident in question have been implemented. Baker Tilly Consultancy (Singapore) Pte Ltd was appointed as Special Internal Auditor. At AC Meeting of 31 May 2022, Baker Tilly Consultancy (Singapore) Pte Ltd was subsequently appointed as the Company's internal auditors. The internal auditors will carry out a follow up review of internal controls and report the findings to the AC. The Company will also submit a resumption of trading proposal to the SGX in due course.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Matters	How the AC reviewed these
2. Inventories, purchases and cost of sales EA is unable to obtain supporting documents from management in respect of certain selected items of spare parts such as supplier invoices, to ascertain the accuracy of the cost of the spare parts, and sales invoices for the sale of spare parts or rendering of maintenance and repair services, to ascertain the net realisable value of the spare parts as at 31 December 2021. As a result, EA is unable to ascertain the appropriateness of the carrying amount of the Group's inventories as at 31 December 2021, and the purchases, cost of sales and write-down on inventories recognised in profit or loss for FY2021.	 Separate inventory software (EMS) is used to maintain the spare parts inventory database which do not integrate well with the SAP system. The Company will include PO references in our postings with administrative oversight to reconcile PO to invoicing to more accurately track the movement of spare parts and hence provide supporting documents to track their usage.
3. Trade receivables Trade receivables comprise outstanding amounts of S$1,270,358 which are past due more than 90 days. EA is unable to obtain sufficient appropriate audit evidence from management to ascertain the recoverability of the outstanding amounts and expected credit losses on trade receivables. In addition, EA is unable to determine that revenue is recorded in the correct accounting period, which has a corresponding impact on trade receivables. Consequently, EA is unable to ascertain the appropriateness of the carrying amount of the Group's trade receivables as at 31 December 2021, the impairment losses on trade receivables recognised in profit or loss for FY2021, and the related disclosures in the notes to the financial statements for FY2021.	 The Company is of the opinion that those receivables more than 90 days which had not been specifically provided for are collectable. Due to on-going COVID-19 pandemic, certain projects are delayed and certifications of work are made difficult due to various restriction orders, with certain countries closing their borders entirely. The Company does not consider these customers as credit risks as the COVID-19 pandemic is a one-off extraordinary situation.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Matters	How the AC reviewed these
4. Revenue Revenue is mainly derived from the sale of kitchen equipment, installation and construction of kitchen facilities, and rendering of maintenance and repair services. Delivery orders are mostly without date of acknowledgement indicated by customers upon receipt and acceptance of goods. As a result, EA is unable to determine that revenue is recorded in the correct accounting period for sale of kitchen equipment. In respect of revenue from the installation and construction of kitchen facilities, EA is unable to obtain from management the supporting details of such project revenue recognised over time, including the costing schedules and computations of percentage of completion based on cost-input method. In relation to revenue from the rendering of maintenance and repair services, which comprises preventive maintenance of kitchen equipment performed on a periodic basis and ad-hoc servicing as requested by customers), EA is unable to obtain sufficient documents and information from management to ascertain the revenue recognised over time. Consequently, EA is unable to ascertain the appropriateness of the Group's revenue and the related disclosures in the notes to the financial statements for FY2021. In connection with the sale of kitchen equipment and facilities, the Group also provides assurance warranty to customers against manufacturing defects after delivery or construction. However, the Group has not recorded any provision for warranty. EA is unable to obtain sufficient information and supporting documents to assess the impact to the financial statements.	Delivery orders mostly came with pre-printed dates which coincide with the actual delivery dates. The Company acknowledges there may be cases of actual delivery dates that differ from the delivery orders printed dates, but such cases are minimal. Moving forward, the Company will strive to ensure that delivery orders signed off by customers also state the acknowledgement dates. For project revenue, the Company acknowledges the lack of proper recordkeeping and strives to implement a project schedule summary with well-defined costing schedules and percentage of completion milestones.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Matters	How the AC reviewed these
5. Fact-finding review and investigations The Company received a letter dated 30 March 2022 from the Accounting and Corporate Regulatory Authority ("ACRA") informing the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Companies Act 1967 and has requested the Company to provide to the ACRA a copy of the report from the legal firm. On 25 April 2022, the Company announced that it has provided to the ACRA a copy of the finalised report from the legal firm. The Company also received an order dated 29 June 2022 to produce various categories of documents to the Commercial Affairs Department ("CAD") to assist with an investigation into an offence under the Penal Code. As the investigations by the ACRA and CAD have yet to conclude, EA is unable to determine whether any adjustments might have been necessary in respect of the financial statements for FY2021.	The Company had made an SGX announcement on 25 April 2022 to inform shareholders on the investigation into possible breaches of Section 402(1) of the Companies Act 1967 by ACRA. The Company has provided to ACRA a copy of the finalised R&T Report and are committed to cooperating with ACRA on its investigations till completion. The Company also made an SGX announcement on 4 July 2022 to inform shareholders on the investigation into possible breaches under Penal Code (Chapter 224, 2008 Revised Edition). The CAD has not given any further details of its investigations. The Company intends to cooperate fully with the CAD on its investigations. The Company will provide updates to shareholders in due course and at an appropriate juncture.

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

The aggregate amount of fees paid to the external auditors for audit and non-audit services incurred in FY2021 are as follows:

Fees rendered for the services of	Amount
Audit	
- FY2020 overrun fees charged by predecessor auditor	S$180,000
- FY2021 fee charged by current auditor	S$140,000
Non-audit	
- Tax compliance fees	S$16,000
Total:	S$336,000

The AC has reviewed the independence of the EA, Foo Kon Tan LLP ("FKT"), and recommended the nomination to the Board for endorsement. The Board has endorsed the re-appointment of FKT as the Independent Auditor for shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

In FY2021, the Company outsourced its internal audit function to Baker Tilly Consultancy (S) Pte Ltd, as internal auditors ("IA"), to review the key business processes of the Company and its key subsidiaries, adequacy and effectiveness of the Company's internal controls, financial, operational and compliance controls as well as risk management. The IA reports primarily to the Chairman of the AC, although the IA also reports administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the IA. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

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

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

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

For FY2021, the AC met once with the EA and IA without the presence of the management.

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

In view of the preliminary findings on the 8 Payment Transactions, Baker Tilly Consultancy (Singapore) Pte Ltd, as its internal auditors had conducted immediate review and enhancement of the Company's operating procedures and internal controls. The internal auditors will carry out an internal audit on the system of internal controls and report the findings to the AC.

WHISTLE-BLOWING POLICY

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

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

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

All reports and submissions will be treated fairly and confidential. Identity of the whistle blower will be protected and if the identity is to be revealed, the Company will discuss with the whistle blower before revealing his/her information.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings
The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act 1967 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments of the Group and the information is communicated to them through various channels including the Annual Report, disclosures and announcements to the SGX-ST, press releases, and online investor relations on the Company's website at www.singaporekitchenequipmentltd.com.

The AGM of the Company represents the primary platform for two-way interaction between the shareholders, the Board and management of the Group. In fostering effective participation of and engagement with shareholders at the AGM of the Company held on 6 November 2021 ("2021 AGM"), Directors and external auditors were present by electronic means due to the COVID-19 restriction orders in Singapore.

To encourage participation of the shareholders, the Company strives to hold general meetings at venues which are accessible to shareholders. Notice of general meeting, annual report and/or circulars were issued within the time notice period as prescribed by the relevant regulations to enable the shareholders to be well informed with the time frame given and allow them to have ample time in making necessary preparations to attend and participate effectively in person or by corporate representative, proxy or attorney. More importantly, it enabled the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Additional explanatory notes for relevant resolutions (where required) to be tabled at the general meeting will be provided to the shareholders. Due to COVID-19 restriction orders in Singapore, 2021 AGM was held by way of electronic means via live webcast. To enable the members to participate at the 2021 AGM and exercise their votes effectively, instructions on how to register, participate, pose their questions, submission of proxy form, vote and etc relating to the 2021 AGM was published at the SGXNet and Company's website. At the 2021 AGM, the Chairman was appointed as the proxy to vote according to the members' instructions. The Chairman briefed the procedure to be followed by the shareholders even though the 2021 AGM was conducted by electronic means via live webcast and all resolutions were deemed proposed and seconded. All resolutions tabled at the 2021 AGM were conducted by poll pursuant to Rule 730A(2) of the Catalist Rules and counted by the Polling Agent as well as verified by the Scrutineer ahead of 2021 AGM. The poll results were announced by the Company via SGXNet on the same day for the benefit of all shareholders.

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Constitution of the Company does not allow for absentia voting at general meetings as authentication of shareholders' identity, integrity of the information and other related security issues remain a concern. Hence, the Board has decided not to implement voting in absentia by mail, email or fax, for the time being. The Constitution allows shareholders to vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings unless the shareholder is a relevant intermediary (as defined in Section 181(6) of the Companies Act 1967 of Singapore. A relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy form is sent together with the notice of general meetings to all shareholders.

Minutes of general meetings with substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and management are available to shareholders upon request. For the 2021 AGM, the minutes was published at the SGXNet and the Company's website within the prescribed timeline set by the SGX-ST and all questions received from the shareholders and answer were also published at the SGXNet and the Company's website ahead of the 2021 AGM.

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

Principle 12: Engagement with Shareholders
The Company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

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

- Announcements and news releases via SGXNET;

- Annual Report prepared and issued to all shareholders with relevant information about the Group, future developments and disclosures required by the Companies Act 1967 of Singapore Financial Reporting Standards and the Catalist Rules;

- Notices of general meetings are published in the local newspapers and announced via SGXNET; and

- Company's website for shareholders to access information pertaining to the Group.

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

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

(F) DEALINGS IN SECURITIES

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

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

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

(G) INTERESTED PERSON TRANSACTIONS

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

There were no interested person transactions exceeding S$100,000 conducted by the Group during FY2021.

(H) MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Executive Director, or controlling shareholder subsisting at the end of FY2021.

(I) NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid/payable to the Company's sponsors, RHT Capital Pte. Ltd. and CIMB Bank Berhad, Singapore Branch ("CIMB)" for FY2021.

With effect from 1 November 2021, the Company appointed RHT Capital Pte. Ltd. as its continuing sponsor in place of CIMB.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(J) USE OF PROCEEDS

(a) Initial Public Offer

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

As at the date of this report, approximately S$3.9 million has been used for the purposes as stated below. The details of the deployment are as follows:

	Intended use of proceeds from IPO S$,000	Cumulative amount deployed up to 1 July 2022 S$,000
Acquisition of additional fabrication equipment and machinery	700	319
Acquisition and renovation of the newly acquired property and other capital expenditures	1,600	1,355
For general working capital purposes of the Group	975	975
Expenses such as professional fees, under writing and placement commission and brokerage, and miscellaneous fees	1,325	1,325
Total	4,600	3,974

The Board is of the view that it is in the best interests of the Group to make the reallocation to better utilise cash available for the purchase and renovation of the newly acquired property situated at 207 Henderson Road and other capital expenditures, which would reduce bank borrowings and hence interest expense.

(b) Placement

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

- 100% of the Net Proceeds will be used for general working capital purposes.

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

The Company has reallocated the placement proceeds from use for new business expansion or investments to general working capital purposes. Please refer to the announcement dated 21 Jan 2022. The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed.

(K) TREASURY SHARES

There were no treasury shares at the end of FY2021.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

We submit this annual report to the members together with the audited consolidated financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") and statement of financial position of the Company for the financial year ended 31 December 2021.

In our opinion,

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Lim Chee San	(Chairman and Independent Non-Executive Director) (Appointed as Independent Director on 28 August 2021 and appointed as Chairman on 20 September 2021)
Chua Chwee Choo	(Executive Director and Chief Executive Officer)
Lee Chong Hoe	(Executive Director)
Ang Chiang Meng	(Independent Non-Executive Director) (Appointed on 4 August 2021)
Choo Kok Kiong	(Independent Non-Executive Director) (Appointed on 28 August 2021)

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares or debentures of the Company or any other corporate body, other than as disclosed in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, the directors of the Company who held 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 the name of director		Holdings in which director is deemed to have an interest	
	At 1.1.2021 or date of appointment, if later	As at 31.12.2021	At 1.1.2021 or date of appointment, if later	As at 31.12.2021
Holding company -		**Number of ordinary shares**		
QKE Holdings Pte. Ltd.				
Chua Chwee Choo	1	**1**	–	**-**
Lee Chong Hoe	1	**1**	–	**-**
The Company				
Chua Chwee Choo	995,000	**995,000**	122,491,500	**122,491,500**
Lee Chong Hoe	192,000	**192,000**	122,491,500	**122,491,500**

* There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Share options

No options were granted during the financial year to take up issued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Performance Share Plan

The Group adopted the Performance Share Plan ("PSP") which was approved by the Company's shareholders at the Extraordinary General Meeting held on 25 June 2013. The PSP is administered by the Remuneration Committee which comprises the following members:

Choo Kok Kiong (Chairman)
Lim Chee San
Ang Chiang Meng

The PSP provides for the grant of incentive share awards to employees and directors.

