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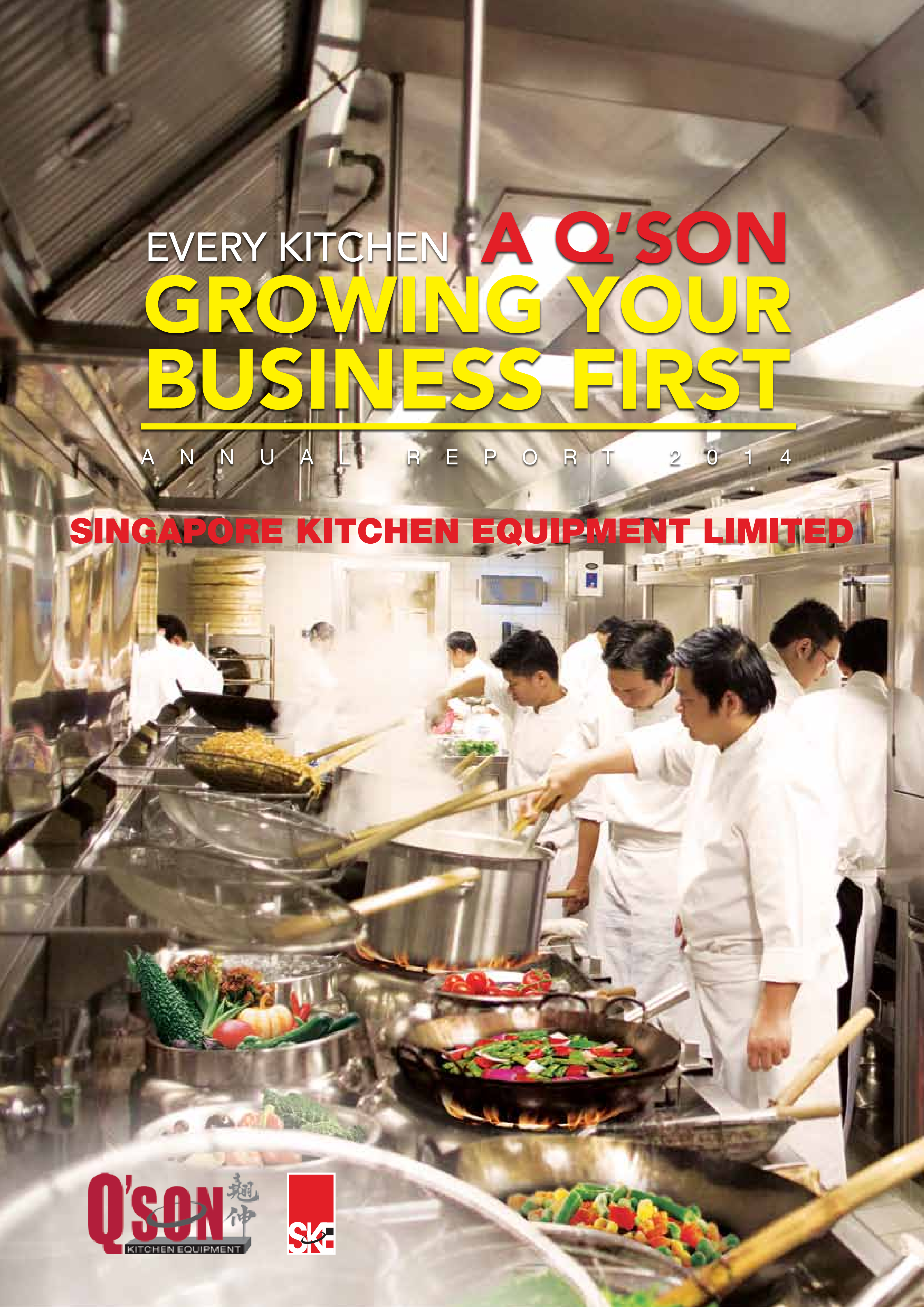

EVERY KITCHEN A Q'SON

GROWING YOUR BUSINESS FIRST

ANNUAL REPORT 2014

SINGAPORE KITCHEN EQUIPMENT LIMITED

Q'SON KITCHEN EQUIPMENT

SKE

We at SKE are passionate about our business. Being one of the market leaders in the industry, we have a strong track record of providing one-stop industrial and commercial kitchen solutions to our customers. Drawing on our dedication for providing the best in line kitchen solutions, we aim to be pioneers in changing the game in the cooking field. In the productivity-driven fast-paced modern world, this ball of fire will give us the pushing edge to become the best in what we do.

Vision

Every Kitchen, A Q'SON

Mission

Service Excellence • Product Excellence • Partnering Our Customers!

Contents

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is:

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Corporate **Profile**

Singapore Kitchen Equipment ("SKE" or the "Group"), operating with the trade name Q'son Kitchen Equipment ("Q'son"), is one of Singapore's leading commercial and industrial kitchen solutions providers for the F&B and hospitality services industries. Established in 1996, Q'son 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.

Q'son'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 quality level of food. Venturing beyond Chinese kitchens, Q'son 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, Q'son 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, Q'son'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.

Chairman and MD **Statement**

Dear Shareholders

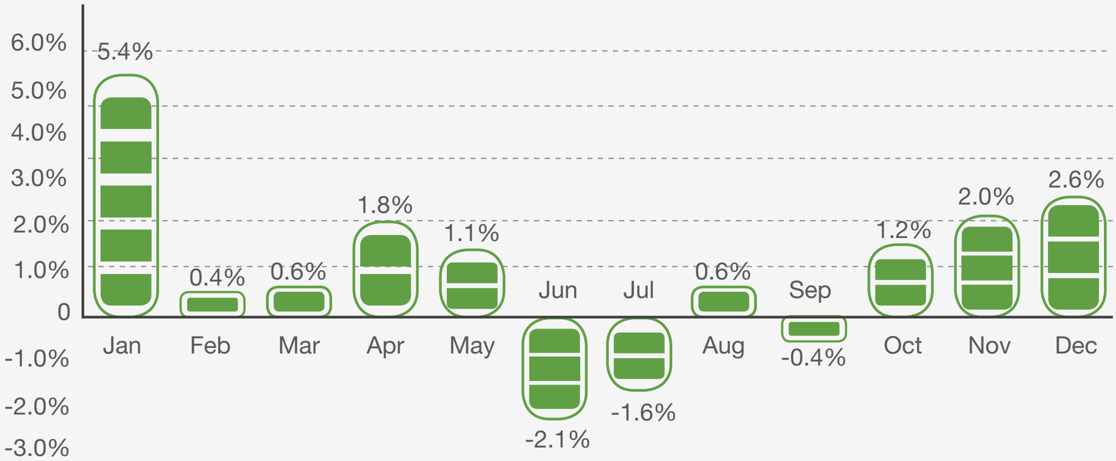
On behalf of all the Board of Directors of Singapore Kitchen Equipment Limited ("SKE"), we have the pleasure to present to you our Group's annual report for the financial year ended 31 December 2014 ("FY2014").

For FY2014, the Group achieved net profit after tax of S$0.6 million versus S$0.1 million in FY2013. Comparing the FY2014 results against the FY2013 results adjusted for the one off IPO expenses of S$0.9 million in FY2013, the Group's net profit after tax in FY2014 was lower. This was due mainly to higher rental and equipment leasing, salaries of additional staff, depreciation and marketing expenses.

Amidst economic restructuring that resulted in higher inflation, strengthened Singapore dollar, higher rentals and lower export competitiveness[1], Singapore's economy progressed less-than-expected at 2.9% year-on-year ("yoy") in 2014, lower than the 4.4% yoy growth achieved in 2013[2].

Accommodation and food services grew marginally by 1.1% yoy as increasingly manpower challenges continued to hamper its progress. For the months of June, July and September, sales of food and beverage ("F&B") services registered negative growth as seen in Chart 1. In addition, labour productivity in Singapore fell by 0.8% yoy in 2014, marking the third consecutive year of decline in productivity[3].

Chart 1: Sales of Food and Beverage Services



Source: Department of Statistics Singapore

As we have a direct correlation with the performance of the hospitality and F&B industries, the Group experienced the direct impact of labour crunch, as well as rising business costs. Particularly in 2Q2014 and 3Q2014, the Group experienced a slowdown in orders for new kitchen equipment, and more relocation and de-commissioning work as a result of more F&B outlets shutting down.

One of SKE's key strengths lies in its resilience towards economic and industry volatility due to the complementary nature of our two business segments. Coinciding with the slowdown in the F&B sector with more closure of F&B outlets, existing F&B players required more servicing and maintenance of their kitchen equipment instead of acquiring new ones. This contributed to the increase in the proportion of revenue contribution of our Maintenance and Servicing business from FY2013 to FY2014 by more than 2% narrowing the gap with the Fabrication and Distribution business. On a full year basis, the revenue proportion for Fabrication and Distribution business for FY2014 versus Maintenance and Servicing business was 72% and 28% (FY2013: 74% and 26%) respectively.

Against the tough business environment, our performance was achieved following the formulation of our three-pronged approach of:

- Supporting our customers' growth, thereby aiding our growth;
- Controlling our costs; and
- Strengthening teams from the two business segments via retraining and recruiting

Growing Our Customer's Business First

The Group's business is intertwined with the F&B industry as we primarily supply and service kitchen equipment. We recognise the need to provide relentless support for our customers in helping them grow, thereby benefiting from their growth. Our support comes in the form of understanding our customers' needs and delivering quality products and services promptly, even if the customer's business underperforms. This has helped us build a reputable track record and reliable brand name within the industry while establishing long-term relationships with our customers.

[1] Today, "Headwinds build as cost of economic restructuring bites", 17 July 2014
[2] MTI, "MTI Maintains 2015 GDP Growth Forecast at 2.0 to 4.0 Per Cent", 17 February 2015
[3] Channel NewsAsia, "Singapore falling behind on productivity growth: Lim Hng Kiang", 18 February 2015

Chairman and MD **Statement**

Being in the industry for close to 20 years, we have seen many F&B players rise and fall. Particularly with the current labour crunch, we understand the challenges faced by our customers and we value-add by being a solution provider. Quoting our Deputy Prime Minister, Mr Tharman's Budget speech where we should expect the "new normal of a permanently tight labour market", we address this issue by providing solutions for companies to innovate and automate to improve their operational efficiencies. SKE had brought in a new star product, the Automatic Intelligent Cooker ("AIC"). Reducing reliance on manpower, lowering operating cost and improving kitchen productivity, the AIC is a robotic cooking equipment that can be programmed to cook a variety of dishes. Optimising manpower resources, the AIC requires just one kitchen staff to operate three of these machines, while retaining the consistent quality of the dishes. Depending on the size, the AIC can cook a huge volume of food weighing between 4kg and 30kg which translate to above 150 servings at one time. This is especially beneficial for restaurants, central kitchens and catering companies that require food to be cooked in volume, retaining quality consistency and food presentation. Notably, during the Food and Hotel Asia 2014 event, we introduced the AIC to industry players.

Apart from helping our customers improve their productivity, our emphasis also lies in improving the Group's productivity. Particularly, the equipment that we have acquired such as the laser cutting machines, and semi-welding machines have effectively helped us reduce manpower cost and raw material wastage. In addition, we have also partnered with E2i, Singapore Manufacturing Federation and SPRING Singapore to enhance our competitiveness through innovation-driven approaches to stimulate our productivity.

With productivity as a key in overcoming our manpower challenges, we took part in the National Productivity Month ("NPM") which was held in October 2014. The NPM was a nationwide initiative for companies to share ideas, methods and perspectives on to improve productivity. With the knowledge shared during the event, we have streamlined some of our processes to improve our cost structure and better allocate manpower resources.