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

(a) The Group's employees (including executive directors) who have attained the age of 21 years on or before the date of grant of the award; and

(b) Non-executive directors (including independent directors) who have attained the age of 21 years on or before the date of grant of the award.

Controlling shareholders shall not be eligible to participate in the PSP. However, the associates of the controlling shareholders who meet the eligibility criteria of the above shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of awards granted under the PSP, to a participant who is an associate of a controlling shareholder are approved by the independent shareholders in separate resolutions for each such person.

To date, there has been no award granted pursuant to the PSP since its commencement.

Audit Committee

The Audit Committee at the date of this statement comprises the following members who are all independent and non-executive directors:

Ang Chiang Meng (Chairman)
Lim Chee San
Choo Kok Kiong

The Audit Committee performed the functions specified in Section 201B(5) of the Companies Act 1967 and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the audit plan and results of the external audit;

(ii) reviewing the audit plan and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Audit Committee (Cont'd)

(iii) reviewing the Group's financial and operating results and accounting policies;

(iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditor's report on those financial statements;

(v) reviewing the half-yearly and annual announcements on the results of the Group and financial positions of the Group and the Company;

(vi) ensuring the cooperation and assistance given by the management to the Group's internal and external auditors;

(vii) making recommendation to the Board of Directors on the re-appointment of the Group's internal and external auditors; and

(viii) reviewing the interested person transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee, having reviewed the external auditor's non-audit services (if any), confirmed that there were no non-audit services rendered that would affect the independence and objectivity of the external auditor.

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

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the external auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Independent auditor

At the Annual General Meeting of the Company held on 6 November 2021, Foo Kon Tan LLP was appointed as independent auditor of the Company.

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept appointment.

On behalf of the Directors

Chua Chwee Choo

Lee Chong Hoe

14 July 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

<u>Opening balances and comparative information</u>

We were appointed as auditor of the Company on 6 November 2021, in respect of the financial statements for the financial year ended 31 December 2021 ("FY2021"). The financial statements for the financial year ended 31 December 2020 ("FY2020") were audited by another auditor who expressed a disclaimer of opinion on those financial statements on 22 October 2021.

The basis for a disclaimer of opinion by the predecessor auditor related to payments amounting to S$1.39 million made by the Group to the Company's holding company, QKE Holdings Pte. Ltd. ("QKEH"), arising from a debit note received by the Group from QKEH claiming reimbursement of eight transactions ("Eight Transactions") that had been paid on behalf of the Group, and other irregularities and matters that were subsequently identified by the predecessor auditor, which include the uncovering of altered supplier invoices, cheque images and bank statements; the discovery of payment vouchers which were constructed for payments of staff bonuses that were not authorised; contracts with customers which were not identified in prior periods resulting in improper recognition of revenue in the previous financial years; and new information presented to the predecessor auditor in relation to arrangements with customers which were inconsistent with those management representations which the predecessor auditor had obtained in prior periods.

In view of the above, the predecessor auditor assessed the impact of the various irregularities, inconsistencies in management representation and the potential lapses in internal control over the financial reporting processes, and determined that there may be misstatements in multiple elements of the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Basis for Disclaimer of Opinion (Cont'd)

Opening balances and comparative information (Cont'd)

The predecessor auditor was therefore unable to obtain sufficient appropriate audit evidence to conclude whether the financial statements for FY2020 were materially misstated; to ascertain the existence, completeness, accuracy, rights and obligations, valuation and/or classification, and related disclosures, of various transactions and balances entered into with customers, suppliers and the holding company, including the prior year adjustments then made by management; and to evaluate whether the Group had operated within appropriate internal control and corporate governance frameworks which may have a pervasive effect on the financial statements for FY2020.

In addition, the Company had engaged a legal firm to conduct a review of the Eight Transactions. As the review by the legal firm was ongoing, the report of which could provide new information and findings that may have an impact on the financial statements for FY2020, the predecessor auditor was unable to determine if any adjustments arising thereon, which may be required, and the extent of impact on the financial statements for FY2020.

As disclosed in Note 31 to the financial statements, the legal firm has since completed its fact-finding review and addressed various issues at large in its report, which include arrangement for QKEH to make payments on behalf of the Group; alterations of the Group's documents; lapses in the Group's internal controls; enhancement of the Group's internal controls; and possible breaches of the respective legislations as identified by the legal firm.

Accordingly, we are unable to determine whether the opening balances as at 1 January 2021 are fairly stated. Due to the carry-forward effects on the financial performance and cash flows for FY2021 and the closing balances of assets and liabilities of the Group and the Company as at 31 December 2021, we are unable to determine whether any adjustments might have been necessary in respect of the financial statements for FY2021.

In addition, our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Inventories, purchases and cost of sales

Included in inventories as at 31 December 2021 as disclosed in Note 7 to the financial statements are spare parts of S$719,026. We have been unable to obtain the relevant supporting documents in respect of certain selected items of spare parts, such as supplier invoices, to ascertain the accuracy of the cost of spare parts, and sales invoices for the sale of spare parts or rendering of maintenance and repair services, to ascertain the net realisable value of spare parts as at 31 December 2021. Under SFRS(I) 1-2 *Inventories*, inventories shall be measured at the lower of cost and net realisable value. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's inventories as at 31 December 2021 and the opening balances as at 1 January 2021. In the absence of sufficient documentary evidence, we are also unable to ascertain the appropriateness of purchases, cost of sales and write-down on inventories recognised in profit or loss for FY2021.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Basis for Disclaimer of Opinion (Cont'd)

Trade receivables

Included in trade and other receivables as at 31 December 2021 as disclosed in Note 8 to the financial statements are net trade receivables of S$7,861,700, comprising gross trade receivables of S$8,226,957 and allowance for impairment losses of S$365,257. As disclosed in Note 28.1 to the financial statements, trade receivables with an aggregate carrying amount of S$1,270,358 are past due more than 90 days. We have been unable to obtain sufficient appropriate audit evidence, such as details of subsequent collections and historical loss rates adjusted with forward-looking information, to ascertain the recoverability of the outstanding amounts and the expected credit losses on trade receivables. In addition, as described in the *Revenue* section below, we are unable to determine that revenue is recorded in the correct accounting period, which has a corresponding impact on trade receivables. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's trade receivables as at 31 December 2021, the impairment losses on trade receivables recognised in profit or loss for FY2021, the related disclosures in the notes to the financial statements for FY2021, and the opening balances as at 1 January 2021.

Revenue

Revenue in the consolidated statement of profit or loss and other comprehensive income for FY2021 is S$27,774,185. As disclosed in Note 17 to the financial statements, the Group's revenue derived from the sale of kitchen equipment amounted to S$20,175,308 for FY2021. We have been unable to obtain sufficient documentary evidence, including delivery orders with date of acknowledgement indicated by customers upon receipt and acceptance of goods, to determine that revenue is recorded in the correct accounting period. In respect of revenue from the installation and construction of kitchen facilities amounting to S$663,003 for FY2021, we have been unable to obtain the supporting details of such project revenue recognised over time, including the costing schedules and computations of percentage of completion based on cost-input method. In relation to revenue from the rendering of maintenance and repair services of S$6,699,447 for FY2021, which includes preventive maintenance of kitchen equipment performed on a periodic basis, we have been unable to obtain sufficient documents and information from management, such as the maintenance contracts and progress billings, to ascertain the appropriateness of such revenue recognised over time. For rental income from the lease of kitchen equipment to customers, we are unable to obtain sufficient information to assess the classification of certain leases as operating leases.

In view of the above, we are unable to ascertain the existence, completeness and accuracy of revenue recognised by the Group for FY2021. Consequently, we are unable to satisfy ourselves as to the appropriateness of the Group's revenue and the related disclosures in the notes to the financial statements for FY2021.

In connection with the sale of kitchen equipment and facilities, the Group also provides assurance warranty to customers against manufacturing defects after delivery or construction. However, the Group has not recorded any provision for warranty in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. We have been unable to obtain sufficient information, such as the repair costs incurred by the Group arising from warranty, and the supporting documents to assess the impact to the financial statements. As a result, we are unable to satisfy ourselves as to the appropriateness of the Group's provisions as at 31 December 2021 and the opening balances as at 1 January 2021.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Basis for Disclaimer of Opinion (Cont'd)

Fact-finding review and investigations

As disclosed in Note 32 to the financial statements, the Company received a letter dated 30 March 2022 from the Accounting and Corporate Regulatory Authority ("ACRA") informing the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Companies Act 1967 (the "Act") and has requested the Company to provide to the ACRA a copy of the report from the legal firm in respect of the fact-finding review. On 25 April 2022, the Company announced that it has provided to the ACRA a copy of the finalised report from the legal firm. The Company also received an order dated 29 June 2022 to produce various categories of documents to the Commercial Affairs Department ("CAD") to assist with an investigation into an offence under the Penal Code.

The investigations by the ACRA and CAD have yet to conclude. Based on the information available to us, we are unable to determine whether any adjustments might have been necessary in respect of the financial statements for FY2021 and the opening balances as at 1 January 2021.

Other Matter

The audit of the financial statements for FY2020 was carried out by another auditor who expressed a disclaimer of opinion on those financial statements on 22 October 2021.

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 Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Cheong Wenjie.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

14 July 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	S$	S$	S$	S$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**842,497**	1,056,760	**3,735**	5,685
Intangible assets	4	**25,545**	41,999	**-**	–
Right-of-use assets	5	**904,656**	1,539,647	**-**	–
Subsidiaries	6	**-**	–	**10,000**	10,000
		1,772,698	2,638,406	**13,735**	15,685
Current Assets					
Inventories	7	**3,357,521**	3,641,937	**-**	–
Trade and other receivables	8	**10,058,282**	10,274,145	**2,781,883**	4,024,026
Prepayments		**91,661**	133,939	**900**	3,572
Cash and bank deposits	9	**16,436,718**	15,508,067	**1,162,483**	1,103,646
		29,944,182	29,558,088	**3,945,266**	5,131,244
Total assets		**31,716,880**	32,196,494	**3,959,001**	5,146,929
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**5,124,790**	5,124,790	**5,124,790**	5,124,790
Reserves	11	**11,538,711**	11,243,541	**(1,319,564)**	(234,982)
Total equity		**16,663,501**	16,368,331	**3,805,226**	4,889,808
Non-Current Liabilities					
Borrowings	12	**2,902,083**	3,883,047	**-**	–
Lease liabilities	13	**784,967**	1,181,015	**-**	–
Deferred tax liabilities	14	**62,145**	23,317	**-**	–
		3,749,195	5,087,379	**-**	–
Current Liabilities					
Borrowings	12	**2,511,435**	3,237,088	**-**	–
Lease liabilities	13	**676,989**	812,268	**-**	–
Trade and other payables	15	**4,357,471**	4,953,788	**153,775**	257,121
Contract liabilities	16	**3,271,694**	1,295,368	**-**	–
Current tax payable		**486,595**	442,272	**-**	–
		11,304,184	10,740,784	**153,775**	257,121
Total liabilities		**15,053,379**	15,828,163	**153,775**	257,121
Total equity and liabilities		**31,716,880**	32,196,494	**3,959,001**	5,146,929

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 S$	2020 S$
Revenue	17	**27,774,185**	22,019,371
Cost of sales		**(19,101,285)**	(15,557,391)
Gross profit		**8,672,900**	6,461,980
Other income	18	**528,241**	1,216,373
Impairment losses on trade receivables	8	**(76,022)**	(140,709)
Selling and distribution expenses		**(3,053,539)**	(2,810,132)
Administrative expenses		**(5,052,489)**	(3,249,139)
Other operating expenses	19	**(21,343)**	(142,193)
Finance costs	20	**(260,104)**	(211,509)
Profit before taxation	21	**737,644**	1,124,671
Taxation	22	**(400,257)**	(160,360)
Profit for the year		**337,387**	964,311
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences on consolidation		**(42,217)**	(756)
Other comprehensive loss for the year, net of tax of nil		**(42,217)**	(756)
Total comprehensive income for the year		**295,170**	963,555
Profit/(Loss) attributable to:			
Owners of the Company		**337,387**	965,799
Non-controlling interest		**-**	(1,488)
		337,387	964,311
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**295,170**	965,043
Non-controlling interest		**-**	(1,488)
		295,170	963,555
Earnings per share attributable to owners of the Company (Singapore cent)			
- Basic and diluted	23	**0.22**	0.62

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital	Foreign currency translation reserve	Merger reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interest	Total equity
	S$	S$	S$	S$	S$	S$	S$
Balance at 1 January 2020	5,124,790	(92,982)	1,312,241	9,075,314	15,419,363	(14,587)	15,404,776
Profit for the year	-	-	-	965,799	965,799	(1,488)	964,311
Other comprehensive loss for the year							
- Foreign currency translation differences	-	(756)	-	-	(756)	-	(756)
Total comprehensive (loss)/income for the year	-	(756)	-	965,799	965,043	(1,488)	963,555
Changes in ownership interests in subsidiaries							
- Acquisition of non-controlling interest in a subsidiary without a change in control (Note 6)	-	-	(1,488)	(14,587)	(16,075)	16,075	-
Transactions with owners in their capacity as owners	-	-	(1,488)	(14,587)	(16,075)	16,075	-
Balance at 31 December 2020	5,124,790	(93,738)	1,310,753	10,026,526	16,368,331	-	16,368,331
Balance at 1 January 2021	5,124,790	(93,738)	1,310,753	10,026,526	16,368,331	-	16,368,331
Profit for the year	-	-	-	**337,387**	**337,387**	-	**337,387**
Other comprehensive loss for the year							
- Foreign currency translation differences	-	**(42,217)**	-	-	**(42,217)**	-	**(42,217)**
Total comprehensive (loss)/income for the year	-	**(42,217)**	-	**337,387**	**295,170**	-	**295,170**
Balance at 31 December 2021	**5,124,790**	**(135,955)**	**1,310,753**	**10,363,913**	**16,663,501**	-	**16,663,501**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 S$	2020 S$
Cash Flows from Operating Activities			
Profit before taxation		**737,644**	1,124,671
Adjustments for:			
Amortisation of intangible assets	4	**24,288**	22,894
Depreciation of property, plant and equipment	3	**242,381**	297,779
Depreciation of right-of-use assets	5	**1,040,499**	1,219,747
Finance costs	20	**260,104**	211,509
Gain on lease modification		-	(2,036)
Impairment losses on trade receivables	8	**76,022**	140,709
Interest income	18	**(24,199)**	(42,516)
Property, plant and equipment written off	3	**23,841**	540
Write-down on inventories	7	**240,409**	475,119
Operating profit before working capital changes		**2,620,989**	3,448,416
Changes in inventories		**39,241**	(541,842)
Changes in trade and other receivables		**137,863**	820,633
Changes in prepayments		**42,148**	(22,150)
Changes in trade and other payables		**(602,502)**	(1,821,692)
Changes in contract liabilities		**1,971,682**	695,901
Cash generated from operations		**4,209,421**	2,579,266
Income taxes paid		**(329,318)**	(292,597)
Net cash generated from operating activities		**3,880,103**	2,286,669
Cash Flows from Investing Activities			
Interest received		**24,199**	42,516
Payments for intangible assets		**(7,834)**	-
Payments for right-of-use assets		**(5,681)**	-
Purchase of property, plant and equipment		**(58,242)**	(233,074)
Net cash used in investing activities		**(47,558)**	(190,558)
Cash Flows from Financing Activities			
Bank deposits pledged or with maturity of more than three months		**(738,991)**	478,208
Interest paid		**(260,104)**	(211,509)
Proceeds from borrowings		**6,799,103**	12,129,778
Repayment of borrowings		**(8,505,720)**	(8,239,309)
Repayment of lease liabilities		**(935,398)**	(1,187,927)
Net cash (used in)/generated from financing activities		**(3,641,110)**	2,969,241
Net increase in cash and cash equivalents		**191,435**	5,065,352
Cash and cash equivalents at beginning of the year		**14,629,869**	9,567,439
Exchange differences on translation of cash and cash equivalents		**(1,775)**	(2,922)
Cash and cash equivalents at end of the year	9	**14,819,529**	14,629,869

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Reconciliation of movements of liabilities to cash flows arising from financing activities

				Cash outflows		Non-cash changes				
	Note	At 1 January	Cash inflows	Principal paid	Interest paid	New leases	Lease modification	Interest expense	Exchange difference on translation	At 31 December
		S$	S$	S$	S$	S$	S$	S$	S$	S$
The Group										
2021										
Liabilities										
Borrowings	12	7,120,135	**6,799,103**	**(8,505,720)**	**(161,233)**	-	-	**161,233**	-	**5,413,518**
Lease liabilities	13	1,993,283	-	**(935,398)**	**(98,871)**	**176,345**	**233,263**	**98,871**	**(5,537)**	**1,461,956**
		9,113,418	**6,799,103**	**(9,441,118)**	**(260,104)**	**176,345**	**233,263**	**260,104**	**(5,537)**	**6,875,474**
2020										
Liabilities										
Borrowings	12	3,229,666	12,129,778	(8,239,309)	(111,576)	-	-	111,576	-	7,120,135
Lease liabilities	13	2,998,644	-	(1,187,927)	(99,933)	141,388	42,436	99,933	(1,258)	1,993,283
		6,228,310	12,129,778	(9,427,236)	(211,509)	141,388	42,436	211,509	(1,258)	9,113,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 General information

The financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 207 Henderson Road, #01-01 Henderson Industrial Park, Singapore 159550.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6.

The Company's holding company is QKE Holdings Pte. Ltd., a company incorporated in Singapore.

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

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar ("S$") which is the Company's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(a) Basis of preparation (Cont'd)

Significant judgement in applying accounting policies

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the current tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax liabilities at the end of the reporting period and the Group's taxation for the year are disclosed in Note 14 and Note 22, respectively, to the financial statements.

Significant accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment and right-of-use assets

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be within 3 to 50 years and 2 to 5 years, respectively. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 3 and Note 5, respectively, to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment and right-of-use assets increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by S$24,238 (2020: S$29,778) and S$104,050 (2020: S$121,975), respectively.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period and applies judgement and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 7 to the financial statements. If the net realisable values of the inventories decrease by 10% below cost from management's estimates, the Group's profit for the year will decrease by S$314,794 (2020: S$342,813).

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and assumptions used in applying accounting policies (Cont'd)

Allowance for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group and the Company apply the 3-stage general approach to determine ECLs for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's and the Company's trade and other receivables is disclosed in Note 28.1. If the loss rates increase by 5% from management's estimates, the Group's allowance for impairment losses on trade receivables will increase by S$411,348 (2020: S$425,590).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(b) Adoption of new and revised SFRS(I) effective in 2021

On 1 January 2021, the Group adopted the following SFRS(I) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform - Phase 2

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies or have any significant impact on these financial statements.

Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions*

The amendment provides relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020. Early application is permitted. There is a one-year extension to the practical expedient for Covid-19-related rent concessions.

2(c) New standards and interpretations not yet adopted

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Annual Improvements to SFRS(I)s 2018 - 2020		
- Amendments to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022
- Amendments to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
- Amendments to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
- Amendments to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives	1 January 2022

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(c) New standards and interpretations not yet adopted (Cont'd)

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interest even if that results in the non-controlling interest having a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if, and only if, the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

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

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Change in the Group's ownership interest in subsidiary that does not result in the Group losing control over the subsidiary is accounted for as equity transaction. The carrying amount of the Group's interest and the non-controlling interest are adjusted to reflect the change in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Building	50 years
Plant and machinery	5 years
Computers and office equipment	3 to 5 years
Renovations	5 years
Furniture and fittings	5 years
Motor vehicles	5 years

Freehold land has indefinite useful life and is not depreciated.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the period in which it is incurred.

For acquisitions and disposals during the period, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment (Cont'd)

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise. The Group does not have intangible assets with indefinite useful lives.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in profit or loss when the asset is derecognised.

Intangible assets comprise computer software used in operations. The costs relating to computer software acquired, which are not an integral part of the related hardware, are capitalised and amortised on a straight-line basis over their estimated useful lives of 3 years.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less accumulated allowance for any impairment losses on an individual subsidiary basis.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Group currently has 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.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the financial instruments. Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group does not hold any financial assets at FVOCI or financial assets at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables (excluding advances to suppliers and current tax recoverable) and cash and bank deposits.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their business and financial conditions.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise borrowings, lease liabilities and trade and other payables (excluding government grants payable, deferred government grants income, provision for restoration costs and net output tax).

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Borrowings

Borrowings due to be settled more than 12 months after the reporting period are included in non-current borrowings in the consolidated statement of financial position.

Borrowing costs are recognised in profit or loss using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to banks for the borrowings of a subsidiary. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude fixed deposits which are pledged or have maturity of more than three months.

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.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Provisions (Cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Provision for restoration costs

A provision for restoration is recognised when the Group is legally obligated to dismantle physical installations and to restore to its original state a property owned by external parties following decommissioning of the Group's operating facilities at the property. The costs of dismantling and restoration are capitalised as part of the Group's acquisition costs of the installations and are depreciated over their useful lives. The provision is initially recognised as the present value of the aggregate future costs. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement and restoration costs are adjusted against the cost of the related installations, unless the decrease in the provision exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such a case, the excess of the decrease over the carrying amount of the asset, or the changes in the provision, is recognised in profit or loss immediately.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease liability (Cont'd)

Lease payments included in the measurement of the lease liability comprise:

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

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and any impairment loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Otherwise, depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Properties	2 to 3 years
Office equipment	5 years
Motor vehicles	5 years

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities provided they intend to settle current tax liabilities and assets on a net basis or the assets will be realised and the liabilities will be settled simultaneously.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Defined contribution plans

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. Pension contributions are provided at rates stipulated by the regulations and are contributed to pension funds managed by government agencies, which are responsible for administering these amounts for the Group's employees. The Company and its Singapore-incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Defined contribution plans (Cont'd)

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Related parties

A related party is defined as follows:

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

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

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

b) An entity is related to the Group and the Company if any of the following conditions applies:

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

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

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

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

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

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

2(d) Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

b) An entity is related to the Group and the Company if any of the following conditions applies: (Cont'd)

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

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists or has decreased.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there is an indication that the impairment loss recognised for the asset no longer exists or has decreased, and there has been a change in the estimates used to determine the asset's recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Revenue from contracts with customers

Revenue from sale of goods and rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

<u>Fabrication and distribution business</u>

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

When kitchen facilities are constructed in accordance with customers' specifications and under customers' control at their premises, revenue is recognised over time by reference to the Group's progress, measured by comparing the actual quantity of installed materials with total expected amounts of materials to be installed to complete the construction of kitchen facilities. The Group has assessed that these construction contracts qualify for recognition of revenue over time as the Group's performance creates or enhances an asset (work in progress) that the customer controls as the asset is created or enhanced; and the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

In connection with the sale of kitchen equipment and facilities, the Group also provides assurance warranty against manufacturing defects to customers for a period of 12 months or 24 months after delivery or construction.

<u>Maintenance and servicing business</u>

The Group provides maintenance and repair services on kitchen equipment sold to customers, comprising preventive maintenance of kitchen equipment performed on a periodic basis and ad-hoc servicing of kitchen equipment as requested by customers. In respect of preventive maintenance, revenue is recognised over time when the services are rendered, based on the fixed-price contracts. Customers are invoiced on a periodic basis when the services are rendered and accepted. In respect of ad-hoc servicing, revenue is recognised at a point in time when the services have been rendered.

2(d) Summary of significant accounting policies (Cont'd)

Rental income

Revenue from rental of kitchen equipment under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

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

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies (Cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's executive directors who are the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Property, plant and equipment

	Freehold land	Building	Plant and machinery	Computers and office equipment	Renovations	Furniture and fittings	Motor vehicles	Total
	S$	S$	S$	S$	S$	S$	S$	S$
The Group								
Cost								
At 1 January 2020	89,543	364,753	1,098,138	761,451	422,062	145,152	34,288	2,915,387
Additions	-	-	152,145	48,640	24,373	7,916	-	233,074
Transfers from inventories	-	-	37,765	-	-	-	-	37,765
Write-offs	-	-	(336,799)	(213)	-	(5,002)	-	(342,014)
Exchange difference on translation	54	222	189	6	51	13	-	535
At 31 December 2020	89,597	364,975	951,438	809,884	446,486	148,079	34,288	2,844,747
Additions	-	-	**17,396**	**18,077**	-	**22,769**	-	**58,242**
Write-offs	-	-	**(60,631)**	-	-	-	-	**(60,631)**
Exchange difference on translation	**(1,551)**	**(6,177)**	**(5,508)**	**(188)**	**(1,455)**	**(798)**	-	**(15,677)**
At 31 December 2021	**88,046**	**358,798**	**902,695**	**827,773**	**445,031**	**170,050**	**34,288**	**2,826,681**
Accumulated depreciation								
At 1 January 2020	-	87,541	759,781	532,420	320,653	121,646	9,292	1,831,333
Depreciation (Note 21)	-	7,273	128,088	109,102	36,366	8,931	8,019	297,779
Write-offs	-	-	(336,259)	(213)	-	(5,002)	-	(341,474)
Exchange difference on translation	-	80	197	7	51	14	-	349
At 31 December 2020	-	94,894	551,807	641,316	357,070	125,589	17,311	1,787,987
Depreciation (Note 21)	-	**7,189**	**112,519**	**68,011**	**36,958**	**11,577**	**6,127**	**242,381**
Write-offs	-	-	**(36,790)**	-	-	-	-	**(36,790)**
Exchange difference on translation	-	**(1,627)**	**(5,376)**	**(179)**	**(1,455)**	**(757)**	-	**(9,394)**
At 31 December 2021	-	**100,456**	**622,160**	**709,148**	**392,573**	**136,409**	**23,438**	**1,984,184**
Carrying amount								
At 31 December 2021	**88,046**	**258,342**	**280,535**	**118,625**	**52,458**	**33,641**	**10,850**	**842,497**
At 31 December 2020	89,597	270,081	399,631	168,568	89,416	22,490	16,977	1,056,760