In keeping to a lean cost structure, we have tightened our labour and administrative costs in Singapore and Malaysia. This has helped us to further enhance our operational efficiency.

While scaling for growth and improving cost management, we also placed efforts in maintaining a nimble workforce. We retrained our staff and recruited experienced sales personnel to strengthen our two business segments. Our Servicing and Maintenance team continued to grow during the year from 60 to 67 as at end of FY2014. We will continue to strengthen our Servicing and Maintenance team and Sales team to enhance our one-stop service solutions while aiming for a balance revenue contribution from our two business segments to ride out or benefit from any economy changes.

Our Industry Outlook

On a positive note, the retail and F&B sectors, which contribute about 7% to the GDP, faces an optimistic outlook, attributed to increased consumer spending during the festive season[4]. Despite the industry outlook, the Group believes its operational environment will continue to be challenging due to high rents, stiff competition, and thin margins, and labour crunch will continue to confront the industry[5]. Moving from last year, we have built a pipeline of orders from both private and public sectors which will carry forth to FY2015. These sectors will be our focus going into FY2015 as we increase our marketing efforts to promote our products and services.

In overcoming manpower issues, we are committed to increasing operational efficiencies which include automating more processes and participating in nation-wide productivity initiatives. As we continue to steer the Group to growth, we will continue to monitor our expenditure and efficiently allocate our resources and budgets to mitigate the escalating cost challenges. In addition, we will continue to proactively monitor and manage the volatility in the foreign currencies.

We will be looking for more project-base overseas ventures with our customers and cooperation with trusted partners in exploring distribution opportunities. Specifically, we are targeting the emerging countries of Myanmar, Cambodia and Vietnam. While we have in place strategic plans to venture overseas, we will adopt a more cautious stance in view of the current uncertain economic situation.

In Appreciation

We would like to thank and express our heartfelt appreciation to our fellow Directors, valued shareholders, staff, partners, suppliers and customers for their unwavering support through the year.

As stewards of a listed company, we are humbled by your trust in us. As such, we are pleased to announce that the Board has recommended a final dividend of 0.15 Singapore cents, which together with the interim dividend of 0.25 Singapore cents represents almost 100% of our full year profit, subject to shareholders' approval at the upcoming Annual General Meeting.

Eileen Tay-Tan Bee Kiew
Independent Director and Chairman

Sally Chua
Co-founder and Managing Director

[4]The Business Times, "SMEs see lower growth momentum in H1 2015", 30 December 2014
[5]The Straits Times, "F&B sector has growing hunger for workers", 19 February 2015

Operational
Review

Singapore Kitchen Equipment Limited ("SKE" or the "Group") made progress in increasing the revenue for the financial year ended 31 December 2014 ("FY2014"). Overall revenue increased by 6.1% despite subdued growth in the hospitality and food and beverage ("F&B") sectors. The Group's two business segments contributed positively, notwithstanding the challenges from the labour crunch, rising business costs and volatility in foreign currencies.

Segmental Review

SKE has been in the kitchen equipment industry for close to 20 years and has built a strong track record and loyal customer-base. Despite the marginal growth in hospitality and food & beverage ("F&B") sectors in FY2014, the Group's Fabrication and Distribution business grew 3.4% to S$14.2 million in FY2014. This segment was backed by over 13 major contracts secured, both locally and overseas, each valued at above S$100,000. They included both private and public projects, not limited to the following:

1. Yishun Community Hospital
2. Long Chim @ Marina Bay Sands
3. Long Jiang
4. Fortune Empire
5. Dian Xiao Er
6. Evonik Methionine SEA
7. Big Box
8. Willing Heart
9. Becasse
10. Full Pint
11. Wine Trade
12. Island Project

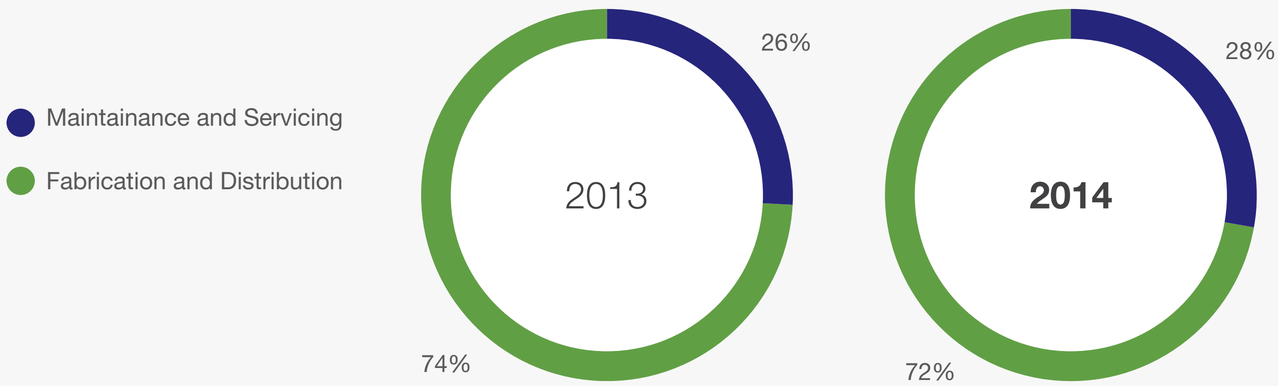
For the kitchen equipment distribution, the Group introduced its robotic cooking machine, the Automatic Intelligent Cooker ("AIC") at the biennial Food and Hotel Asia 2014. The AIC, which is able to cook huge volume of food with 60% less reliance on manpower, was well-received. In line with the Group's focus to support its customers in the labour-intensive F&B industry, the Group targets to bring in more innovative products to assist its customers in alleviating the labour crunch.

With increased marketing efforts to boost contribution for its Fabrication and Distribution business, the Group recorded a healthy order book from both private and public sectors in the last quarter of FY2014. The Group expects to recognise the contribution from these efforts in FY2015.

While the muted growth in the hospitality and F&B sectors impacted the Group's Fabrication and Distribution business, the Maintenance and Servicing business benefited from the sectors' slowing growth. In addition to completing more relocation and de-commissioning work as a result of more F&B outlets shutting down, the Group also signed more servicing contracts as industry players adopted prudent cost measures, preferring to maintain rather than replace their existing equipment. As a result, the Maintenance and Servicing business grew 13.9% to S$5.6 million in FY2014.

In terms of revenue proportion, please refer to the revenue proportion charts in Chart 1.

Chart 1: Revenue proportion (FY2013 versus FY2014)

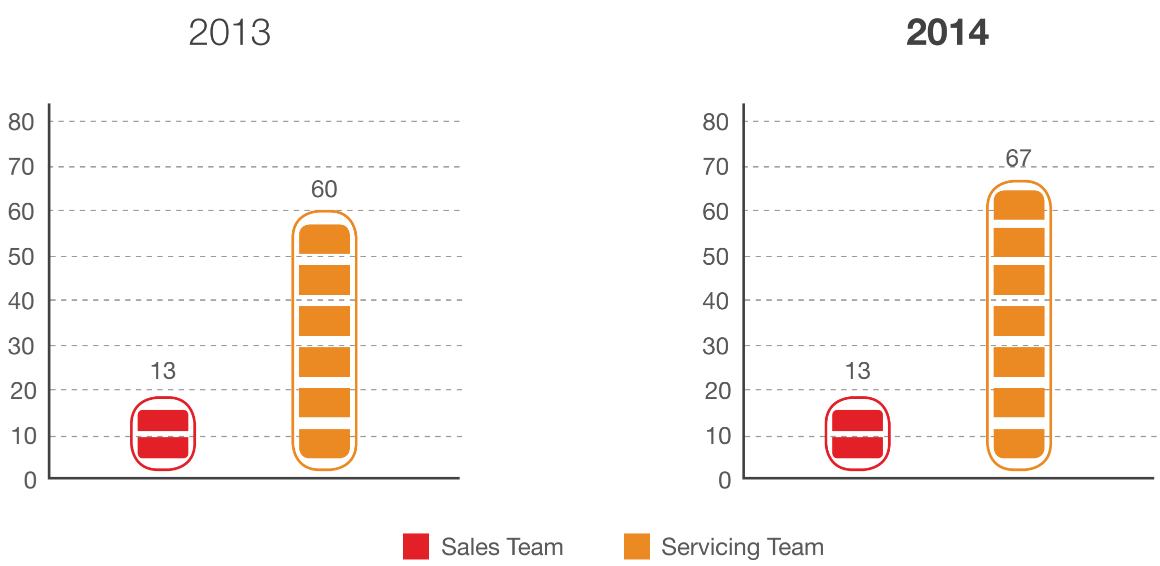


Supporting Growth with Increase in Headcount

To support the two growing segments, the management proactively strengthened both the Sales and Maintenance and Servicing team through recruitment and retention. As such, the headcount for the Sales team maintained at 13, while the headcount for the Maintenance and Servicing team increased from 60 to 67 in FY2014. Please refer to the headcount breakdown in Chart 2. The increase in headcount for the Maintenance and Servicing team is in tandem with the increase in revenue from this business segment.

With a well-trained and skilled workforce, the Group can continue to provide quality products and dedicated services to support the F&B players in Singapore and overseas.

Chart 2: Teams' Growth (FY2013 versus FY2014)



Overcoming Industry and Business Challenges

As one of Singapore's leading kitchen equipment solutions providers, the Group requires an adequate amount of labour to support its customers' growth. In maintaining its pole position in the industry, the Group sought to automate more of its processes to address the existing labour crunch. In particular, the laser-cutting and semi-welding machines acquired late last year have benefited the Group with substantial cost savings, derived mainly from the reduction in labour and raw materials costs. The Group is also looking to bring in more innovative and automated products to enhance its operational efficiency, as well as its customers'.

More importantly, the Group is committed to maintaining a lean cost structure, specifically by improving the productivity of its staffs, better allocation of manpower resources, and automating its fabrication and administrative processes. To that end, the Group has partnered with E2i, Singapore Manufacturing Federation and SPRING Singapore through innovation-driven approaches to stimulate its productivity.

Being mindful of its business environment, the Group would continue to monitor the business conditions and adopt contingency measures. In addition, the Group will continue to manage any currency volatility that might impact the Group moving forward.

Year in
Review

National Productivity Month

Co-organized by the Singapore Business Federation and Singapore National Employers Federation (SNEF), the National Productivity Month (NPM) is a nationwide initiative for companies to share ideas in improving productivity. For our participation, we had the honor to conduct a live cooking session using our well-received Artificial Intelligence Cooker (AIC) in the presence of Prime Minister Lee Hsien Loong. As the sole distributor of the AIC in Singapore, we hope to secure more innovative kitchen equipment that are in line with Singapore's call for productivity improvement, catered for food and beverage (F&B) players.

Food&HotelAsia2014 (FHA2014)

Organised by the Singapore Manufacturing Federation with support from IE Singapore, the biennial tradeshow for Asia's food and hospitality industry showcased a myriad of food and hospitality products from around the world participated by 75 food & beverage companies. As the largest international food and hospitality tradeshow in Asia with a gross exhibition area of 97,000sqm, the FHA has been a valuable platform for us to market commercial and industrial kitchen products over the years. Notably for this year, the AIC was introduced to over 44,000 trade visitors who dropped by the tradeshow. Apart from promoting our products, FHA2014 has enabled us to substantiate our value proposition and strength our brand name.

EM By The Marina

This sports-themed restaurant/bar in Sentosa Cove is one of the many projects that we completed in 2014. In creating an efficient kitchen, we listened to what the client needed and provided solutions in the form of equipment and layout that complement the client's food and beverage business.