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Property, plant and equipment (Cont'd)

	Computers and office equipment S$
The Company	
Cost	
At 1 January 2020	–
Additions	5,847
As 31 December 2020	5,847
Additions	**-**
At 31 December 2021	**5,847**
Accumulated depreciation	
At 1 January 2020	–
Depreciation	162
At 31 December 2020	162
Depreciation	**1,950**
At 31 December 2021	**2,112**
Carrying amount	
At 31 December 2021	**3,735**
At 31 December 2020	5,685

Included in plant and machinery are kitchen equipment leased to customers. The kitchen equipment are depreciated over their estimated useful lives of five years. The cost and the accumulated depreciation of the kitchen equipment is S$164,920 (2020: S$210,464) and S$96,322 (2020: S$94,558), respectively, with carrying amount of S$68,598 (2020: S$115,906) as at 31 December 2021. Depreciation of the kitchen equipment for the financial year ended 31 December 2021 amounted to S$38,586 (2020: S$34,429).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 Intangible assets

	Computer software S$
The Group	
Cost	
At 1 January 2020	330,100
Additions	50,569
At 31 December 2020	380,669
Additions	**7,834**
At 31 December 2021	**388,503**
Accumulated amortisation	
At 1 January 2020	315,776
Amortisation (Note 21)	22,894
At 31 December 2020	338,670
Amortisation (Note 21)	**24,288**
At 31 December 2021	**362,958**
Carrying amount	
At 31 December 2021	**25,545**
At 31 December 2020	41,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 Right-of-use assets

	Properties S$	Office equipment S$	Motor vehicles S$	Total S$
The Group				
Cost				
At 1 January 2020	2,143,298	87,348	2,926,304	5,156,950
Additions	126,125	15,263	–	141,388
Derecognition	–	–	(489,405)	(489,405)
Lease modification	53,909	–	(9,437)	44,472
Exchange difference on translation	1,959	–	–	1,959
At 31 December 2020	2,325,291	102,611	2,427,462	4,855,364
Additions	**77,845**	**-**	**104,181**	**182,026**
Derecognition	**(1,476,417)**	**-**	**(117,993)**	**(1,594,410)**
Lease modification	**233,263**	**-**	**-**	**233,263**
Exchange difference on translation	**(25,581)**	**-**	**-**	**(25,581)**
At 31 December 2021	**1,134,401**	**102,611**	**2,413,650**	**3,650,662**
Accumulated depreciation				
At 1 January 2020	917,533	18,717	1,648,325	2,584,575
Depreciation (Note 21)	753,099	19,481	447,167	1,219,747
Derecognition	–	–	(489,405)	(489,405)
Exchange difference on translation	800	–	–	800
At 31 December 2020	1,671,432	38,198	1,606,087	3,315,717
Depreciation (Note 21)	**579,326**	**21,770**	**439,403**	**1,040,499**
Derecognition	**(1,476,417)**	**-**	**(117,993)**	**(1,594,410)**
Exchange difference on translation	**(15,800)**	**-**	**-**	**(15,800)**
At 31 December 2021	**758,541**	**59,968**	**1,927,497**	**2,746,006**
Carrying amount				
At 31 December 2021	**375,860**	**42,643**	**486,153**	**904,656**
At 31 December 2020	653,859	64,413	821,375	1,539,647

Properties relate to the Group's factory, warehouse, office and hostel premises under leasing arrangements.

6 Subsidiaries

	2021 S$	2020 S$
The Company		
Unquoted equity investments, at cost		
At 1 January and 31 December	**10,000**	10,000

On 15 January 2020, the Company's wholly-owned subsidiary, Q'son Kitchen Equipment Pte Ltd ("QKE"), incorporated PT Indo Qson Kitchen Equipment ("PT Indo Qson") with an issued share capital of IDR 2,500,000,000 (S$245,200) comprising 2,500 ordinary shares of IDR 1,000,000 each. 2,498 shares were issued to QKE and one share was issued to each of the Company's two executive directors, held by them on behalf of QKE. The principal activities of PT Indo Qson are those of trading, distribution, sales, servicing, repair and maintenance of commercial and residential kitchen equipment and related supplies. PT Indo Qson continues to be dormant and the balance of IDR 2,498,000,000 (S$245,000) in share capital by QKE has remained unpaid by QKE.

Q'son Kitchen Equipment Services Pte. Ltd. ("QKES") (formerly known as Phoenix, The Central Kitchen Solutions Pte. Ltd.) was incorporated in 2017 with an issued and paid-up share capital of S$2 comprising two ordinary shares of S$1 each. QKE and a third-party individual who is a business associate of the Group each holds one ordinary share in QKES. As the Board of Directors of QKES is entirely made up of the executive directors of the Company, management assessed that the Group is able to direct the relevant activities of QKES and has control over QKES based on SFRS(I) 10 *Consolidated Financial Statements*, notwithstanding the 50% equity interest held by QKE in QKES.

Phoenix, The Central Kitchen Solutions Pte. Ltd. was renamed as QKES on 23 June 2020. QKES has not yet commenced business.

Acquisition of non-controlling interest

On 18 June 2020, QKE acquired 50% equity interest in QKES from the other shareholder without consideration, thereby increasing its equity interest from 50% to 100%. The carrying amount of the net assets of QKES in the consolidated financial statements at the date of acquisition was $32,150.

	2020 S$
The Group	
Carrying amount of non-controlling interest acquired (S$32,150 x 50%)	16,075
Consideration paid to non-controlling interest	–
Decrease in equity attributable to owners of the Company	16,075

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6 Subsidiaries (Cont'd)

Acquisition of non-controlling interest (Cont'd)

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

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

Details of the subsidiaries are:

Name	Country of incorporation/ Principal place of business	Percentage of equity interest		Principal activities
		2021	**2020**	
		%	**%**	
Held by the Company				
Q'son International Pte. Ltd. [(i)]	Singapore	**100**	100	Manufacturing of table, kitchen and other cutlery
Q'son Kitchen Equipment Pte Ltd [(i)]	Singapore	**100**	100	Designing, fabricating, installation, of stainless-steel kitchenware and commercial kitchens
Held by Q'son Kitchen Equipment Pte Ltd				
Q'son Industries (M) Sdn. Bhd. [(ii)]	Malaysia	**100**	100	Manufacturing and distribution of kitchen equipment
Qson Kitchenhub Sdn. Bhd. [(ii)]	Malaysia	**100**	100	Investment holding
Q'son Kitchen Equipment Services Pte. Ltd. [(i)]	Singapore	**100**	100	Wholesaling of commercial food service equipment (not yet commenced business)
PT Indo Qson Kitchen Equipment [(iii)]	Indonesia	**100**	100	Trading, distribution, sales, servicing, repair and maintenance of commercial and residential kitchen equipment and related supplies (currently dormant)

(i) Audited by Foo Kon Tan LLP
(ii) Audited ShineWing TY Teoh PLT, Malaysia
(iii) Not required to be audited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7 Inventories

	2021 S$	2020 S$
The Group		
Spare parts, at net realisable value	**719,026**	874,900
Raw materials, at cost	**85,900**	173,138
Work-in-progress, at cost	**123,684**	40,674
Finished goods, at net realisable value	**2,428,911**	2,553,225
	3,357,521	3,641,937

Spare parts are sold to customers or consumed in the rendering of maintenance and repair services to customers.

The cost of inventories recognised as an expense and included in cost of sales for the financial year ended 31 December 2021 amounted to S$12,759,926 (2020: S$10,047,262).

The movement in allowance for write-down of inventories is as follows:

	2021 S$	2020 S$
The Group		
At 1 January	**475,119**	–
Allowance made (Note 21)	**240,409**	475,119
At 31 December	**715,528**	475,119

Write-down of inventories amounting to S$240,409 (2020: S$475,119) was recognised as an expense and included in cost of sales for the financial year ended 31 December 2021 due to the decline in selling prices and the obsolescence of certain inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 Trade and other receivables

	The Group		The Company	
	2021	2020	2021	2020
	S$	S$	S$	S$
Trade receivables from third parties	**8,226,957**	8,511,800	**-**	–
Less: Allowance for impairment losses	**(365,257)**	(334,411)	**-**	–
	7,861,700	8,177,389	**-**	–
Amount due from holding company (non-trade)	**-**	985,488	**-**	–
Amount due from a subsidiary (non-trade)	**-**	–	**2,711,127**	4,023,128
Deposits	**746,952**	480,113	**70,000**	–
Other receivables	**139,925**	167,627	**756**	898
Financial assets at amortised cost	**8,748,577**	9,810,617	**2,781,883**	4,024,026
Advances to suppliers	**1,248,157**	414,192	**-**	–
Current tax recoverable	**61,548**	49,336	**-**	–
Total trade and other receivables	**10,058,282**	10,274,145	**2,781,883**	4,024,026

Trade receivables are non-interest bearing and have a credit term of 0 to 180 days (2020: 0 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Company's non-trade amount due from a subsidiary, which represents advances to and payments on behalf of the subsidiary, is unsecured, interest-free and repayable on demand.

As at 31 December 2020, the Group's non-trade amount due from holding company, which arose from eight transactions as disclosed in Note 25 to the financial statements, was unsecured, bore interest at a fixed rate of 1.21% per annum, and was repayable on demand. The outstanding amount, including accrued interest, has been fully repaid by the holding company during the financial year ended 31 December 2021.

8 Trade and other receivables (Cont'd)

The movement in allowance for impairment losses on trade receivables during the financial year is as follows:

	2021 S$	2020 S$
The Group		
At 1 January	**334,411**	243,749
Allowance made	**76,022**	140,709
Allowance utilised	**(45,176)**	(50,047)
At 31 December	**365,257**	334,411

The analysis of ageing and loss allowance of trade receivables are set out in Note 28.1 to the financial statements.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group and the Company.

Trade and other receivables (excluding advances to suppliers and current tax recoverable) are denominated in the following currencies:

	The Group		The Company	
	2021 S$	2020 S$	2021 S$	2020 S$
Singapore dollar	**8,146,303**	9,197,953	**2,781,883**	4,024,026
Malaysian ringgit	**262,988**	277,047	**-**	-
United States dollar	**339,286**	335,617	**-**	-
	8,748,577	9,810,617	**2,781,883**	4,024,026

9 Cash and bank deposits

	The Group		The Company	
	2021 S$	2020 S$	2021 S$	2020 S$
Cash on hand	**39,509**	37,500	**-**	-
Cash at banks	**13,575,253**	11,472,642	**118,475**	63,303
Fixed deposits	**2,821,956**	3,997,925	**1,044,008**	1,040,343
	16,436,718	15,508,067	**1,162,483**	1,103,646

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 Cash and bank deposits (Cont'd)

Cash at banks is held in current accounts and is non-interest bearing. Fixed deposits bear interest at fixed rates ranging from 0.03% to 0.70% (2020: 0.10% to 1.10%) per annum with maturity ranging from 1 to 11 (2020: 3 to 24) months from the end of the reporting period.

As at 31 December 2021, bank deposits of S$1,459,707 (2020: S$878,198) for the Group were pledged to banks to secure banker's guarantees.

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

	2021 S$	2020 S$
The Group		
Cash on hand	**39,509**	37,500
Cash at banks	**13,575,253**	11,618,340
Fixed deposits	**2,821,956**	3,852,227
	16,436,718	15,508,067
Less:		
Bank deposits pledged	**(1,459,707)**	(878,198)
Fixed deposits with maturity of more than three months	**(157,482)**	–
	14,819,529	14,629,869

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2021 S$	2020 S$	2021 S$	2020 S$
Singapore dollar	**16,338,281**	14,880,588	**1,162,483**	1,103,646
Euro	**689**	1,229	**-**	–
Malaysian ringgit	**87,430**	308,869	**-**	–
United States dollar	**10,318**	317,381	**-**	–
	16,436,718	15,508,067	**1,162,483**	1,103,646

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 Share capital

	2021	2020	2021	2020
	Number of ordinary shares		S$	S$
The Group and the Company				
Issued and fully paid, with no par value				
At 1 January and 31 December	**155,000,000**	155,000,000	**5,124,790**	5,124,790

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restriction at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

11 Reserves

	The Group		The Company	
	2021	2020	2021	2020
	S$	S$	S$	S$
Foreign currency translation reserve	**(135,955)**	(93,738)	**-**	-
Merger reserve	**1,310,753**	1,310,753	**-**	-
Retained earnings	**10,363,913**	10,026,526	**(1,319,564)**	(234,982)
	11,538,711	11,243,541	**(1,319,564)**	(234,982)

Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations, whose functional currencies are different from that of the Group's presentation currency.

Merger reserve

Merger reserve represents the excess of the share capital of subsidiaries acquired under common control over the consideration paid/transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Borrowings

	2021 S$	2020 S$
The Group		
Term loan	**3,883,048**	4,842,231
Trust receipts	**1,530,470**	2,277,904
	5,413,518	7,120,135
Represented by:		
- Non-current	**2,902,083**	3,883,047
- Current	**2,511,435**	3,237,088
	5,413,518	7,120,135

Term loan

During the financial year ended 31 December 2020, a term loan of S$5,000,000 was obtained by the Group under the Enterprise Financing Scheme. The purpose of the loan is for working capital to support the Group's operational needs. The tenure of the loan is five years and interest is charged at a fixed rate of 2.25% per annum on monthly rest.