Big Box

We are proudly involved in the setting up of the 800 seating capacity food court at BIGBOX, the latest and largest project built under the Economic Development Board's Warehouse Retail Scheme. We accommodated the different kitchen requirements from the various food and beverage vendors to complete a functional and practical kitchen for cooking and preparation.

Nanyang Polytechnic: School of Business Management (Food and Beverage Business)

Addressing the manpower crunch in Singapore, Nanyang polytechnic's Food & Beverage (F&B) Business cultivates its students to become proficient supervisors, managers or chef with food preparation and culinary training in this practice kitchen that we have set up for them. It is in this steel-embellished space where students are equipped with skills that would help them meet the manpower demand for the F&B industry. As a strong supporter for F&B training in Singapore, we cannot be more grateful to contribute in aiding the training of the next generation of F&B leaders and entrepreneurs.

Spectra Secondary School

Further in supporting F&B training in Singapore, we set up a practice kitchen in Spectra Secondary School for its students to experience the basics of culinary arts and hospitality services within this space and apply the skills acquired when they graduate. Apart from serving the manpower needs of the F&B industry, we optimistically hope that Singapore's first Michelin-starred chef can be groomed from the kitchens that we helped built.

Straits Express

As beneficiary of the vibrant F&B scene in Singapore, we are especially delighted to provide our expertise and solutions to build kitchens for new restaurants in Singapore. Of worthy mention is this spacious restaurant that serves authentic Singapore, Malacca and Penang cuisines created from the kitchen that we have built. Straits Express has an interesting imaginary train concept of taking on patrons on a gastronomical journey through the Straits Settlements era. Its kitchen is headed by chefs well-versed in these cuisines.

Dian Xiao Er

Many foodies would be familiar with Dian Xiao Er with 10 outlets located islandwide in Singapore. Dian Xiao Er is one of our valued long-time customer and this is the 10 outlet we have helped set up. Aiding our customers in their growth is also one of our principle objectives being a commercial/industrial kitchen specialist.

Mead Johnson

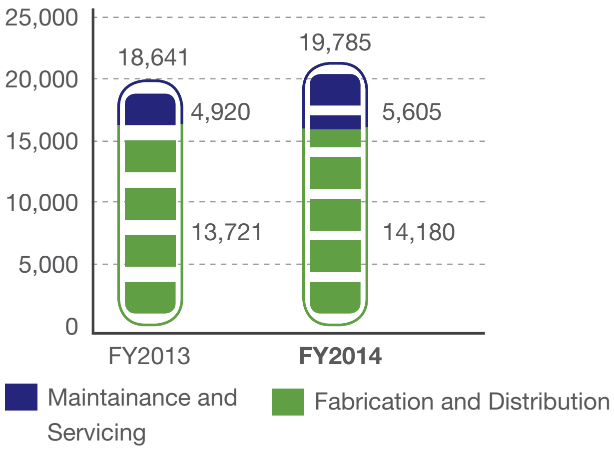
Late last year, Mead Johnson, the company behind well-known brands Enfagrow and Sustagen, opened a multi-million 500,000 sqf complex in Singapore. Endorsing high standards for nutrition, we are honoured to assist the nutrition company in its manufacturing and R&D foray into Singapore with the building of its food and beverage segment within its compound prior to its opening.

Long Chim @ MBS

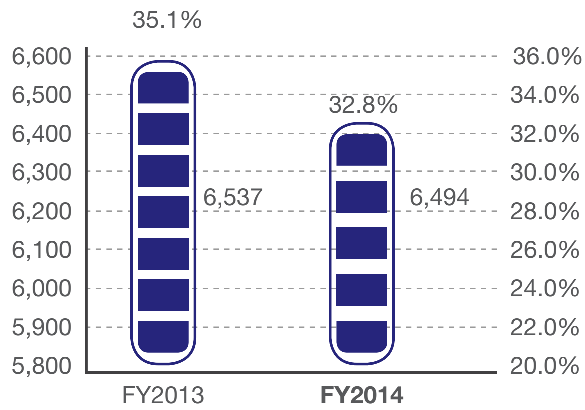
Long Chim, which means "come and taste" in Thai, is helmed by celebrity chef David Thompson. Spanning more than 6,500 sqf, this restaurant debuts Chef Thompson's elegantly refined traditional Thai street food in Singapore. We are privileged to support Long Chim in its opening in Singapore where its food is produced from our kitchen equipment.

Financial Highlights

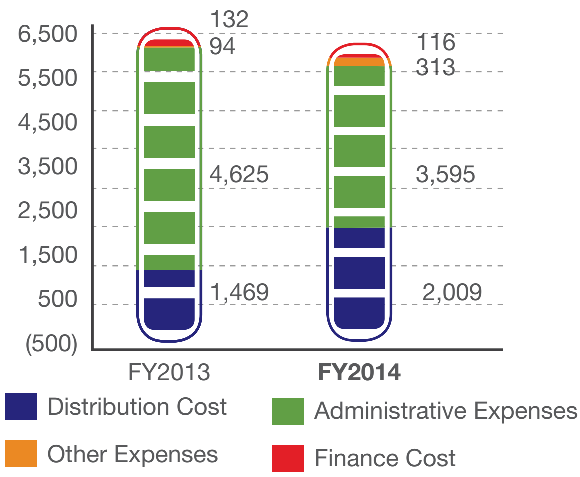
Revenue (S$'000)



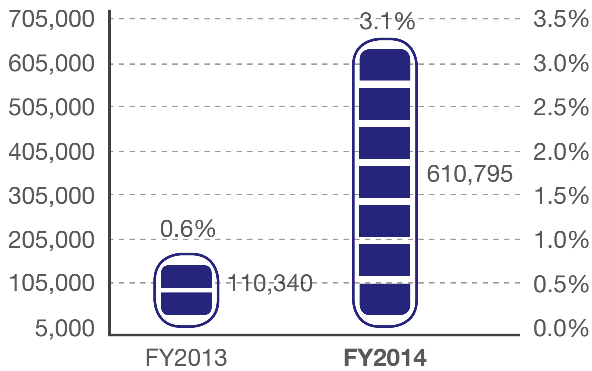
Gross Profit (S$'000) and Margin



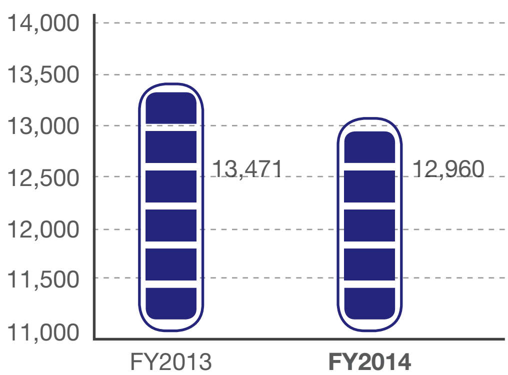
Total Expenses (S$'000)



Net Profit (S$) and Margin



Total Shareholders' Equity (S$'000)



Review of Financial Performance

Revenue

For the financial year ended 31 December 2014 ("FY2014"), the Group recorded a revenue increase of 6.1% year-on-year ("yoy") to S$19.8 million, as compared to the corresponding year ("FY2013"). Sales for the Group's Fabrication and Distribution business generated an increase of 3.4% yoy to S$14.2 million, while the Maintenance and Servicing business achieved an increase of 13.9% yoy to S$5.6 million in FY2014.

Cost of sales and gross profit

The Group's cost of sales increased 9.8% yoy to S$13.3 million in FY2014.This was contributed by the increase in production workers as wages, bonuses and levy charges increased by S$0.4 million. The Group also registered higher direct overheads with additional warehouse rent of S$0.1 million, higher depreciation charge of S$0.2 million, and higher sub-contract fee of S$0.1 million for equipment sales in FY2014. The Group's gross profit for FY2014 decreased 0.7% yoy to S$6.5 million in FY2014, mainly due to the increase in direct overheads during FY2014 as outlined above.

Other Income

The other income decreased 29.7% yoy to S$0.2 million in FY2014. This was mainly due to decrease in third parties trade receivables impairment loss allowance written back in FY2014 and decrease in sales income from disposal of scrapped materials in FY2014.

Distribution Costs

Distribution costs increased 36.7% yoy to S$2.0 million in FY2014. This was mainly due to additional sales headcount expense of S$0.3 million, marketing expenses spent for sponsorship campaigns, one-off expense of S$0.2 million incurred for participation in Food and Hotel Asia 2014, and additional rent paid for sales office of S$0.1 million.

Administrative Expenses

Administrative expenses decreased 22.3% yoy to S$3.6 million in FY2014. This was mainly attributable to the one-off IPO professional and incidental expenses of approximately S$0.9 million incurred in FY2013 and decrease in directors' fee of S$0.2 million in FY2014.

Other expenses

Other expenses increased 234.2% yoy to S$0.3 million in FY2014, largely caused by the increase in provision for doubtful debts.

Finance costs

Finance cost maintained at S$0.1 million in FY2014.

Income tax expense

In FY2014, the Group's income tax expense amounted to S$0.1 million. The tax income expense includes, under-provision of income tax for FY2013 of S$39,000 , deferred tax charge of S$28,000, and income tax expense for FY2014 of S$57,000. Excluding the under-provision of income tax, the Group's income tax expense was lower than the statutory tax rate of 17%. This lower tax rate was mainly due to tax exempt income and corporate tax rebate.

Profit for the financial year

As a result of the above factors, the Group reported an increase in net profit attributable to equity shareholders of 453.6% yoy to S$0.6 million in FY2014.

Financial Position And Cash Flows

Assets

The Group's non-current assets increased 18.5% yoy to S$1.8 million as at 31 December 2014. This was due to the Group incurring additional capital expenditure of S$1.2 million in FY2014 which was partially offset by the depreciation and amortisation cost of S$0.4 million and reclassification made on a unit of investment property from non-current asset to current asset as property held for sale of S$0.5 million in FY2014.

As at 31 December 2014, the Group's current assets stood at S$19.6 million (31 December 2013: S$19.7 million). Inventories increased 52.4% to S$2.7 million due to orders received in FY2014 for delivery in FY2015. The trade and other receivables decreased 20.5% due to improved collection efforts, as well as a one lump sum sales collection of S$1.1 million from a key project completed in the first half of FY2014 under milestone payment terms. The Group's cash and cash equivalents marginally increased 2.8% yoy to S$9.5 million as at 31 December 2014. The current assets also included property held for sale amounting to S$0.5 million which was classified as investment property in FY2013.

Liabilities

The Group's current liabilities increased 19.8% yoy to S$7.9 million as at 31 December 2014. This was mainly due to the increase in utilisation of banking facilities of S$1.3 million in FY2014, as well as the reclassification of bank term loan from non-current to current liabilities of S$0.8 million in FY2014. The increase in current liabilities was offset by the decrease in trade payables of S$1.0 million in FY2014.

The Group's non-current liabilities decreased 44.3% yoy to S$0.7 million as at 31 December 2014. This was mainly due to the reclassification of bank term loans from non-current to current liabilities. The decrease in non-current liabilities was offset by the increase in new hire purchase and finance lease obligations entered into in FY2014 amounting to S$0.4 million.

Shareholders' Equity

As at 31 December 2014, the Group's shareholders' equity was S$13.0 million, as compared to S$13.5 million as at 31 December 2013. There were dividend distributions totaling S$1,125,000 during FY2014.

Cash Flows

Cash and cash equivalents, excluding fixed deposits, stood at S$8.9 million as at 31 December 2014, against S$8.6 million as at 31 December 2013.