Trust receipts

Trust receipts bear interest ranging from 2.94% to 3.05% (2020: 3.2%), with a weighted average effective interest rate of 3.0% (2020: 3.2%). Trust receipts have maturity of 90 to 150 (2020: 90 to 150) days.

Borrowings are secured by corporate guarantees from the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Borrowings (Cont'd)

Borrowings are denominated in the following currencies:

	2021 S$	2020 S$
The Group		
Singapore dollar	**5,413,518**	5,761,514
Euro	-	468,879
Hong Kong dollar	-	250,895
Renminbi	-	63,838
United States dollar	-	520,398
Others	-	54,611
	5,413,518	7,120,135

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amount and fair value of long-term borrowing at the end of the reporting period are as follows:

	Carrying amount S$	Fair value S$
The Group		
2021		
Term loan	**3,883,048**	**3,586,988**
2020		
Term loan	4,842,231	4,413,522

The fair value is determined from the discounted cash flow analysis, using the discount rate based on the borrowing rate which management expects would be available to the Group at the end of the reporting period as follows:

	2021	2020
Term loan	**5.25%**	5.25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Lease liabilities

	2021 S$	2020 S$
The Group		
Undiscounted lease payments due:		
- Not later than one year	**724,677**	883,244
- Later than one year and not later than five years	**876,012**	1,245,439
- Later than five years	**19,786**	19,268
	1,620,475	2,147,951
Less: Unearned interest cost	**(158,519)**	(154,668)
	1,461,956	1,993,283
Represented by:		
- Non-current	**784,967**	1,181,015
- Current	**676,989**	812,268
	1,461,956	1,993,283

The lease liabilities relate to the Group's warehouse, factory, office and hostel premises, office equipment and motor vehicles, which are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of S$98,871 (2020: S$99,933) is recognised in profit or loss for the financial year ended 31 December 2021 under finance costs (Note 20).

Lease payments not included in the measurement of lease liabilities but recognised within administrative expenses in profit or loss are set out below.

	2021 S$	2020 S$
The Group		
Short-term leases	**39,139**	22,408
Leases of low-value assets	**450**	1,959

Total cash outflows for leases amounted to S$1,034,269 (2020: S$1,287,860) for the financial year ended 31 December 2021.

13 Lease liabilities (Cont'd)

Lease liabilities are denominated in the following currencies:

	2021 S$	2020 S$
The Group		
Singapore dollar	**1,461,956**	1,983,184
Malaysian ringgit	**-**	10,099
	1,461,956	1,993,283

14 Deferred tax liabilities

	2021 S$	2020 S$
The Group		
At 1 January	**23,317**	62,305
Recognised in profit or loss (Note 22)	**38,828**	(38,988)
At 31 December	**62,145**	23,317

The deferred tax liabilities relate to temporary differences arising from the carrying amount over tax written down value of qualifying property, plant and equipment.

As at 31 December 2021 and 31 December 2020, there were no temporary differences arising from undistributed earnings of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 Trade and other payables

	The Group		The Company	
	2021	2020	2021	2020
	S$	S$	S$	S$
Trade payables to third parties	**2,152,523**	3,262,855	**-**	–
Accrued staff costs	**1,529,361**	926,155	**-**	84,197
Accrued directors' fees	**107,350**	140,289	**107,350**	140,289
Accrued professional fees	**81,590**	–	**-**	–
Accrued operating expenses	**3,431**	14,722	**-**	–
Other accrued expenses	**19,050**	–	**-**	–
Other payables	**82,560**	141,094	**46,425**	32,635
Financial liabilities at amortised cost	**3,975,865**	4,485,115	**153,775**	257,121
Government grants payable	**-**	80,332	**-**	–
Deferred government grants income	**-**	113,352	**-**	–
Provision for restoration costs	**30,800**	30,800	**-**	–
Net output tax	**350,806**	244,189	**-**	–
Total trade and other payables	**4,357,471**	4,953,788	**153,775**	257,121

Trade and other payables are non-interest bearing and have a credit term of 30 to 90 days (2020: 30 to 90 days).

Government grants relate to the Jobs Support Scheme ("JSS") from the Singapore Government to provide wage support to employers to help them retain their local employees during the period of economic uncertainty as a result of the Covid-19 pandemic. The grant income is allocated over the period to match the related staff costs for which the grants are intended to compensate. As at 31 December 2020, the Group had government grants payable of S$80,332 due to over-payment received, which was subsequently refunded during the financial year ended 31 December 2021.

Provision for restoration costs relates to the estimated costs of dismantlement, removal or restoration of leased properties to their original condition as stipulated in the term and conditions of the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 Trade and other payables (Cont'd)

Trade and other payables (excluding government grants payable, deferred government grants income, provision for restoration costs and net output tax) are denominated in the following currencies:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	S$	**S$**	**S$**	**S$**
Singapore dollar	**2,899,605**	3,367,476	**153,775**	257,121
Euro	**161,753**	480,466	**-**	–
Malaysian ringgit	**660,841**	509,712	**-**	–
Renminbi	**31,503**	107,362	**-**	–
United States dollar	**219,082**	16,464	**-**	–
Others	**3,081**	3,635	**-**	–
	3,975,865	4,485,115	**153,775**	257,121

16 Contract liabilities

The Group's contract liabilities represent advance consideration received from customers at the end of the reporting period.

The movement in contract liabilities during the financial year is as follows:

	2021	**2020**
	S$	**S$**
The Group		
At 1 January	**1,295,368**	599,467
Advances from customers	**5,574,031**	2,267,851
Revenue recognised	**(3,597,705)**	(1,571,950)
At 31 December	**3,271,694**	1,295,368

The timing of revenue recognition and payments received from customers affects the amount of trade receivables and contract liabilities recognised at the end of the reporting period in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 Revenue

	2021 S$	2020 S$
The Group		
Revenue from contracts with customers		
Fabrication and distribution business		
- Sale of kitchen equipment	**20,175,308**	15,112,369
- Installation and construction of kitchen facilities	**663,003**	727,339
	20,838,311	15,839,708
Maintenance and servicing business		
- Maintenance and repair services on kitchen equipment	**6,699,447**	5,969,199
	27,537,758	21,808,907
Other revenue		
Rental income business		
- Rental of kitchen equipment	**236,427**	210,464
	27,774,185	22,019,371
Timing of transfer of goods and services in respect of revenue from contracts with customers		
At a point in time		
- Sale of kitchen equipment	**20,175,308**	15,112,369
- Maintenance and repair services on kitchen equipment	**6,063,300**	5,969,199
	26,238,608	21,081,568
Over time		
- Installation and construction of kitchen facilities	**663,003**	727,339
- Maintenance and repair services on kitchen equipment	**636,147**	–
	1,299,150	727,339
	27,537,758	21,808,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18 Other income

	2021 S$	2020 S$
The Group		
Government grants	**323,857**	998,194
Insurance claims received	**46,216**	–
Interest income	**24,199**	42,516
Scrap sales	**58,232**	14,822
Others	**75,737**	160,841
	528,241	1,216,373

19 Other operating expenses

	2021 S$	2020 S$
The Group		
Foreign exchange loss, net	**21,343**	142,193

20 Finance costs

	2021 S$	2020 S$
The Group		
Interest expense on:		
- Term loan	**98,903**	18,605
- Trust receipts	**62,330**	92,930
- Lease liabilities	**98,871**	99,933
- Bank overdrafts	**-**	41
	260,104	211,509

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 Profit before taxation

	Note	2021 S$	2020 S$
The Group			
Profit before taxation has been arrived at after charging:			
Amortisation of intangible assets	4	**24,288**	22,894
Cost of inventories recognised in cost of sales	7	**12,759,926**	10,047,262
Depreciation of property, plant and equipment	3	**242,381**	297,779
Depreciation of right-of-use assets	5	**1,040,499**	1,219,747
Subcontractor fees		**1,181,574**	632,136
Write-down on inventories	7	**240,409**	475,119
Staff costs			
Directors of the Company:			
Directors' fees		**146,567**	135,000
Directors' remuneration other than fees			
- Salaries and other related costs		**783,300**	600,761
- Contributions to defined contribution plan		**67,429**	29,363
		997,296	765,124
Directors of subsidiaries:			
- Directors' fees		**9,083**	18,051
Key management personnel (other than directors):			
- Salaries and other related costs		**502,761**	487,006
- Contributions to defined contribution plans		**42,730**	44,650
		554,574	549,707
Total key management personnel compensation		**1,551,870**	1,314,831
Other than key management personnel:			
- Salaries and other related costs		**6,695,442**	5,047,482
- Contributions to defined contribution plans		**886,550**	470,810
		7,581,992	5,518,292
Total staff costs		**9,133,862**	6,833,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 Taxation

	2021 S$	2020 S$
The Group		
Current taxation		
- Current year	**361,429**	370,206
- Changes in estimates in respect of prior years	**-**	(170,858)
	361,429	199,348
Deferred taxation (Note 14)		
- Origination and reversal of temporary differences	**(41,198)**	(38,988)
- Changes in estimates in respect of prior years	**80,026**	–
	38,828	(38,988)
	400,257	160,360

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on profits as a result of the following:

	2021 S$	2020 S$
The Group		
Profit before taxation	**737,644**	1,124,671
Tax at Singapore tax rate of 17% (2020: 17%)	**125,400**	191,191
Effect of different tax rates in foreign jurisdictions	**9,442**	(18,476)
Tax effect on non-deductible expenses	**180,435**	202,341
Tax effect on non-taxable income	**(60,380)**	(115,325)
Tax effect on tax-exempt income	**(17,425)**	(38,675)
Deferred tax assets on temporary differences not recognised	**117,329**	75,720
Utilisation of deferred tax assets previously not recognised	**(34,570)**	(873)
Changes in estimates of current taxation in respect of prior years	**-**	(170,858)
Changes in estimates of deferred taxation in respect of prior years	**80,026**	–
Others	**-**	35,315
	400,257	160,360

Non-deductible expenses mainly relate to depreciation of non-qualifying property, plant and equipment and depreciation of right-of-use assets. Non-taxable income mainly relates to government grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 Taxation (Cont'd)

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2020: 17%) for the financial year ended 31 December 2021.

Malaysia

The corporate income tax rate applicable to Q'son Industries (M) Sdn. Bhd. and Qson Kitchenhub Sdn. Bhd. is 24% (2020: 24%) for the financial year ended 31 December 2021.

Indonesia

The corporate income tax rate applicable to PT Indo Qson Kitchen Equipment is 22% (2020: 22%) for the financial year ended 31 December 2021.

Unrecognised deferred tax assets

	2021 S$	2020 S$
The Group		
At 1 January	**310,782**	232,175
Deferred tax assets on temporary differences not recognised	**117,329**	75,720
Utilisation of deferred tax assets not recognised previously	**(34,570)**	(873)
Exchange difference on translation	**(1,346)**	3,760
At 31 December	**392,195**	310,782

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

	2021 S$	2020 S$
The Group		
Unused tax losses	**373,918**	284,787
Unutilised capital allowances	**18,277**	25,995
	392,195	310,782

22 Taxation (Cont'd)

Unrecognised deferred tax assets (Cont'd)

At the end of reporting period, the Group has unused tax losses of approximately S$1,925,000 (2020: S$1,352,000) and unutilised capital allowances of approximately S$76,000 (2020: S$108,000), which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

The unused tax losses and unutilised capital allowances have no expiry date under the respective tax jurisdictions, except for the following amounts of unused tax losses:

	2021 S$	2020 S$
The Group		
Expiring in the financial year:		
- 2024	**238,906**	273,717
- 2025	**-**	25,570
- 2026	**428,731**	485,842
	667,637	785,129

23 Earnings per share

The calculation of basic and diluted loss per share is based on the profit attributable to the ordinary shareholders of the Company of S$337,387 (2020: S$965,799) and the weighted average number of ordinary shares outstanding of 155,000,000 (2020: 155,000,000).

The diluted earnings per share is the same as the basic earnings per share as the Group does not have any dilutive potential ordinary shares during the reporting period.

24 Equity-settled share-based payment transactions

The Group adopted the Performance Share Plan ("PSP") which was approved by the Company's shareholders at the Extraordinary General Meeting held on 25 June 2013.

The PSP provides for the grant of incentive share awards to employees and directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24 Equity-settled share-based payment transactions (Cont'd)

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

(a) The Group's employees (including executive directors) who have attained the age of 21 years on or before the date of grant of the award; and

(b) Non-executive directors (including independent directors) who have attained the age of 21 years on or before the date of grant of the award.

Controlling shareholders shall not be eligible to participate in the PSP. However, the associates of the controlling shareholders who meet the eligibility criteria of the above shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of awards granted under the PSP, to a participant who is an associate of a controlling shareholder are approved by the independent shareholders in separate resolutions for each such person.

To date, there has been no award granted pursuant to the PSP since its commencement.

25 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

	2021 S$	2020 S$
The Group		
Holding company		
Dividend paid on behalf by a subsidiary #	-	(300,000)
Repayment by holding company in respect of dividend paid on behalf by a subsidiary #	-	300,000
Payments on behalf (eight transactions) *	-	(1,395,536)
Repayment by holding company in respect of payments on behalf (eight transactions) *	**1,457,889**	-
Refund by a subsidiary to holding company	**(459,270)**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 Significant related party transactions (Cont'd)

Dividend paid on behalf

During the financial year ended 31 December 2020, a subsidiary paid an amount of S$300,000 on behalf of the holding company to the shareholders of the holding company. The amount was repaid by the shareholders to the subsidiary in the financial year ended 31 December 2020.

* Payments on behalf (eight transactions)

The Group received a debit note ("DN") from the holding company, QKE Holdings Pte. Ltd. ("QKEH") on 30 March 2020 claiming reimbursement of eight transactions ("Eight Transactions") that had been paid on behalf of the Group between April 2018 to May 2019. On 1 April 2020, the Group paid the Eight Transactions totalling S$1,395,536 to the holding company. The amount comprised bonuses for the financial year ended 31 December 2018 ("FY2018") of S$911,131; advertising expenses, donations and other operating expenses incurred for FY2018 and FY2019 of S$453,795, as well as an advance working capital to Q'son Industries (M) Sdn Bhd ("QIM"), a subsidiary of the Group, of S$30,610. Prior to the receipt of the DN, the Group did not record such items in the accounts and financial statements.

The Remuneration Committee had, on 10 January 2019, considered that no bonus shall be made for FY2018. However, included in the Eight Transactions was payment for bonuses of S$911,131 for the Group's employees, including the Company's executive directors, relating to FY2018.

On 18 March 2021 and 2 August 2021, QKEH returned the sums paid under the DN in relation to bonuses of S$911,131, the related defined contribution plans of S$74,248 and interest of S$13,240 to the Group.

On 3 September 2021, the Board of Directors deliberated and took a position on the Eight Transactions and the consequential accounting treatment of those transactions. The Board concluded that the bonuses paid unilaterally by QKEH to be unauthorised with no proper approval sought from the Remuneration Committee.

In relation to the advertising expenses, donations and other operating expenses, on 22 March 2021, QKEH returned the amount of S$453,795 with interest of S$5,475. The Board of Directors determined that these expenses arose in the course of the Group's operations and/or were for the benefits of the Group. Accordingly, the Board of Directors ratified and approved the payments of such operating expenses made to QKEH. The sum of S$459,270 was thereafter refunded to QKEH on 26 October 2021. The Board of Directors also ratified the advancement of working capital to QIM.

26 Leases

Where the Group is the lessee

The Group leases factory, warehouse and office premises for operations and hostel premises to house its workers. The leases typically run for a period of one to four years, with option to renew the leases after that date. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements. The Group also leases office equipment with contract term of five years. In addition, the Group leases motor vehicles under hire purchase arrangement with lease period of seven years.

Information about leases for which the Group is a lessee is presented in Note 5 and Note 13 to the financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 are as follows:

	2021 S$	2020 S$
The Group		
Interest expense on lease liabilities (Note 20)	**98,871**	99,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Leases (Cont'd)

Where the Group is the lessor

Operating leases, in which the Group is the lessor, relate to leases of kitchen equipment owned by the Group to customers for a period ranging from one to eight years, including five years in respect of a customer. The kitchen equipment leased to customers are included in plant and machinery under property, plant and equipment.

The Group's revenue from rental of kitchen equipment is disclosed in Note 17.

The following table sets out a maturity analysis of lease payments in respect of the kitchen equipment, showing the undiscounted lease payments to be received after the reporting period.

	2021	**2020**
	S$	**S$**
The Group		
Undiscounted lease payments to be received:		
- Year 1	**107,185**	214,722
- Year 2	**71,080**	107,185
- Year 3	**30,320**	71,080
- Year 4	**18,320**	30,320
- Year 5	**3,000**	18,320
- Year 6	**-**	3,000
	229,905	444,627

27 Operating segments

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Company's executive directors who are the chief operating decision maker review internal management reports of each division on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

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

Under the fabrication and distribution business, the Group sells and manufactures standard and customised kitchen facilities as well as kitchen equipment to food and beverage and hospitality services industries.

27 Operating segments (Cont'd)

Under the maintenance and servicing business, the Group provides preventive maintenance works and repairs on kitchen equipment to ensure that they are in good working condition and functioning properly.

Under the rental income business, the Group leases out kitchen equipment to customers for a certain period, usually ranging from one to five years, depending on the type of kitchen equipment. This business segment is to cater for customers which prefer to go for rental, as by way of purchase would require an outlay of a lump sum of money.

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

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

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

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

Segment assets comprise primarily property, plant and equipment, intangible assets, right-of-use assets, inventories, operating receivables, cash and bank deposits and exclude current tax recoverable. Segment liabilities comprise operating liabilities and exclude current tax payable and deferred tax liabilities.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27 Operating segments (Cont'd)

	Fabrication and distribution business		Maintenance and servicing business		Rental income business		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Segment revenue										
External revenue	**20,838,311**	15,839,708	**6,699,447**	5,969,199	**236,427**	210,464	-	-	**27,774,185**	22,019,371
Results										
Segment results	**847,888**	514,810	**1,049,574**	1,096,426	**184,868**	170,694	**(1,084,582)**	(445,750)	**997,748**	1,336,180
Finance costs	**(197,888)**	(154,171)	**(62,216)**	(57,338)	-	-	-	-	**(260,104)**	(211,509)
Profit before taxation	**650,000**	360,639	**987,358**	1,039,088	**184,868**	170,694	**(1,084,582)**	(445,750)	**737,644**	1,124,671
Taxation									**(400,257)**	(160,360)
Profit for the year									**337,387**	964,311
Non-cash items										
Amortisation of intangible assets	**(18,380)**	(16,688)	**(5,908)**	(6,206)	-	-	-	-	**(24,288)**	(22,894)
Depreciation of property, plant and equipment	**(154,126)**	(182,626)	**(49,669)**	(80,724)	**(38,586)**	(34,429)	-	-	**(242,381)**	(297,779)
Depreciation of right-of-use assets	**(787,364)**	(857,900)	**(253,135)**	(361,847)	-	-	-	-	**(1,040,499)**	(1,219,747)
Impairment losses on trade receivables	**(76,022)**	(102,564)	-	(38,145)	-	-	-	-	**(76,022)**	(140,709)
Write-down on inventories	**(181,922)**	(475,119)	**(58,487)**	-	-	-	-	-	**(240,409)**	(475,119)
Capital expenditure										
Property, plant and equipment	-	-	-	-	-	-	**58,242**	270,839	**58,242**	270,839
Intangible assets	-	-	-	-	-	-	**7,834**	50,569	**7,834**	50,569
Right-of-use assets	-	-	-	-	-	-	**182,026**	141,388	**182,026**	141,388
Assets and liabilities										
Segment assets	-	-	-	-	-	-	**31,655,332**	32,147,158	**31,655,332**	32,147,158
Current tax recoverable	-	-	-	-	-	-	**61,548**	49,336	**61,548**	49,336
	-	-	-	-	-	-	**31,716,880**	32,196,494	**31,716,880**	32,196,494
Segment liabilities	-	-	-	-	-	-	**14,504,639**	15,362,574	**14,504,639**	15,362,574
Current tax payable	-	-	-	-	-	-	**486,595**	442,272	**486,595**	442,272
Deferred tax liabilities	-	-	-	-	-	-	**62,145**	23,317	**62,145**	23,317
	-	-	-	-	-	-	**15,053,379**	15,828,163	**15,053,379**	15,828,163

27 Operating segments (Cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2021	2020	2021	2020
	S$	S$	S$	S$
The Group				
Principal markets				
Singapore	**27,257,586**	21,711,586	**1,415,579**	2,258,383
Malaysia	**499,041**	282,924	**357,119**	380,023
Others	**17,558**	24,861	**-**	-
	27,774,185	22,019,371	**1,772,698**	2,638,406

Information about major customers

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

28 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 28.3) and foreign currency risk (Note 28.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through ongoing credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

The Group and the Company have trade and other receivables and cash and bank deposits that are subject to impairment under the expected credit loss ("ECL") model. While cash and bank deposits are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

28 Financial risk management objectives and policies (Cont'd)

28.1 Credit risk (Cont'd)

Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring ECLs which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the gross domestic product of the countries in which it operates to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in this factor.

The following table provides information about credit risk exposure and ECLs on the Group's trade receivables:

	Gross amount	Impairment loss allowance	Carrying amount
	S$	S$	S$
The Group			
2021			
Customers collectively assessed			
- Not past due	**669,083**	**(2,826)**	**666,257**
- Past due 1 to 30 days	**3,080,462**	**(25,717)**	**3,054,745**
- Past due 30 to 60 days	**1,460,808**	**(12,196)**	**1,448,612**
- Past due 60 to 90 days	**1,457,264**	**(35,536)**	**1,421,728**
- Past due 90 to 120 days	**656,150**	**(16,000)**	**640,150**
- Past due 120 to 180 days	**314,404**	**(7,667)**	**306,737**
- Past due 180 to 365 days	**368,333**	**(57,230)**	**311,103**
- Past due over 365 days	**23,672**	**(11,304)**	**12,368**
	8,030,176	**(168,476)**	**7,861,700**
Credit-impaired customers	**196,781**	**(196,781)**	**-**
	8,226,957	**(365,257)**	**7,861,700**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

28.1 Credit risk (Cont'd)

Trade receivables (Cont'd)

	Gross amount	Impairment loss allowance	Carrying amount
	S$	S$	S$
The Group			
2020			
Customers collectively assessed			
- Not past due	4,718,451	(78,291)	4,640,160
- Past due 1 to 30 days	1,575,336	(26,747)	1,548,589
- Past due 30 to 60 days	1,050,270	(17,832)	1,032,438
- Past due 60 to 90 days	183,266	(3,176)	180,090
- Past due 90 to 120 days	337,596	(5,852)	331,744
- Past due 120 to 180 days	443,700	(7,691)	436,009
- Past due 180 to 365 days	25,233	(16,874)	8,359
- Past due over 365 days	26,030	(26,030)	–
	8,359,882	(182,493)	8,177,389
Credit-impaired customers	151,918	(151,918)	–
	8,511,800	(334,411)	8,177,389

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to the payment history and track record of the counterparty, its business and financial condition where information is available, knowledge of any events or circumstances impeding recovery of the amount, and assessment of the current and future wider economic condition and outlook of the industry in which the counterparty operates. At the end of the reporting period, no loss allowance for the Group's and the Company's other receivables is required.

28 Financial risk management objectives and policies (Cont'd)

28.1 Credit risk (Cont'd)

Amounts due from subsidiaries (non-trade)

The non-trade amounts due from subsidiaries are considered to have low credit risk as the Company has control over the operating, investing and financing activities of its subsidiaries. The use of advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. There has been no significant increase in the credit risk of the non-trade amounts due from subsidiaries since initial recognition.

In determining the ECLs, management has taken into account the financial position of the subsidiaries and a forward-looking analysis of the financial performance of operations of the subsidiaries. In respect of the non-trade amounts due from subsidiaries which are repayable on demand, management has considered the availability of accessible and highly liquid assets of the subsidiaries for repayment if they are demanded at the end of the reporting period. Management has assessed that the Company is not exposed to significant credit losses in respect of the non-trade amounts due from subsidiaries.

The non-trade amount due from the holding company has been fully collected.

Cash and bank deposits

Cash and bank deposits are held with banks which are regulated. Impairment on cash and bank deposits has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and bank deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the loss allowance on cash and bank deposits is negligible.

Exposure to credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group determines its concentration of credit risk by monitoring its trade and other receivables on an ongoing basis.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for letters of financial support and corporate guarantees issued by the Company to and on behalf of subsidiaries.

At the end of the reporting period, the Company has issued corporate guarantees amounting to S$24,470,000 (2020: S$24,470,000) to banks in respect of banking facilities granted to a subsidiary. These borrowings amounted to S$5,413,518 (2020: S$7,120,135) at the end of the reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

28.1 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

The current interest rates charged by the banks on the borrowings of the subsidiary are at market rates and are consistent with the borrowing costs of the subsidiary without any corporate guarantee.

There has been no default in repayment or terms and conditions since the utilisation of the banking facilities. At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the corporate guarantees.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 8.