Net cash generated from operating activities was S$1.1 million for FY2014, compared to cash used in operating activities of S$0.2 million for FY2013. Net cash used in investing activities was S$0.8 million for FY2014, as compared to S$0.2 million for FY2013, due to higher capital expenditure in FY2014. Net cash used in financing activities for FY2014 was S$0.1 million, compared to net cash from financing activities of S$3.4 million for FY2013 which was the year of the Initial Public Offering. During FY2013, proceeds from the issuance of new shares, net of share issue expenses, totalled S$4.1 million.

MIXING THE RIGHT INGREDIENTS FOR GROWTH

As our customers' business grows, we grow too. At SKE, we envision every kitchen to be a Q'son by providing world-class kitchen systems and equipment to a wide variety of F&B and hospitality service establishments. We also capitalise on opportunities for growth such as the Singaporeans' penchant for dining out which plays a big part on the development of our clientele's business.

Revenue
(S$'000)
$ 19,785

Gross Profit
(S$'000)
$ 6,494

Total Assets
(S$'000)
$21,470

Board of
Directors

Standing from Left to Right: Lee Chong Hoe Alan, Ng How Hwan Kevin, Cheng Chun Choi Frankie, Wong Hin Sun, Eugene
Sitting from Left to Right: Chua Chwee Choo Sally, Tay-Tan Bee Kiew Eileen

Tay-Tan Bee Kiew Eileen

is our Independent Director and Chairman of the Group. She is currently an Independent Director and the Chairman of the Audit Committee of SGX-ST Catalist-listed Jason Marine Group Limited. She is also an Independent Director and Chairman of the Audit Committee of SGX-ST mainboard-listed Cordlife Group Limited. She is also a member of the SPRING SEEDS Investment Panel.

Mrs Tay has 40 years of experience in the areas of auditing, accounting, finance, taxation, public listing, business valuations, due diligence, mergers and acquisitions, and business advisory. She began her career in 1974 as an Audit Assistant with Turquand Young (now known as Ernst & Young), and was subsequently promoted to Audit Manager before she left in 1984. She was a partner of Foo Kon & Tan before starting her own audit and taxation services firm, Eileen Tay & Associates in 1990. She was also a partner of KPMG for 12 years before being appointed director of several private and public listed companies in Singapore and Australia. She was the Chief Financial Officer of SGX-ST mainboard-listed Sunningdale Tech Ltd from 2007 to 2008.

Mrs Tay graduated from the University of Singapore with a Bachelor of Accountancy (Hons) in 1974. She is a fellow member of the Institute of Singapore Chartered Accountants (formerly the Institute of Certified Public Accountants of Singapore), the Chartered Institute of Management Accountants, the United Kingdom and the CPA Australia. She is also a member of Singapore Institute of Directors.

Board of
Directors

Chua Chwee Choo Sally

is our co-founder and Managing Director and was appointed to the Board on 9 May 2013. She is responsible for all day-to-day management decisions, implementation of short and long-term plans, management and monitoring of principal risks of the Group and the overall strategic and expansion plans of the Group.

Ms Chua began her career as an Administrative Executive with InterMega Trading Pte Ltd. Prior to setting up Q'son Kitchen Equipment Pte Ltd in 1996, she was working as a secretary at Sanhin Industries Pte Ltd, a Chinese kitchen equipment manufacturer, for six years.

Ms Chua attained her GCE O Level certificate in 1984.

Board of **Directors**

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. He is currently responsible for overseeing the Technical and Maintenance Service division of the Group, where he manages the technical training of the team, and oversees and plans the portfolio of services of the Group. Under the servicing division, he oversees a team of more than 50 service technicians.

Mr Lee began his career as a Technician with Lee Airconditioning, Electrical and Plumbing Services in 1981. Eight years later, he started his own company, AL Electrical, Air conditioning and Plumbing Services. The company ceased operations with the establishment of Q'son Kitchen Equipment in 1996.

Board of
Directors

Cheng Chun Choi Frankie

is our co-founder and Executive Director (Production) and was appointed to the Board on 9 May 2013. He is currently responsible for overseeing the research and development, manufacturing and production of kitchen equipment under the house brands, "Qoolux" and "InnoFlame". Mr Cheng is also responsible for the overall management of the Fabrication division.

Prior to joining the Group in 1996, Frankie Cheng started his career as a Production & Sales Executive with Sanhin Industries Pte Ltd, a Chinese kitchen equipment manufacturer. He was colleagues with Ms Chua at the company for five years.

Wong Hin Sun, Eugene

is our Non-Executive Director and was appointed to our Board on 25 June 2013. He is the founder and Managing Director of venture capital investment company, Sirius Venture Capital Pte Ltd ("Sirius") and is also the Non-Eexcutive Chairman of CrimsonLogic Pte Ltd. He currently serves as a Non-Executive Director of Hong Kong Stock Exchange listed, Ajisen (China) Holdings Limited. He is also Non-Executive Director of SGX-ST Catalist-listed companies of Japan Foods Holding Ltd., Neo Group Limited, TMC Education Corporation Ltd and Jason Marine Group Limited. Concurrently, he serves on the board of the Agri-Food & Veterinary Authority of Singapore ("AVA") and International Enterprise Singapore ("IE Singapore"). He is also a board member of Cargo Community Network Pte Ltd, a subsidiary of SIA Cargo and Singapore Cruise Centre Pte Ltd.

Mr Wong graduated from the National University of Singapore with a Bachelor of Business Administration (First Class Honours) in 1992 and obtained a Master of Business Administration from the Imperial College of Science, Technology and Medicine, University of London in 1998. He also completed the Owner President Management Program from Harvard Business School in 2011. He qualified as a chartered financial analyst (CFA) since 2001and a Chartered Director (CDir) since 2014. He is a Fellow of the UK Institute of Directors (FloD), Australian Institute of Company Directors (FAICD) and of the HK Institute of Directors (FHKIoD) and a member of Singapore Institute of Directors.

Board of **Directors**

Ng How Hwan Kevin

is our Independent Director and was appointed to our Board on 16 September 2013. He is currently the Vice President of Super Brands Company Pte Ltd, a fully owned subsidiary of SGX-ST mainboard-listed ThaiBev, responsible for its international beer business. He is a Director of ThaiBev's fully owned subsidiaries: Super Brands Company Pte Ltd, Interbev(Singapore) Pte Ltd, Oishi F&B (Singapore) Pte Ltd and InterBev Timor Unipessoal LDA.

Mr Ng also serves as a Non-Executive Independent Director of SGX-ST Exchange Catalist-listed Neo Group Limited and chairs the Remuneration Committee.

Mr Ng has over 23 years of experience in the food and beverage industry. He began his career with Asia Pacific Breweries Limited ("APB") and served in senior commercial and general management positions throughout the Asia Pacific region until 2013.

Mr Ng graduated with a Bachelor of Business (Business Administration) (Distinction) from the Royal Melbourne Institute of Technology in 1992 and obtained a Master of Education (Leadership, Policy and Change) from Monash University in 2015. He completed the Heineken International Management Development course in 1996, the Marketing of Consumer Goods in Asia from INSEAD (Singapore) in 2000 and the Heineken International Manager's course from INSEAD (France) in 2005. He holds an Executive Diploma in Directorship from the Singapore Management University and is a member of the Singapore Institute of Directors since January 2012.

Koh Sai Eng Charlene

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 Hooi San Susan

is our Acting Chief Financial Officer. She joined the Group in May 2014 and is responsible for the overall financial management and control functions of the Group, including corporate finance, tax, regulatory compliance, budgetary control and treasury functions. Prior to her current role, she was the Group Corporate Affairs Manager of a Singapore-listed company and was formerly the Chief Financial Officer of one of China's largest food preservative sorbates company, Sorbic International PLC, which is listed on AIM, the sub-market of the London Stock Exchange.

Susan Chong started her career with Deloitte Malaysia and has accumulated nearly 20 years of experience in audit, commercial finance, business consulting and advisory with public listed companies, multinational corporations and privately-held entities. She possesses extensive regional market and legal framework knowledge through her past work experiences in countries such as China, Malaysia, Mexico and short stints in Thailand, Philippines, United Kingdom and Myanmar.

Susan Chong graduated from The Association of Chartered Certified Accountants in 1995 and is currently a fellow member of the accountancy body. She is also a member of the Institute of Singapore Chartered Accountants, and Chartered Accountant of The Malaysia Institute of Accountants.


Q'SON
KITCHEN EQUIPMENT
GROUP OF COMPANIES
Singapore
Q'son Kitchen Equipment Pte Ltd
Q'son International Pte Ltd
Malaysia
Q'son KitchenHub Sdn Bhd
Vietnam

COOKING UP THE FUTURE

Against the economic downturns, we are dedicated to improve our competencies through enhancing our expertise in our Fabrication and Distribution segments. Our robust business model and devoted team are focused on the future, cooking up ways on how to achieve sustainable growth and widen our market presence locally and worldwide.

Corporate
Structure

SINGAPORE KITCHEN EQUIPMENT LIMITED

- Q'son International Pte. Ltd. — 100%
- Q'son Kitchen Equipment Pte Ltd — 100%
  - Q'son Industries (M) Sdn. Bhd. — 100%
  - Q'son KitchenHub Sdn. Bhd. — 100%
  - Q'son Kuechen Kultur Co., Ltd — 100%

Corporate **Information**

Company Registration Number: 201312671M

Board of Directors:	Eileen Tay-Tan Bee Kiew	*(Chairman and Independent Director)*
	Chua Chwee Choo	*(Managing Director)*
	Cheng Chun Choi	*(Executive Director)*
	Lee Chong Hoe	*(Executive Director)*
	Wong Hin Sun, Eugene	*(Non-Executive Director)*
	Ng How Hwan, Kevin	*(Independent Director)*

Audit Committee:

Eileen Tay-Tan Bee Kiew *(Chairman)*
Wong Hin Sun, Eugene
Ng How Hwan, Kevin

Nominating Committee:

Eileen Tay-Tan Bee Kiew *(Chairman)*
Wong Hin Sun, Eugene
Ng How Hwan, Kevin

Remuneration Committee:

Ng How Hwan, Kevin *(Chairman)*
Eileen Tay-Tan Bee Kiew
Wong Hin Sun, Eugene

Company Secretary: Wong Yoen Har

Registered Office :

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

Share registrar :

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 0486623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Sponsor:

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 0486623

Independent Auditors:

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267

Partner-in-charge: Hong Bee Lain Jacqueline
(Appointed since the financial year ended 31 December 2014)

Principal Bankers:

DBS Bank Ltd
United Overseas Bank Limited
Standard Chartered Bank

Financial **Contents**

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") to ensure greater transparency and to protect the interests of the Company's shareholders.

The Company recognizes the importance of good governance for continued growth and investors' confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code of Corporate Governance 2012 (the "Code").

The Company has in general, adhered to the principles and guidelines of the Code. Where there are deviations from the Code, appropriate explanations have been provided.

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and the management remains accountable to the Board.

The Board's role is to:

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

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

(c) Review management performance;

(d) Identify the key stakeholder groups and recognized 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.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group.

The Board delegates the formulation of business policies and day-to-day management to the Managing Director and the Executive Directors 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 Meeting;
- Corporate strategies
- Commitments to term loans and lines of credit;
- Issuance of shares;
- Material acquisitions and disposal of assets;
- Investment, divestment or capital expenditure exceeding S$0.5 million;
- Convening of shareholders' meetings;
- Appointments to the Board and the various Board Committees;
- Declaration of interim dividends and proposal of final dividends; and
- Interested person transactions

The Company has documented the guidelines for matters that require the Board's decision or approval.

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

(a) Audit Committee ("AC");

(b) Remuneration Committee ("RC"); and

(c) Nominating Committee ("NC").

(hereinafter collectively referred to as the "Committees")

The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the respective Committees for consideration and/or approval by the Board.

The Board meets at least twice every year to coincide with the announcement of the Group's half yearly results and year end results. Adhoc Board meetings are called as and when deemed necessary by the Board to address any specific or significant matters that may arise. The Company's Articles of Association allows for Directors to participate in meetings by means of conference telephone, videoconferencing, 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.

The number of Board and Board Committees meetings held and attended by each Director during the financial year ended 31 December 2014 is set out below:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Directors	**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**
Tay-Tan Bee Kiew Eileen	3	3	2	2	1	1	1	1
Chua Chwee Choo *	3	3	2	2	1	1*	1	1*
Lee Chong Hoe *	3	3	2	2	1	1*	1	1*
Cheng Chun Choi *	3	2	2	1*	1	1*	1	1*
Wong Hin Sun Eugene	3	3	2	2	1	1	1	1
Ng How Hwan, Kevin	3	3	2	2	1	1	1	1

* By invitation

The Company has adopted internal guidelines setting forth matters that require the Board's 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.

The Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors. Newly appointed Directors will receive a formal letter, indicating the duties and obligations with the appointment. The Directors, have attended appropriate training, 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. There is no new appointment of Director in FY2014.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently comprises six Directors, including three Executive Directors, one Non-Executive and Non-Independent Director and two Independent Directors. This composition complies with the Code's requirements outlined in Guideline 2.1 whereby it is required that the Independent Directors should make up at least one third of the Board.

As at the date of this report, the Board comprises the following directors:

Tay-Tan Bee Kiew Eileen	-	Chairman	(Independent Director)
Chua Chwee Choo	-	Managing Director	(Executive Director)
Lee Chong Hoe			(Executive Director)
Cheng Chun Choi			(Executive Director)
Wong Hin Sun Eugene			(Non-Executive and Non-Independent Director)
Ng How Hwan Kevin			(Independent Director)

The Board, as a whole, combines people with industry knowledge, general commercial experience, accounting, financial, legal and capital market background, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. The objective judgment of the Non-Executive Director and Independent Directors on corporate affairs and their collective experience and contributions are valued by the Company. 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.

The Non-Executive Director and Independent Directors will constructively challenge and assist in the development of proposals on business strategy, and assist the Board in reviewing the performance of the management in meeting on agreed goals and objectives, and monitoring the reporting of performance. When necessary, the Non-Executive Director and Independent Directors will have discussions amongst themselves without the presence of the management.

The independence of each Director is reviewed annually by the NC and the Board. The NC adopts the definition in the Code as to what constitutes an independent Director in its review that the Board consists of persons who, together, will provide core competencies necessary to meet the Group's objectives. Independent Directors of the Group are independent in character and judgement and there are no relationships with the Company, its related corporations, its shareholder(s) holding not less than 10% of the voting shares in the Company ("10% shareholders") or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group. As at the date of this report, the following Directors are independent:

Tay-Tan Bee Kiew Eileen
Ng How Hwan Kevin

None of the above Independent Directors have served on the Board beyond nine 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.

Chairman and Managing Director ("MD")

Principle 3: There should be a clear division of responsibilities between leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

Currently, the Company's Chairman and MD 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 MD will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making.

Mrs Tay-Tan Bee Kiew Eileen is the Independent and Non-Executive Chairman of the Board while Ms Chua Chwee Choo is the MD of the Group. Mrs Tay-Tan Bee Kiew Eileen and Ms Chua Chwee Choo are not related to each other.

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;

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

(e) ensuring effective communication with shareholders;

(f) encouraging 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 MD's duties include:

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

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

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three Directors, two of whom including Chairman are independent Directors. The NC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the NC is as follows:-

Tay-Tan Bee Kiew Eileen (Chairman)
Wong Hin Sun Eugene
Ng How Hwan Kevin

The NC met once in FY2014. The NC has a set of terms of reference. The main role of the NC is to make the process of Board appointments and re-appointments of Directors more transparent as well as to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the Board.

The principal functions of the NC are as follows:

(a) Reviewing board succession plans, in particular for the Chairman of the Board and Managing Director;

(b) Developing a process for evaluation of the performance of the Board, its Committees and Directors;

(c) Recommending to the Board comprehensive and tailored induction training programmes for new Directors and to 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 all Board appointments, including the composition of the Board which includes Committees;

(e) Reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Group and the core competencies of the Directors as a group;

(f) Reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his/her competencies, commitment, contribution, performance and whether or not he/she is independent;

(g) Determining, on an annual basis, the independence of the Directors;

(h) Recommending Directors who are retiring by rotation to be put forward for re-election; and

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

The NC examines the Board's size to satisfy 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.

The NC reviews and affirms the independence of the Company's Independent Directors. Each Independent Director is required to complete a Director's independence checklist annually to confirm their independence. This checklist is based on guidelines provided in the Code and requires each Director to assess whether they consider themselves independent despite not being involved in any relationship which may interfere or be reasonably perceived to interfere with the exercise of independent judgement in carrying out functions as Independent Directors of the Company.

The NC has reviewed the independence of Mrs Tay-Tan Bee Kiew Eileen and Mr Ng How Hwan Kevin, and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, the NC has considered the relationships identified by the Code and additionally, the Independent Directors are also independent of the substantial shareholders of the Company.

Although the Non-Executive Director and Independent Directors hold directorships in other companies which are not in the Group, the NC is of the view that there should be no restriction to the number of board representations of each director and the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

In the search for potential new Directors, the NC will seek to identify the competence required for the Board to fulfill its responsibilities. The NC may, as and when necessary, engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. The expenses of such services shall be borne by the Company.

Pursuant to Article 98 of the Company's Articles of Association, at least one-third of the Directors (including MD) for the time being shall retire from office by rotation at least once every three years at the Company's Annual General Meeting ("AGM"). In addition, Article 99 provides that the retiring Directors are eligible to offer themselves for re-election. Article 98 of the Company's Articles of Association also provides that all newly appointed Directors shall retire from office at the next AGM following their appointments. All Directors are required to themselves for re-nomination at regular intervals at least once every three years.

The Company has disclosed key information of the Directors which can be found under the Directors' Profile section of this Annual Report.

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

Chua Chwee Choo
Cheng Chun Choi

The Board has accepted the NC's nominations of the above retiring Directors who have given their consents for re-election at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as Director.

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

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies
Tay-Tan Bee Kiew Eileen	Chairman and Independent Director	25 June 2013	29 April 2014	• Jason Marine Group Limited • Cordlife Group Limited	S i2i Limited
Chua Chwee Choo	Managing Director and Executive Director	9 May 2013	29 April 2014	Nil	Nil
Lee Chong Hoe	Executive Director	9 May 2013	29 April 2014	Nil	Nil
Cheng Chun Choi	Executive Director	9 May 2013	29 April 2014	Nil	Nil
Wong Hin Sun Eugene	Non-Executive and Non-Independent Director	25 June 2013	29 April 2014	• Ajisen (China) Holdings Limited • Japan Foods Holding Ltd. • Jason Marine Group Limited • Neo Group Limited • TMC Education Corporation Ltd	Nil
Ng How Hwan Kevin	Independent Director	16 September 2013	29 April 2014	Neo Group Limited	Nil

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and the performance criteria for the Board evaluation covers amongst other criteria, Board composition, Board processes, Board accountability, MD's performance and succession planning and standard of conduct of the Board. Each Director assesses the Board's performance as a whole by providing feedback to the NC.

The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

The NC is of the view that each individual Director has contributed to the effectiveness of the Board as a whole. The performance evaluation questionnaire was prepared and compared with its industry peers to ensure that the standard is unbiased. The questionnaire was completed by each Director, and collated with findings that were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The NC has conducted the assessment for FY2014. The results of the NC's assessment has been communicated to and accepted by the Board.

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.

The NC will be provided with access to expert professional advice, as and when necessary. The expenses of such services shall be borne by the Company.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to the board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board in fulfilling its responsibilities, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. The Board has a separate and independent access to Management to facilitate further enquiries. Directors are entitled to request from Management and are provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.

In addition, all relevant information on the Group's annual budgets, management accounts, Board Papers and related materials, background and explanatory information relating to the matter at hand, copies of disclosure documents, material events and transactions are circulated to Directors. In respect of budgets, material variances between projection and actual results are explained.

The Directors have separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends 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.

Where the Directors require independent professional advice in the course of their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises three Directors, two of whom including Chairman are independent Directors. The RC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the RC is as follows:-

Ng How Hwan Kevin (Chairman)
Tay-Tan Bee Kiew Eileen
Wong Hin Sun Eugene

The RC, under its terms of reference, is responsible for the following:

(a) to recommend to the Board a general framework of remuneration for the Board, determine specific remuneration packages and terms of employment for each Executive Director, the MD 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, MD 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 whose employment contracts will expire or have expired; and

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

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds are reviewed by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his/her own remuneration package. No individual Director is involved in fixing his/her own remuneration.

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.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company, However, companies should avoid paying more than is necessary for this purpose.

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 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 Agreement took effect on the date of admission of the Company to Catalist for an initial period of three years and shall be renewed automatically on a yearly basis thereafter.

Independent Directors do not have service agreements with the Company. Taking into consideration of factors such as effort and time spent and their responsibilities, the Independent Directors received directors' fees which were approved at the Company's AGM.

Disclosure of Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the Managing Director, each of the Company's Executive Directors and the key management personnel. Also, in view of confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Group not to disclose the exact remuneration of the Managing Director, each of the Executive Directors and key management personnel.

A breakdown of the Directors' remuneration, in percentage terms showing the level and mix of each of the Directors' remuneration for the financial year ended 31 December 2014 is as follows:

	Remuneration Band							
Name	**Disclosable Amount Below $250,000 (S$)**	**$250,000 to $500,000**	**Above $500,000**	**Salary %**	**Bonus %**	**Other Benefits %**	**Directors' Fees + %**	**Total %**
Chua Chwee Choo		√		78.6	0	21.4	0	100
Lee Chong Hoe		√		74.6	0	25.4	0	100
Cheng Chun Choi		√		74.6	0	25.4	0	100
Tay-Tan Bee Kiew Eileen	50,000			0	0	0	100	100
Wong Hin Sun Eugene	30,000			0	0	0	100	100
Ng How Hwan Kevin	35,000			0	0	0	100	100

Note:-

+ The Directors' Fees for the Non-Executive and Independent 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 is approximately S$1,140,129.

The breakdown of remuneration of the top five key management personnel (who are not Directors of the Company) in percentage terms for the financial year ended 31 December 2014 is as follows:

	Remuneration Band						
Name	**Below $250,000***	**$250,000 to $500,000**	**Above $500,000**	**Salary %**	**Bonus %**	**Other Benefits %**	**Total %**
Susan Chong	√			93.1	0	6.9	100
Charlene Koh	√			68.7	24.0	7.3	100
Soh Kee Hock	√			90.0	7.5	2.4	100
Chan Weng Yee	√			62.9	6.3	30.8	100
Royston Soon	√			56.4	3.1	40.4	100

The annual aggregate amount of the total remuneration paid to the top five key management personnel is approximately S$479,587.

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

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.

Chua Chwee Choo is the wife of Lee Chong Hoe. Both their individual remuneration have exceeded S$50,000. Other than the above, no employee of the Company and its subsidiaries was an immediate family member of any Director or MD or a controlling shareholder and whose remuneration has exceeded S$50,000 during the financial year ended 31 December 2014.