28.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

28.2 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	S$	S$	S$	S$	S$
The Group					
2021					
Non-derivative financial liabilities					
Borrowings (Note 12)	**5,413,518**	**5,605,701**	**2,607,434**	**2,998,267**	-
Lease liabilities (Note 13)	**1,461,956**	**1,620,475**	**724,677**	**876,012**	**19,786**
Trade and other payables * (Note 15)	**3,975,865**	**3,975,865**	**3,975,865**	-	-
	10,851,339	**11,202,041**	**7,307,976**	**3,874,279**	**19,786**
2020					
Non-derivative financial liabilities					
Borrowings (Note 12)	7,120,135	7,392,659	3,336,148	4,056,511	-
Lease liabilities (Note 13)	1,993,283	2,147,951	883,244	1,245,439	19,268
Trade and other payables * (Note 15)	4,485,115	4,485,115	4,485,115	-	-
	13,598,533	14,025,725	8,704,507	5,301,950	19,268
The Company					
2021					
Non-derivative financial liabilities					
Trade and other payables (Note 15)	**153,775**	**153,775**	**153,775**	-	-
Intra-group financial guarantees	**5,413,518**	**5,605,701**	**2,607,434**	**2,998,267**	-
2020					
Non-derivative financial liabilities					
Trade and other payables (Note 15)	257,121	257,121	257,121	-	-
Intra-group financial guarantees	7,120,135	7,392,659	3,336,148	4,056,511	-

* Excluding government grants payable, deferred government grants income, provision for restoration costs and net output tax

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

28.2 Liquidity risk (Cont'd)

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 28.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intra-group corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient levels of cash and bank deposits and have available adequate amount of committed credit facilities from banks to meet their working capital requirements.

28.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

At the end of the reporting period, the Group and the Company are not exposed to significant interest rate risk as there are no financial assets and liabilities at floating rates. Term loan, trust receipts, lease liabilities and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

28.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Singapore dollar for the Company and its principal operating subsidiary incorporated in Singapore. The foreign currency in which these transactions are denominated is primarily Euro, Hong Kong dollar, Renminbi and United States dollar. The Group's receivable and payable balances at the end of the reporting period have similar exposures.

Consequently, the Group is exposed to movements in foreign currency exchange rates. The Group does not use any financial derivatives such as foreign currency forward contracts, options or swaps for hedging purposes.

The Company is not exposed to significant foreign currency risk as transactions are primarily denominated in its functional currency, Singapore dollar.

28 Financial risk management objectives and policies (Cont'd)

28.4 Foreign currency risk (Cont'd)

The Group's exposures in financial instruments to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

	Euro	Hong Kong dollar	Renminbi	United States dollar
	S$	S$	S$	S$
The Group				
2021				
Trade and other receivables (Note 8)	**-**	**-**	**-**	**339,286**
Cash and bank deposits (Note 9)	**689**	**-**	**-**	**10,318**
Trade and other payables (Note 15)	**(161,753)**	**-**	**(31,503)**	**(219,082)**
Net exposure	**(161,064)**	**-**	**(31,503)**	**130,522**
2020				
Trade and other receivables (Note 8)	–	–	–	335,617
Cash and bank deposits (Note 9)	1,229	–	–	317,381
Borrowings (Note 12)	(468,879)	(250,895)	(63,838)	(520,398)
Trade and other payables (Note 15)	(480,466)	–	(107,362)	(16,464)
Net exposure	(948,116)	(250,895)	(171,200)	116,136

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity to a reasonably possible change in the Euro ("EUR"), Hong Kong dollar ("HKD"), Renminbi ("RMB") and United States dollar ("USD") exchange rates (against Singapore dollar), with all other variables held constant, on the Group's profit net of tax and equity.

		2021	2020
		S$	S$
The Group			
EUR	- strengthened 5% (2020: 5%)	**(8,053)**	(47,406)
	- weakened 5% (2020: 5%)	**8,053**	47,406
HKD	- strengthened 5% (2020: 5%)	**-**	(12,545)
	- weakened 5% (2020: 5%)	**-**	12,545
RMB	- strengthened 5% (2020: 5%)	**(1,575)**	(8,560)
	- weakened 5% (2020: 5%)	**1,575**	8,560
USD	- strengthened 5% (2020: 5%)	**6,526**	5,807
	- weakened 5% (2020: 5%)	**(6,526)**	(5,807)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Financial risk management objectives and policies (Cont'd)

28.4 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect.

29 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised cost S$	Other financial liabilities at amortised cost S$	Total S$
The Group			
2021			
Financial assets			
Trade and other receivables * (Note 8)	**8,748,577**	-	**8,748,577**
Cash and bank deposits (Note 9)	**16,436,718**	-	**16,436,718**
	25,185,295	-	**25,185,295**
Financial liabilities			
Borrowings (Note 12)	-	**5,413,518**	**5,413,518**
Lease liabilities (Note 13)	-	**1,461,956**	**1,461,956**
Trade and other payables # (Note 15)	-	**3,975,865**	**3,975,865**
	-	**10,851,339**	**10,851,339**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 Financial instruments (Cont'd)

Accounting classifications of financial assets and financial liabilities (Cont'd)

	Amortised cost S$	Other financial liabilities at amortised cost S$	Total S$
The Group			
2020			
Financial assets			
Trade and other receivables * (Note 8)	9,810,617	–	9,810,617
Cash and bank deposits (Note 9)	15,508,067	–	15,508,067
	25,318,684	–	25,318,684
Financial liabilities			
Borrowings (Note 12)	–	7,120,135	7,120,135
Lease liabilities (Note 13)	–	1,993,283	1,993,283
Trade and other payables # (Note 15)	–	4,485,115	4,485,115
	–	13,598,533	13,598,533
The Company			
2021			
Financial assets			
Trade and other receivables * (Note 8)	**2,781,883**	**-**	**2,781,883**
Cash and bank deposits (Note 9)	**1,162,483**	**-**	**1,162,483**
	3,944,366	**-**	**3,944,366**
Financial liabilities			
Trade and other payables # (Note 15)	**-**	**153,775**	**153,775**
2020			
Financial assets			
Trade and other receivables * (Note 8)	4,024,026	–	4,024,026
Cash and bank deposits (Note 9)	1,103,646	–	1,103,646
	5,127,672	–	5,127,672
Financial liabilities			
Trade and other payables # (Note 15)	–	257,121	257,121

* Excluding advances to suppliers and current tax recoverable

\# Excluding government grants payable, deferred government grants income, provision for restoration costs and net output tax

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 Financial instruments (Cont'd)

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding advances to suppliers and current tax recoverable), cash and bank deposits, borrowings and trade and other payables (excluding government grants payable, deferred government grants income, provision for restoration costs and net output tax), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

The fair value disclosure of lease liabilities is not required.

Fair value hierarchy

Financial assets and financial liabilities measured or disclosed at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities not measured at fair value but for which fair values are disclosed *

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
2021				
Term loan	**-**	**3,586,988**	**-**	**3,586,988**
2020				
Term loan	–	4,413,522	–	4,413,522

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

30 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;
(b) To support the Group's and the Company's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, lease liabilities and trade and other payables, less cash and bank deposits. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	S$	**S$**	**S$**	**S$**
Borrowings (Note 12)	**5,413,518**	7,120,135	**-**	–
Lease liabilities (Note 13)	**1,461,956**	1,993,283	**-**	–
Trade and other payables (Note 15)	**4,357,471**	4,953,788	**153,775**	257,121
Total debt	**11,232,945**	14,067,206	**153,775**	257,121
Less: Cash and bank deposits (Note 9)	**(16,436,718)**	(15,508,067)	**(1,162,483)**	(1,103,646)
Net cash	**(5,203,773)**	(1,440,861)	**(1,008,708)**	(846,525)
Equity attributable to the owners of the Company	**16,663,501**	16,368,331	**3,805,226**	4,889,808
Total capital	**16,663,501**	16,368,331	**3,805,226**	4,889,808
Total capital and net debt	**11,459,728**	14,927,470	**2,796,518**	4,043,283
Gearing ratio	**N.M.**	N.M.	**N.M.**	N.M.

N.M.: Not meaningful due to net cash position

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 Fact-finding review

The Company's predecessor auditor had, in the course of its statutory audit of the financial statements for the financial year ended 31 December 2020, raised certain queries in relation to eight payments amounting to S$1,395,536 ("Eight Transactions") that the Company's majority shareholder, QKE Holdings Pte Ltd ("QKEH"), had made on behalf of the Company's main operating subsidiary, Q'son Kitchen Equipment Pte Ltd ("QKE").

During the financial year ended 31 December 2021, the Company appointed a legal firm to conduct a fact-finding review of the circumstances surrounding the Eight Transactions, with a primary focus on the documentary alterations made to internal accounting records concerning the Eight Transactions; identify any internal control lapses and potential breaches or non-compliance of rules, laws and regulations and the parties responsible for the respective potential breaches or non-compliance; and provide legal advice to the Company's management in the discharge of their duties to the Company.

The legal firm has since completed the fact-finding review and submitted its finalised report to the Company's Board of Directors. The legal firm addressed various issues at large in its report, which include arrangement for QKEH to make payments on behalf of QKE; alterations of the Group's documents; lapses in the Group's internal controls; enhancement of the Group's internal controls; and possible breaches of the respective legislations as identified by the legal firm.

On 25 April 2022, the Company submitted a copy of the finalised report to the Singapore Exchange Regulation and to the Accounting and Corporate Regulatory Authority ("ACRA").

32 Events after the reporting period

<u>Acquisition of property</u>

On 31 January 2022, the Group, through the Company's wholly-owned subsidiary, QKE, completed the purchase of a property, being a freehold three-storey industrial building at 207 Henderson Road, #01-01 and #03-01 Henderson Industrial Park, Singapore 159550. The consideration for the property amounted to an aggregate cash consideration of S$6,100,000, of which S$305,000, being 5% of the consideration, has been paid in accordance with the terms of the option. The property will be used as the Group's operating premises upon the expiry of its existing tenancy at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596.

<u>Investigations</u>

On 28 January 2022, the Company was informed that the Corrupt Practices Investigation Bureau is taking no further action in its investigations against the Company's Executive Director and Chief Executive Officer, and that a conditional warning was administered on the Group's Senior Sales Manager, in connection with the investigations on entertainment expenses and sales commissions relating to certain projects undertaken by QKE.

32 Events after the reporting period (Cont'd)

Investigations (Cont'd)

The Company received a letter dated 30 March 2022 from the ACRA informing the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Companies Act 1967 and has requested the Company to provide to the ACRA a copy of the report from the legal firm as disclosed in Note 31 to the financial statements. On 25 April 2022, the Company announced that it has provided to the ACRA a copy of the finalised report from the legal firm.

The Company received an order dated 29 June 2022 under Section 20 of the Criminal Procedure Code 2010 (the "CPC") and Section 64 of the Police Force Act 2004 to produce various categories of documents to the Commercial Affairs Department to assist with an investigation into an offence under the Penal Code (Chapter 224, 2008 Revised Edition) pursuant to the provisions of the CPC.

Dividends

The Company's Board of Directors recommended a final dividend of S$0.005 per ordinary share amounting to S$775,000 in respect of the financial year ended 31 December 2021 to be approved by shareholders at the Annual General Meeting to be held on 29 July 2022.

33 Comparative information

The audit of the corresponding figures relating to the financial statements for the year ended 31 December 2020 was carried out by another firm of chartered accountants who expressed a disclaimer of opinion on those financial statements on 22 October 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	25	7.88	21,600	0.02
1,001 - 10,000	135	42.59	731,000	0.47
10,001 - 1,000,000	152	47.95	12,962,400	8.36
1,000,001 AND ABOVE	5	1.58	141,285,000	91.15
TOTAL	**317**	**100.00**	**155,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
QKE Holdings Pte. Ltd. (1)	122,491,500	79.03	–	–
Chua Chwee Choo (2)	995,000	0.64	122,491,500	79.03
Lee Chong Hoe (2)	192,000	0.12	122,491,500	79.03
Cheng Chun Choi (2)	–	–	122,491,500	79.03

Notes:

(1) QKE Holdings Pte. Ltd. ("QKE Holdings") is an investment holding company incorporated in Singapore on 5 March 2013. It holds 122,491,500 shares in Singapore Kitchen Equipment Limited.

(2) Chua Chwee Choo (Executive Director and Chief Executive Officer) and Lee Chong Hoe (Executive Director) and Cheng Chun Choi each hold approximately 33.33% of the issued share capital of QKE Holdings. As they each hold not less than 20.00% of the issued share capital in QKE Holdings, each of them is therefore deemed to have an interest in the Shares held by QKE Holdings pursuant to section 7 of the Companies Act 1967.