The RC also administers the Singapore Kitchen Equipment Performance Share Plan ("PSP"). To-date, no award has been granted under PSP. The PSP Committee members consist of Mr Ng How Hwan Kevin, Mrs Tay-Tan Bee Kiew Eileen and Mr Wong Hin Sun Eugene.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements. In line with the requirements of The Singapore Exchange and Securities Trading Limited ("SGX-ST"), negative assurance confirmations on half-yearly financial results were issued by the Director confirming that to the best of its knowledge, nothing had come to the attention to the Board which may render the Company's financial results to be false and misleading in any material aspect.

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

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board requires the management to maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objective.

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.

The MD and the Acting Chief Financial Officer ("ACFO") had provided a letter of assurance that for FY2014 (a) 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 Company's risk management and internal control systems are adequate and effective.

The Board has received letter of assurance from the Internal Auditors that during their internal audit review on certain business processes of the Group based on selected transactions for the period from 1 August 2013 to 31 July 2014, there were no major findings in the risk management and internal control system of the Group.

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

The Audit Committee has reviewed the Group's system of internal controls and is satisfied that the overall systems of controls are adequate to meet the needs of the Group in its current environment. Based on the framework of risk management control and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and various Board Committees and the aforementioned assurance provided by the MD and ACFO, the Board, with the concurrence of the AC is satisfied that there are adequate internal controls in place for the Group to address financial, operational, compliance and information technology controls during the year.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

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

The AC comprises three Directors, two of whom including Chairman are independent Directors. The AC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the AC is as follows:-

Tay-Tan Bee Kiew Eileen (Chairman)
Wong Hin Sun Eugene
Ng How Hwan Kevin

The AC meets at least half-yearly to discuss and review the following where applicable:

(a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

(b) review 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 the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

(c) meet with the external auditors and the internal auditors without the presence of management at least annually, to discuss any problems and concerns they may have;

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

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

(f) consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;

(g) review transaction falling within the scope of Chapter 9 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules");

(h) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the external auditors also supply a substantial volume of non-audit services to the Group, the nature, extent and cost effectiveness of such services would be reviewed in order to ensure that these services do not affect the independence and objectivity of the external auditors;

(i) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

(j) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(k) review the adequacy and effectiveness of the Group's risk management and internal control system (including financial, operational, compliance and information technology controls) and to report to the Board annually; and

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

The members of the AC have sufficient accounting and/or related financial management expertise or experience, as assessed by the Board in its business judgement, to discharge the AC's functions. The AC is chaired by Mrs Tay-Tan Bee Kiew Eileen, who is an Independent Director with experience in the audit and finance industry.

The AC meets with the Group's external auditors and internal auditors to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group.

The AC is authorised by the Board to investigate any matters within its terms of reference and has full access to the management and full discretion to invite any Director or executive officer to attend its meetings. The AC has reasonable resources to enable it to discharge its functions effectively.

The AC will meet at least twice a year to review the announcement of the half-yearly and full year financial results before being approved by the Board for release to the SGX-ST.

The AC also meets and has discussions with the external auditors without the presence of the Company's management annually. The AC is also briefed by the external auditors 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.

The Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination.

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to the external auditors of the Company, Messrs BDO LLP, for audit and non-audit services for the financial year ended 31 December 2014 are as follows:

Audit fees:	S$74,400
Non-audit fees in relation to tax services:	S$16,300

The AC has reviewed the independence of the external auditors, Messrs BDO LLP, and recommended to the Board that Messrs BDO LLP be nominated for re-appointment as Auditors at the forthcoming AGM.

No former partner or director of the Company's existing auditing firm is a member of 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.

The AC shall commission and review the findings of internal investigations it matters 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.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independently of the activities it audits.

The Company has appointed Messrs Nexia TS Risk Advisory Pte Ltd as the Internal Auditor ("IA") during the financial year ended 2014. The IA reports primarily to the Chairman of the AC, although the IA also reports administratively to the MD. The AC approves the hiring, removal, evaluation and compensation of the IA. The functions of the IA include review of the adequacy and effectiveness of the Company's internal controls, financial, operational and compliance controls as well as risk management. 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. The IA 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 internal auditor 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 internal auditor 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 is satisfied with its adequacy and effectiveness.

The IA had conducted an annual review of the effectiveness of the Group's internal controls in FY2014.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

All shareholders of the Company receive the annual report and Notice of AGM. The Notice is also advertised in a national newspaper.

Separate resolutions on each distinct issue are proposed at general meetings for approval.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders in the event that they are unable to attend the meetings. The proxy form is sent with the notice of general meetings to all shareholders.

The Company will review its Articles of Association from time to time such that amendments to the Articles of Association are in line with the applicable requirements or rules and regulations governing the continuing obligations.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNET
- Annual Report prepared and issued to all shareholders
- Notices of shareholders' meetings are published in the local newspapers and announced via SGXNET
- Company's website which the shareholders can access information on the Group.

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.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their reviews on various matters affecting the company.

At the AGM, shareholders will be given the opportunity to express their views and direct questions to the Directors and the management. The Chairman of the AC, RC and NC as well as the Board, will be present and available at the AGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Voting at the annual general meeting will be by vote of poll. Announcement of the poll results will detail the number of votes cast for and against each resolution and the respective percentages.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

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 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.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures 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 the financial year.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Managing Director, any Executive Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2014.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during the financial year ended 31 December 2014.

USE OF PROCEEDS

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 28 February 2015, approximately S$2.6 million has been used for the purposes as stated in the Company's IPO Prospectus dated 12 July 2013. The details of the deployment are as follows:-

	Intended use of proceeds from IPO	**Cumulative amount deployed up to 28 February 2015**
	S$'000	S$'000
Acquisition of additional fabrication equipment and machinery	700	319
Funding for expansion, including by way of acquisitions, joint ventures, and/or strategic alliances	1,600	0
For general working capital purposes of the Group	975	975
Expenses such as professional fees, underwriting and placement commission and brokerage, and miscellaneous fees	1,325	1,335
Total Utilised		2,629

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

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

TREASURY SHARES

There were no treasury shares at the end of the financial year ended 31 December 2014.

Report of the **Directors**

Year ended 31 December 2014

The Directors of the Company present their report to the members together with the audited consolidated financial statements of Singapore Kitchen Equipment ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. Directors

The Directors of the Company in office at the date of this report are:

Chua Chwee Choo
Cheng Chun Choi
Lee Chong Hoe
Wong Hin Sun, Eugene
Eileen Tay-Tan Bee Kiew
Ng How Hwan, Kevin

2. Arrangements to enable Directors to acquire shares or debentures

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

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors			Shareholdings in which Directors are deemed to have an interest		
	Balance at 1 January 2014	Balance at 31 December 2014	Balance at 21 January 2015	Balance at 1 January 2014	Balance at 31 December 2014	Balance at 21 January 2015
Holding Company						
QKE Holdings Pte. Ltd.						
Chua Chwee Choo	1	1	1	–	–	–
Cheng Chun Choi	1	1	1	–	–	–
Lee Chong Hoe	1	1	1	–	–	–
The Company						
Chua Chwee Choo	–	230,000	230,000	122,491,500	122,491,500	122,491,500
Cheng Chun Choi	–	–	–	122,491,500	122,491,500	122,491,500
Lee Chong Hoe	–	192,000	192,000	122,491,500	122,491,500	122,491,500
Wong Hin Sun, Eugene	–	–	–	4,909,500	5,529,500	5,619,500
Ng How Hwan, Kevin	500,000	500,000	500,000	–	–	–

By virtue of Section 7 of the Act, Ms Chua Chwee Choo, Mr Cheng Chun Choi, and Mr Lee Chong Hoe are deemed to have an interest in all of the interest in subsidiaries owned by the Company at the beginning and end of the financial year.

Mr Wong Hin Sun, Eugene is the Managing Director and holds 100% of the issued shares of Sirius Venture Capital Pte Ltd ("Sirius Venture"), he is deemed to have an interest in all the shares held by Sirius Venture in the Company.

4. Directors' contractual benefits

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

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

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

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

<u>Performance Share Plan ("PSP")</u>

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

6. Audit Committee

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

Eileen Tay-Tan Bee Kiew (Chairman)	(Independent and non-Executive)
Ng How Hwan, Kevin	(Independent and non-Executive)
Wong Hin Sun, Eugene	(non-Independent and non-Executive)

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

(i) reviewing the audit plans and results of the external audits;

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

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

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

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

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

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

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

6. Audit Committee (Continued)

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

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

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

7. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Cheng Chun Choi
Director

Lee Chong Hoe
Director

Singapore
2 April 2015

Statement by Directors

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; 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.

On behalf of the Board of Directors

Cheng Chun Choi
Director

Lee Chong Hoe
Director

Singapore
2 April 2015

Independent
Auditors' Report

To the Members of Singapore Kitchen Equipment Limited

Report on the financial statements

We have audited the accompanying financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 45 to 96 which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company, and those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2015

Statements of
Financial Position

As at 31 December 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		$	$	$	$
Non-current assets					
Property, plant and equipment	4	1,693,048	949,330	–	–
Intangible assets	5	138,487	62,792	–	–
Investment property	6	–	533,110	–	–
Investments in subsidiaries	7	–	–	10,000	10,000
		1,831,535	1,545,232	10,000	10,000
Current assets					
Inventories	8	2,678,513	1,757,652	–	–
Trade and other receivables	9	6,808,350	8,567,571	6,737,205	8,142,282
Prepayments		85,795	40,855	24,559	–
Current income tax recoverable		20,905	13,031	–	–
Cash and cash equivalents	10	9,533,361	9,276,109	157,010	223,984
		19,126,924	19,655,218	6,918,774	8,366,266
Property held for sale	11	511,497	–	–	–
		19,638,421	19,655,218	6,918,774	8,366,266
Less:					
Current liabilities					
Trade and other payables	12	4,175,140	5,163,829	186,591	161,944
Provisions	13	162,096	27,900	–	–
Borrowings	14	3,296,367	1,222,133	–	–
Finance lease payables	15	137,235	75,563	–	–
Current income tax payable		87,694	69,451	–	–
		7,858,532	6,558,876	186,591	161,944
Net current assets		11,779,889	13,096,342	6,732,183	8,204,322
Less:					
Non-current liabilities					
Borrowings	14	–	808,099	–	–
Finance lease payables	15	584,184	322,576	–	–
Deferred tax liabilities	16	67,458	39,747	–	–
		651,642	1,170,422	–	–
		12,959,782	13,471,152	6,742,183	8,214,322
Capital and reserves					
Share capital	17	4,124,790	4,124,790	4,124,790	4,124,790
Other reserves	18	1,275,315	1,272,480	–	–
Retained earnings	19	7,559,677	8,073,882	2,617,393	4,089,532
Equity attributable to owners of the parent, representing total equity		12,959,782	13,471,152	6,742,183	8,214,322

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

Consolidated Statement of **Comprehensive Income**

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Revenue	20	19,785,149	18,641,189
Cost of sales		(13,290,786)	(12,103,795)
Gross profit		6,494,363	6,537,394
Other items of income			
Interest income		25,252	1,421
Other income	21	248,323	353,022
Other items of expense			
Distribution costs		(2,008,530)	(1,469,120)
Administrative expenses		(3,594,923)	(4,624,585)
Other expenses		(313,445)	(93,784)
Finance costs	22	(116,348)	(132,545)
Profit before income tax	23	734,692	571,803
Income tax expense	24	(123,897)	(461,463)
Profit for the financial year		610,795	110,340
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		2,835	(7,216)
Income tax relating to items that will or may be reclassified		–	–
Other comprehensive income for the financial year, net of tax		2,835	(7,216)
Total comprehensive income for the financial year		613,630	103,124
Profit attributable to owners of the parent		610,795	110,340
Total comprehensive income attributable to owners of the parent		613,630	103,124
Earnings per share			
- Basic and diluted (in cents)	25	0.41	0.08