STATISTICS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QKE HOLDINGS PTE. LTD.	122,491,500	79.03
2	SIRIUS VENTURE CAPITAL PTE LTD	6,710,500	4.33
3	UOB KAY HIAN PRIVATE LIMITED	5,083,000	3.28
4	NEO GROUP LIMITED	4,500,000	2.90
5	POON WAI	2,500,000	1.61
6	CHUA CHWEE CHOO	995,000	0.64
7	DBS NOMINEES (PRIVATE) LIMITED	841,200	0.54
8	HOLT ASIA INVESTMENT PTE LTD	652,000	0.42
9	PHILLIP SECURITIES PTE LTD	585,300	0.38
10	WONG HIN SUN EUGENE	500,000	0.32
11	MAK PAO YUN	450,000	0.29
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	385,200	0.25
13	ONG ENG LOKE	378,100	0.24
14	CHANG THIAM HOCK	375,000	0.24
15	AH HOT GERARD ANDRE	352,700	0.23
16	NURLIZA BTE ABDULLAH @ FLORDELIZA P OBANDO	350,000	0.23
17	ABN AMRO CLEARING BANK N.V.	316,300	0.20
18	NEO KAH KIAT	285,000	0.18
19	HO EE HWA @ MADELEINE HO	255,100	0.16
20	THAM SOK ING	250,000	0.16
	TOTAL	**148,255,900**	**95.63**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

20.21% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore Kitchen Equipment Limited (the "**Company**") will be held at 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550 on Friday, 29 July 2022 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditor's Report thereon.
(**Resolution 1**)

2. To declare a tax-exempt one-tier final dividend of 0.5 Singapore cent per ordinary for the financial year ended 31 December 2021 (FY2020 : Nil).
(**Resolution 2**)

3. To re-elect Mr Lee Chong Hoe who is retiring pursuant to Article 98 of the Constitution of the Company.
[See Explanatory Note (i)] (**Resolution 3**)

4. To re-elect Mr Ang Chiang Meng who is retiring pursuant to Article 98 of the Constitution of the Company.
[See Explanatory Note (ii)] (**Resolution 4**)

5. To approve the payment of Directors' Fees of up to S$135,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears (FY2021: up to S$152,000)
(**Resolution 5**)

6. To re-appoint Foo Kon Tan LLP as the Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(**Resolution 6**)

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan**

That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing Singapore Kitchen Equipment Performance Share Plan ("PSP") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the PSP, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the PSP, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Chua Chwee Choo
Executive Director and Chief Executive Officer
Singapore, 14 July 2022

Explanatory Notes:

(i) Ordinary Resolution 3 proposed in item 3 above is to re-elect Mr Lee Chong Hoe who is retiring pursuant to Article 98 of the Constitution of the Company. Mr Lee Chong Hoe will, upon re-elected as Director of the Company, remain as Executive Director of the Company.

(ii) Ordinary Resolution 4 proposed in item 4 above are to re-elect Mr Ang Chiang Meng who is retiring pursuant to Article 98 of the Constitution of the Company. Mr Ang Chiang Meng will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director, Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to pages 138 to 143 of the Annual Report for the detailed information of Mr Lee Chong Hoe and Mr Ang Chiang Meng.

(iii) Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent consolidation or subdivision of shares.

(iv) Ordinary Resolution 8 in item 9 above, if passed, will authorise and empower the Directors of the Company to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the Singapore Kitchen Equipment Performance Share Plan, which was approved at the Extraordinary General Meeting of the Company on 25 June 2013.

Shareholders are able to participate the AGM in person in the following manners set out in the paragraphs below:

Submission of Instrument Appointing a Proxy ("Proxy Form") to Vote:

1. Printed copies of this Annual Report, Notice of Annual General Meeting and Proxy Form will not be sent to members.

2. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting" or the "AGM").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

3. A member who wishes to exercise their votes can either vote on the resolutions to be tabled for approval at the AGM in person or submit a Proxy Form to appoint proxy/ies or the Chairman of the Meeting to cast votes on their behalf.

4. Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting 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.

5. The Chairman of the Meeting, as proxy and a proxy need not be a member of the Company.

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550, or by scanning and sending it by email to skeProxyReg@singaporekitchenequipmentltd.com as soon as possible, in either case, to arrive (a) by post to the office of the Company's Registered Office at the above address, or (b) by email to an email address as mentioned **forty-eight (48) hours before the time fixed for the AGM, no later than 10.00 a.m. on 27 July 2022**.

   The Proxy Form, Notice of AGM and Annual Report are available for download from SGX's website and the Company's website at URL www.singaporekitchenequipmentltd.com.

   Members are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Singapore Companies Act 1967 (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms **at least seven (7) working days before the Meeting, 5.00 p.m. on 19 July 2022**.

7. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

Submission of Questions in Advance:

1. Members may submit their questions in advance of the AGM by email to skeProxyReg@singaporekitchenequipmentltd.com or in hard copy by mail to the Company's Registered Office as the above address or ask questions at the AGM.

2. Members may submit questions relating to the items on the agenda of the AGM **at least seven (7) calendar days after publication of the Notice of AGM, by 10.00 a.m. on 22 July 2022**.

3. A member who wishes to submit the questions in hard copy by mail is required to indicate the full name (for individuals)/company name (for corporates), NRIC/Passport No./Company Registration No., email address, contact number, shareholding type and number of shares held together with their submission, before submitting it by post to the address provided.

4. The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from shareholders will be posted on the SGXNET and the Company's website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, 10.00 a.m. on 25 July 2022 , 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. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Personal data privacy:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

Important Notice from the Company pertaining to the COVID-19 situation

In view of the current COVID-19 situation, shareholders should note that the manner of conduct of the Meeting may be subject to further changes at short notice. The Company may take any precautionary measures which may be required or recommended by the government agencies to minimise the risk of spread of COVID-19 for conducts of meetings. Shareholders are advised to check SGXNET and the Company's website regularly for updates.

This Notice has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are as follows:

Name: Ms Bao Qing (Registered Professional, RHT Capital Pte. Ltd.)
Address: 6 Raffles Quay, #24-02, Singapore 048580
Email: sponsor@rhtgoc.com

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	:	Lee Chong Hoe	Ang Chiang Meng
Date Of Appointment	:	9 May 2013	4 August 2021
Age	:	61	37
Country Of Principal Residence	:	Singapore	Singapore
Date of last re-appointment (if applicable)	:	25 June 2020	6 November 2021
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	:	The re-election of Lee Chong Hoe, Alan as Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation after taking into consideration Lee Chong Hoe, Alan's qualifications, expertise, past experiences and overall contribution.	The re-election of Ang Chiang Meng as Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation after taking into consideration Ang Chiang Meng's qualifications, expertise, past experiences and overall contribution.
Whether appointment is executive, and if so, the area of responsibility	:	Executive, responsible for and overseeing the Technical and Maintenance Service division our Group	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Executive Director	Independent Non-Executive, Chairman of Audit Committee and Member of Nominating and Remuneration Committee
Professional qualifications	:	–	Bachelor of Science (Real Estate), National University of Singapore
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	:	Spouse of Ms Chua Chwee Choo, Executive Director and Chief Executive Director of the Company	None
Conflict of interest (including any competing business)	:	No	No
Working experience and occupation(s) during the past 10 years	:	Director of our Group since January 1998	May 2019 to Present: Managing Partner Argile Partners Pte Ltd Jun 2015-April 2019: Director Borrelli Walsh Pte Ltd July 2010-May 2015: AVP DBS Bank Ltd
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	:	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	**:**	**Lee Chong Hoe**	**Ang Chiang Meng**
Shareholding interest in the listed issuer and its subsidiaries	:	Yes	None
Shareholding Details	:	Interest in the Company: Direct: 995,000 ordinary shares Deemed: 122,491,500 ordinary shares Interest in indirect subsidiary, PT Indo Qson Kitchen Equipment: Direct: 1 ordinary share, held to facilitate the incorporation	Not Applicable
Other Principal Commitments Including Directorships	:	Present Directorships in our Group are as follows: Holding company QKE Holdings Pte. Ltd. Director and/or indirect subsidiaries of the Company: Q'son Kitchen Equipment Pte Ltd Q'son International Pte. Ltd. Q'son Kitchen Equipment Services Pte. Ltd. Q'son Industries (M) Sdn. Bhd. Qson Kitchenhub Sdn. Bhd.	Present Hundred Thoughts Pte. Ltd. Argile Asia Partners Pte. Ltd. PT Argile Asia Partners Argile Partners Sdn. Bhd. Eagle Landing Pte. Ltd. Brewin Mesa Pte. Ltd. SEA Special Situations Pte. Ltd. R&O Corporate Services Pte. Ltd. Red & Orange Company Pte. Ltd. Axington Inc. Axington Singapore Pte. Ltd. Shanghai Nizi Guanli Zixun Co., Ltd Audex Governance Sdn Bhd PT CFLD Karawang New Industry City Development CFLD Investment XVI Pte. Ltd. CFLD Investment XVII Pte. Ltd. Fidelis Special Situation Pte. Ltd. Success Elegant Trading Limited Singapore Kitchen Equipment Limited Past (for past 5 years) Samudra Energy International Pte Ltd Opus Offshore Pte Ltd Opus Tiger 1 Pte Ltd Opus Tiger 2 Pte Ltd Opus Tiger 3 Pte Ltd Opus Tiger 4 Pte Ltd Opus Offshore Ventures Pte Ltd Opus Mercur Pte Ltd Opus Venus Pte Ltd Songa Opus Offshore Drilling Pte Ltd South Sumatra Energy Ventures Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	**:**	**Lee Chong Hoe**	**Ang Chiang Meng**
			Opus Offshore Drilling India Pte Ltd Opus Offshore Drilling M.E Pte Ltd Light Box Treasury Pte Ltd Samudra Energy Ltd SMS Development Ltd SMS Off shore Overseas Ltd Evason Bay Corporation Privilege Missions Inc. Samudra Energy Meraup Ltd Yuehai Trade Resources Development Co., Ltd Taixin Imports and Exports Trading Development Co., Ltd Lava Marketing Holding Pte Ltd Agritrade Resources Limited
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	:	No	No
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	:	No	Yes As part of his role as a restructuring professional with Borrelli Walsh Pte Ltd ("Borrelli"), Mr Ang was appointed as a director of Opus Offshore Pte. Ltd., Opus Off shore Drilling M.E. Pte. Ltd., Opus Off shore Drilling India Pte. Ltd., Opus Mercur Pte. Ltd., and Songa Opus Off shore Drilling Pte. Ltd. (collectively known as the "Opus Entities") in February 2017 to drive the restructuring of the Opus group of companies. Mr Ang resigned as a director of the Opus Entities following his resignation from Borrelli in April 2019.Subsequent to Mr Ang's resignation, the restructuring of the Opus group of companies did not materialise given the state of the oil and gas industry, and the Opus Entities were subsequently either dissolved via compulsory winding up (insolvency) or creditors' voluntary winding up, or in liquidation via creditors' voluntary winding up.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	:	**Lee Chong Hoe**	**Ang Chiang Meng**
			As part of his role as a restructuring professional with Argile Partners Pte Ltd ("Argile Partners"), Mr Ang was appointed as a director of Agritrade Resources Limited ("ARL") in August 2021 to drive the restructuring of the ARL group of companies. ARL was placed under soft-touch provisional liquidation by the Bermuda courts in June 2020 for a restructuring. The restructuring of the ARL group of companies did not materialise and ARL was placed under full provisional liquidation by the Bermuda courts in January 2022.
Whether there is any unsatisfied judgment against him?	:	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	:	No	No
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	:	Lee Chong Hoe	Ang Chiang Meng
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
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
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
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
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	:	Save for the matters disclosed by the Company, No.	Save for the matters disclosed by the Company, No.
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	:	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	:	Lee Chong Hoe	Ang Chiang Meng
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
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
Any prior experience as a director of an listed issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	:	Not applicable as this relates to the reappointment of Director.	Not applicable as this relates to the reappointment of Director.

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SINGAPORE KITCHEN EQUIPMENT LIMITED
Company Registration No. 201312671M
(Incorporated In The Republic of Singapore)

IMPORTANT:
1. The Annual Report and Notice of AGM dated 14 July 2022 have been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at URL www.singaporekitchenequipmentltd.com.
2. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
3. The Chairman and proxy need not be a member of the Company.
4. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2022.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy and proxy to attend, speak and vote on his/her/its behalf at the Meeting.
6. Printed copies of the Annual Report, Notice of AGM and this Proxy Form will not be sent to members.

ANNUAL GENERAL MEETING PROXY FORM

I/We, ______________________________

of ______________________________

being a member/members of Singapore Kitchen Equipment Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on **Friday, 29 July 2022 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**Number of Votes For**(1)	**Number of Votes Against**(1)	**Number of Votes Abstain**(1)
ORDINARY BUSINESS:				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Declaration of a tax-exempt one-tier final dividend			
3	Re-election of Mr Lee Chong Hoe as Director			
4	Re-election of Mr Ang Chiang Meng as Director			
5	Approval of Directors' Fees of up to S$135,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears			
6	Re-appointment Foo Kon Tan LLP as Independent Auditors and to authorise the Directors of the Company to fix their remuneration			
SPECIAL BUSINESS:				
7	Authority to issue new shares			
8	Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan			

(1) *If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.*

Dated this ____________ day of ____________________ 2022

Total number of shares in:	**No. of shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument ("Proxy Form") appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Singapore Companies Act 1967 (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms at least seven (7) working days before the Meeting, 5.00 p.m. on 19 July 2022.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550 or by scanning and sending it by email to skeProxyReg@singaporekitchenequipmentltd.com as soon as possible, in either case, to arrive (a) by post to the office of the Company's Registered Office at the above address, or (b) by email to an email address as mentioned **forty-eight (48) hours before the time fixed for the AGM, no later than 10.00 a.m. on 27 July 2022**.

7. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

8. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

9. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by **5.00 p.m. on 19 July 2022**.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2022.

GENERAL:

The Company shall be entitled to reject the proxy form appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Singapore Kitchen Equipment Limited
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Singapore 159550

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