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

Consolidated Statement of **Changes in Equity**

For the financial year ended 31 December 2014

	Note	Share capital	Merger reserve	Foreign currency translation account	Retained earnings	Total equity
		← Equity attributable to owners of the parent →				
		$	$	$	$	$
Balance at 1 January 2014		4,124,790	1,312,241	(39,761)	8,073,882	13,471,152
Profit for the financial year		–	–	–	610,795	610,795
Other comprehensive income:						
Exchange differences arising from translation of foreign operations		–	–	2,835	–	2,835
Total comprehensive income for the financial year		–	–	2,835	610,795	613,630
Distribution to owners of the parent						
Dividends	26	–	–	–	(1,125,000)	(1,125,000)
Total transactions with owners of the parent		–	–	–	(1,125,000)	(1,125,000)
Balance at 31 December 2014		4,124,790	1,312,241	(36,926)	7,559,677	12,959,782

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

Consolidated Statement of
Changes in Equity

For the financial year ended 31 December 2014

	Note	Share capital	Merger reserve	Foreign currency translation account	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		← Equity attributable to owners of the parent				→		
		$	$	$	$	$	$	$
Balance at 1 January 2013		1,072,473	74,277	(32,545)	8,338,542	9,452,747	175,491	9,628,238
Profit for the financial year		–	–	–	110,340	110,340	–	110,340
Other comprehensive income:								
Exchange differences arising from translation of foreign operations		–	–	(7,216)	–	(7,216)	–	(7,216)
Total comprehensive income for the financial year		–	–	(7,216)	110,340	103,124	–	103,124
Transactions with owners of the parent								
Issuance of subscriber's shares of incorporation of the company	17	10,000	–	–	–	10,000	–	10,000
Deemed distribution to owners of the parent pursuant to the restructuring exercise	17	(1,095,003)	1,085,003	–	–	(10,000)	–	(10,000)
Issuance of ordinary shares pursuant to the IPO	17	4,600,000	–	–	–	4,600,000	–	4,600,000
Share issue expenses	17	(485,210)	–	–	–	(485,210)	–	(485,210)
Dividends	26	–	–	–	(375,000)	(375,000)	–	(375,000)
Total transactions with owners of the parent		3,029,787	1,085,003	–	(375,000)	3,739,790	–	3,739,790
Transaction with non-controlling interests								
Acquisition of non-controlling interests in Q'son Kitchen Equipment Pte Ltd		22,530	152,961	–	–	175,491	(175,491)	–
Total transaction with non-controlling interests		22,530	152,961	–	–	175,491	(175,491)	–
Balance at 31 December 2013		4,124,790	1,312,241	(39,761)	8,073,882	13,471,152	–	13,471,152

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

Consolidated Statement of **Cash Flows**

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Operating activities			
Profit before income tax		734,692	571,803
Adjustments for:			
Plant and equipment written off		321	556
Depreciation of property, plant and equipment		368,912	202,955
Depreciation of investment property		21,613	21,613
Amortisation of intangible assets		45,902	32,368
Inventories written down		150,364	20,946
Allowance for impairment loss on third parties trade receivables		134,862	1,736
Bad third parties trade receivables written off		71,490	1,190
Provision for estimated goods return		131,296	–
Interest expenses		116,348	132,545
Interest income		(25,252)	(1,421)
Operating cash flows before working capital changes		1,750,548	984,291
Working capital changes:			
Inventories		(1,074,912)	(486,805)
Trade and other receivables		1,548,773	(1,437,116)
Prepayments		(45,172)	20,446
Trade and other payables		(974,049)	1,649,214
Cash generated from operations		1,205,188	730,030
Income tax refund		28,726	–
Income tax paid		(114,852)	(915,234)
Net cash from/(used in) operating activities		1,119,062	(185,204)
Investing activities			
Purchase of property, plant and equipment		(684,322)	(146,414)
Purchase of intangible assets		(121,597)	(28,973)
Interest received		25,252	1,421
Net cash used in investing activities		(780,667)	(173,966)
Financing activities			
Proceeds from issuance of shares		–	4,600,000
Share issue expenses		–	(485,210)
Dividend paid		(1,125,000)	(375,000)
Fixed deposits pledged with banks		29,664	(17,791)
Repayment of term loans		(42,410)	(109,186)
Proceeds from trust receipts		6,664,030	5,291,416
Repayment of trust receipts		(5,347,875)	(5,268,643)
Repayment of obligations under finance leases		(114,000)	(86,158)
Interest paid		(116,348)	(132,545)
Net cash (used in)/from financing activities		(51,939)	3,416,883
Net change in cash and cash equivalents		286,456	3,057,713
Cash and cash equivalents at beginning of financial year		8,596,107	5,538,764
Effect of exchange rate changes on cash and cash equivalents		460	(370)
Cash and cash equivalents at end of financial year	11	8,883,023	8,596,107

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

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

1. General corporate information

Singapore Kitchen Equipment Limited (the "Company") was incorporated and domiciled in the Republic of Singapore on 9 May 2013 under the Singapore Companies Act, Chapter 50 (the "Act") as a private limited liability company in the name of Singapore Kitchen Equipment Pte. Ltd. On 26 June 2013, the Company was converted to a public limited company and changed its name to Singapore Kitchen Equipment Limited. The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 22 July 2013.

The Company's registered office address and principal place of business is at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596. The Company's registration number is 201312671M.

The Company's immediate and ultimate holding company is QKE Holdings Pte. Ltd., a company incorporated in Singapore, as a result of restructuring exercise on 16 May 2013.

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

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

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 2 April 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The restructuring exercise in prior financial year involved companies which were under common control. The consolidated financial statements of the Group have been prepared in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflected the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after 16 May 2013.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial year, the Group and the Company adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years except as detailed below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

- power over an investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 January 2014.

FRS issued but not yet effective

As the date of authorisation of these financial statements, the following FRS that are relevant to the Group and the Company were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 1	:	Amendments to FRS 1 - Disclosure Initiative	1 January 2016
FRS 16 and FRS 38	:	Amendments to FRS 16 and FRS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 19	:	Amendments to FRS 19 - Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27	:	Amendments to FRS 27 - Equity Method in Separate Financial Statements	1 January 2016
FRS 109	:	Financial Instruments	1 January 2018
FRS 110, FRS 112 and FRS 28	:	Amendments to FRS 110, FRS 112 and FRS 28 - Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115	:	Revenue from Contracts with Customers	1 January 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

			Effective date (annual periods beginning on or after)
Improvements to FRSs 2014 (January 2014)			
- FRS 16	:	Amendments to FRS 16 - Property, Plant and Equipment	1 July 2014
- FRS 24	:	Amendments to FRS 24 - Related Party Disclosures	1 July 2014
- FRS 38	:	Amendments to FRS 38 - Intangible Assets	1 July 2014
- FRS 103	:	Amendments to FRS 103 - Business Combinations	1 July 2014
- FRS 108	:	Amendments to FRS 108 - Operating Segments	1 July 2014
Improvements to FRSs 2014 (February 2014)			
- FRS 40	:	Amendments to FRS 40 - Investment Property	1 July 2014
- FRS 103	:	Amendments to FRS 103 - Business Combinations	1 July 2014
- FRS 113	:	Amendments to FRS 113 - Fair Value Measurement	1 July 2014
Improvements to FRSs 2014 (November 2014)			
- FRS 19	:	Amendments to FRS 19 - Employee Benefits	1 January 2016
- FRS 105	:	Amendments to FRS 105 - Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- FRS 107	:	Amendments to FRS 107 - Financial Instruments: Disclosures	1 January 2016

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

The Group and the Company expect that the adoption of the above FRS, if applicable, will not have a material impact on the financial statements of the Group an the Company in the period of initial adoption except as discussed below.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to end of the financial year. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Acquisition under common control

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

2.3 Subsidiaries

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

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

2.4 Property, plant and equipment

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

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

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

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

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

Freehold land has indefinite useful life and is not depreciated.

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

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

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

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

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

2.5 Intangible assets

Computer software

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

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 3 years.

2.6 Investment property

Investment property is property which is held for long-term rental yields and/or capital appreciation. Investment property is initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

2. Summary of significant accounting policies (Continued)

2.6 Investment property (continued)

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property is recognised in profit or loss in the financial year of retirement or disposal.

Depreciation is calculated using the straight-line method to allocate the depreciable amount of the investment property over its estimated useful life of 28 years.

The residual values, useful lives and depreciation method of investment property is reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of investment property.

2.7 Impairment of non-financial assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

2.8 Property held for sale

Property classified as held for sale is measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Property is classified held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the property is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. Summary of significant accounting policies (Continued)

2.9 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 of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs of completion and costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.10 Financial assets

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

Recognition and derecognition

Financial assets are recognised on statements of financial position when, and only when, the Group and the Company become parties to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

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

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss. Any cumulative gain or loss in the fair value reserve relating to the asset is also recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.11 Cash and cash equivalents

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

2.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group and the Company have not designated any financial liabilities as fair value through profit or loss upon initial recognition.

As at the end of the financial year, the Group and the Company only have financial liabilities classified as other financial liabilities.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities (continued)

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

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.

2.13 Provisions

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

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

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

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

2.14 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

2. Summary of significant accounting policies (Continued)

2.15 Leases

Where the Group is a lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Where the Group is a lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Where the Group is a lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance lease.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term liability. Finance charge is recognised in profit or loss.

2.16 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of estimated customer returns, rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Revenue from rendering of services is recognised when the services have been performed and accepted by the customers in accordance with the relevant terms and conditions of the contract.

Interest income is recognised on a time-apportionment basis using the effective interest method.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease.

2. Summary of significant accounting policies (Continued)

2.18 Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

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

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

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

2.20 Taxes

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

<u>Current income tax</u>

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

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

<u>Deferred tax</u>

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

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

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

2. Summary of significant accounting policies (Continued)

2.20 Taxes (Continued)

Deferred tax (Continued)

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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

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

Sales tax

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

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

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

2.21 Foreign currencies

Items included in the individual 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 consolidated financial statements and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the financial statements.

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

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.21 Foreign currencies (Continued)

For the purposes of presenting consolidated financial statements, the results and financial positions of the Group's entities 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 rate at the end of the reporting period;

(ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.22 Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.23 Dividends

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

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing performance of the operating segments.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining whether investments in subsidiaries or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair values of investments in subsidiaries or financial assets are less than their cost and the financial health of and near-term business outlook for the investments in subsidiaries or financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3.2 Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The management estimates the useful lives of these assets to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 December 2014 were $1,693,048 (2013: $949,330).

(ii) Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for excess inventories based on historical usage and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 December 2014 was $2,678,513 (2013: $1,757,652).

(iii) Allowance for impairment loss on trade and other receivables

The management establishes allowance for impairment loss on receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of customers were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2014 were $6,808,350 (2013: $8,567,571) and $6,737,205 (2013: $8,142,282) respectively.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. The Group and the Company recognise expected assets and liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of the Group's current income tax recoverable, deferred tax liabilities and current income tax payables as at 31 December 2014 were $20,905 (2013: $13,031), $67,458 (2013: $39,747) and $87,694 (2013: $69,451) respectively.

4. Property, plant and equipment

	Freehold land $	Freehold building $	Motor vehicles $	Furniture and fittings $	Plant and machinery $	Computer and office equipment $	Renovation $	Total $
Group								
Cost								
Balance at 1.1.2014	104,883	427,245	1,068,309	76,882	495,695	187,018	94,060	2,454,092
Additions	–	–	486,116	46,619	368,806	71,716	151,245	1,124,502
Written off	–	–	–	(6,388)	–	(860)	–	(7,248)
Currency re-alignment	(2,040)	(8,310)	–	(1,233)	(12,292)	(257)	(2,089)	(26,221)
Balance at 31.12.2014	102,843	418,935	1,554,425	115,880	852,209	257,617	243,216	3,545,125
Accumulated depreciation								
Balance at 1.1.2014	–	51,269	792,543	59,056	449,831	88,763	63,300	1,504,762
Depreciation for the financial year	–	8,580	166,078	15,490	85,125	57,045	36,594	368,912
Written off	–		–	(6,067)	–	(860)	–	(6,927)
Currency re-alignment	–	(1,199)	–	(849)	(11,111)	(114)	(1,397)	(14,670)
Balance at 31.12.2014	–	58,650	958,621	67,630	523,845	144,834	98,497	1,852,077
Carrying amount								
Balance at 31.12.2014	102,843	360,285	595,804	48,250	328,364	112,783	144,719	1,693,048

4. Property, plant and equipment (Continued)

	Freehold land	Freehold building	Motor vehicles	Furniture and fittings	Plant and machinery	Computer and office equipment	Renovation	Total
	$	$	$	$	$	$	$	$
Group								
Cost								
Balance at 1.1.2013	108,664	442,646	1,004,923	79,676	480,323	167,323	65,149	2,348,704
Transferred to intangible assets	–	–	–	–	–	(71,455)	–	(71,455)
Additions	–	–	63,386	–	41,132	93,534	31,262	229,314
Written off	–	–	–	(1,032)	(5,333)	(2,227)	–	(8,592)
Currency re-alignment	(3,781)	(15,401)	–	(1,762)	(20,427)	(157)	(2,351)	(43,879)
Balance at 31.12.2013	104,883	427,245	1,068,309	76,882	495,695	187,018	94,060	2,454,092
Accumulated depreciation								
Balance at 1.1.2013	–	44,265	686,436	49,375	457,111	61,797	40,614	1,339,598
Transferred to intangible assets	–	–	–	–	–	(5,268)	–	(5,268)
Depreciation for the financial year	–	8,764	106,107	11,799	17,236	34,617	24,432	202,955
Written off	–	–	–	(826)	(4,984)	(2,226)	–	(8,036)
Currency re-alignment	–	(1,760)	–	(1,292)	(19,532)	(157)	(1,746)	(24,487)
Balance at 31.12.2013	–	51,269	792,543	59,056	449,831	88,763	63,300	1,504,762
Carrying amount								
Balance at 31.12.2013	104,883	375,976	275,766	17,826	45,864	98,255	30,760	949,330

4. Property, plant and equipment (Continued)

As at the end of the reporting period, the carrying amount of the Group's property, plant and equipment which have been pledged for the bank term loan facility as set out in Note 14 to the financial statements was as follows:

	Group	
	2014	2013
	$	$
Freehold land and building	463,128	480,859

As at 31 December 2014, the carrying amount of the Group's motor vehicles which were acquired under finance lease agreements was $595,804 (2013: $274,549). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 15 to the financial statements.

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

	Group	
	2014	2013
	$	$
Additions of property, plant and equipment	1,124,502	229,314
Provisions for dismantlement, removal or restoration	(2,900)	(27,900)
Acquired under finance lease arrangements	(437,280)	(55,000)
Cash payments to acquire property, plant and equipment	684,322	146,414

5. Intangible assets

	Group	
	2014	2013
	$	$
Computer software		
Cost		
Balance at beginning of financial year	100,428	–
Transferred from property, plant and equipment	–	71,455
Additions	121,597	28,973
Balance at end of financial year	222,025	100,428
Accumulated amortisation		
Balance at beginning of financial year	37,636	–
Transferred from property, plant and equipment	–	5,268
Amortisation for the financial year	45,902	32,368
Balance at end of financial year	83,538	37,636
Carrying amount		
Balance at end of financial year	138,487	62,792

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

6. Investment property

	Group 2014 $	Group 2013 $
Cost		
Balance at beginning of financial year	605,153	605,153
Reclassified as held for sale (Note 11)	(605,153)	–
Balance at end of financial year	–	605,153
Accumulated depreciation		
Balance at beginning of financial year	72,043	50,430
Depreciation for the financial year	21,613	21,613
Reclassified as held for sale (Note 11)	(93,656)	–
Balance at end of financial year	–	72,043
Carrying amount		
Balance at end of financial year	–	533,110

The Group's investment property is held under leasehold interest.

The following amounts are recognised in profit or loss:

	Group 2014 $	Group 2013 $
Rental income	48,000	48,000
Property taxes and other direct operating expenses arising from investment property		
- rental income-generating	8,018	12,088

As at 31 December 2014, the carrying amount of the Group's investment property which has been pledged for the bank term loan facility as set out in Note 14 to the financial statements was $Nil (2013: $533,110).

Details of investment property, valuation techniques and inputs used disclosed in Note 31.5 to the financial statements.

7. Investments in subsidiaries

	Company 2014 $	Company 2013 $
Unquoted equity shares, at cost	10,000	10,000

7. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Principal activities
	2014	2013	
	%	%	
Held by the Company			
Q'son International Pte. Ltd.[1] (Singapore)	100	100	Investment holding
Q'son Kitchen Equipment Pte Ltd[1] (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.[2] (Malaysia)	100	100	Manufacture and distribution of kitchen equipment
Qson KitchenHub Sdn. Bhd.[2] (Malaysia)	100	100	Investment holding
Q'son Kuechen Kultur Co., Ltd[3] (Vietnam)	100	100	Import, wholesale and retail of kitchen equipment

[1] Audited by BDO LLP, Singapore
[2] Audited by BDO, Malaysia
[3] Audited by BDO Audit Services Company Limited, Vietnam

Prior to the listing of the Company in July 2013, a restructuring exercise (the "Restructuring Exercise") was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) *Acquisition of non-controlling interests*

On 27 February 2013, Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi acquired additional 1.4% of equity interest in Q'son Kitchen Equipment Pte Ltd from its non-controlling interests for a total cash consideration of $22,185. As a result of this acquisition, Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi owned an aggregate of 99.1% of equity interest in Q'son Kitchen Equipment Pte Ltd.

On 1 April 2013, Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi acquired additional 0.9% of equity interest in Q'son Kitchen Equipment Pte Ltd from its non-controlling interests for a total cash consideration of $15,000. As a result of this acquisition, Q'son Kitchen Equipment Pte Ltd was wholly owned by Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi.

(ii) *Acquisition of Q'son International Pte. Ltd.*

Pursuant to a sale and purchase agreement dated 16 May 2013 between the Company (as purchaser) and Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi (as vendors), the Company acquired the entire issued and fully paid-up share capital of Q'son International Pte. Ltd., comprising 90,003 ordinary shares, for an aggregate consideration of $1,935, being a sum arrived at based on a discount of approximately 99.90% to the audited Net Asset Value of Q'son International Pte. Ltd. as at 31 December 2012 of approximately $1,861,788, which was satisfied in cash.

7. Investments in subsidiaries (Continued)

(iii) Acquisition of Q'son Kitchen Equipment Pte Ltd

Pursuant to a sale and purchase agreement dated 16 May 2013 between the Company (as purchaser) and Chua Chwee Choo, Lee Chong Hoe and Cheng Chun Choi (as vendors), the Company acquired the entire issued and fully paid-up share capital of Q'son Kitchen Equipment Pte Ltd, comprising 1,000,000 ordinary shares, for an aggregate consideration of approximately $8,065, being a sum arrived at based on a discount of approximately 99.90% to the audited combined group Net Asset Value of Q'son Kitchen Equipment Pte Ltd and its subsidiaries (Q'son Industries (M) Sdn. Bhd, Qson KitchenHub Sdn. Bhd and Q'son Kuechen Kultur Co., Ltd) as at 31 December 2012 of approximately $7,766,450, which was satisfied in cash.

8. Inventories

	Group	
	2014	2013
	$	$
Raw materials	126,269	80,599
Work-in-progress	38,148	38,715
Finished goods	2,514,096	1,638,338
	2,678,513	1,757,652

The cost of inventories recognised as an expense and included in "cost of sales" in the Group's profit or loss for the financial year ended 31 December 2014 amounted to $13,140,422 (2013: $12,082,849).

As at 31 December 2014, the Group carried out a review of the realisable values of its inventories and the review led to a write down of inventories to net realisable value of $150,364 (2013: $20,946) as an expense and included in "cost of sales" in the Group's profit or loss.

As at 31 December 2014, the carrying amount of the Group's inventories which were pledged as securities for the trust receipts facilities as set out in Note 14 to the financial statements was $2,490,386 (2013: $1,173,782)..

9. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables – third parties	6,155,226	7,780,630	–	–
Unbilled receivables	81,763	79,724	–	–
Allowance for impairment loss on third parties trade receivables	(137,957)	(38,909)	–	–
	6,099,032	7,821,445		–
Non-trade receivables				
- third parties	93,289	106,024	–	561
- ultimate holding company	–	3,223	–	–
- subsidiary	–	–	6,737,205	8,141,721
- related parties	–	72,544	–	–
	93,289	181,791	6,737,205	8,142,282
Advance payment to suppliers	452,532	441,653	–	–
Utilities and rental deposits	163,497	122,682	–	–
	6,808,350	8,567,571	6,737,205	8,142,282

9. Trade and other receivables (Continued)

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 (2013: 30 to 60) days' credit terms.

The non-trade amounts due from ultimate holding company, subsidiary and related parties are unsecured, non-interest bearing and repayable on demand.

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

	Group	
	2014	2013
	$	$
Balance at beginning of financial year	38,909	238,392
Allowance made during the financial year	134,862	1,736
Allowance written back during the financial year	(22,759)	(134,640)
Amounts written off	(13,055)	(66,579)
Balance at end of financial year	137,957	38,909

The allowance for impairment loss on third parties trade receivables amounting to $134,862 (2013: $1,736) was recognised in the Group's profit or loss subsequent to the debt recovery assessment performed on trade receivables by the management as at 31 December 2014.

As at 31 December 2014, allowance written back of $22,759 (2013: $134,640) was recognised in the Group's profit or loss when the related trade receivables were recovered.

The aging analysis of trade receivables are set out in Note 31.1 to the financial statements.

As at 31 December 2014, retention sum amounting to $56,331 (2013: $117,629) was included in the third parties trade receivables.

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	6,406,705	8,149,619	6,737,205	8,142,282
Ringgit Malaysia	25,056	299,213	–	–
United States dollar	117,721	117,476	–	–
Others	258,868	1,263	–	–
	6,808,350	8,567,571	6,737,205	8,142,282

10. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Fixed deposits with banks	3,460,317	2,308,115	–	–
Cash and bank balances	6,073,044	6,967,994	157,010	223,984
Cash and cash equivalents as per statements of financial position	9,533,361	9,276,109	157,010	223,984
Fixed deposits pledged	(650,338)	(680,002)		
Cash and cash equivalents as per consolidated statement of cash flows	8,883,023	8,596,107		

Fixed deposits bear effective interest rates of 0.10% to 1.22% (2013: 0.10% to 0.84%) per annum with maturity range from 1 to 14 (2013: 6) months from the end of the reporting period.

10. Cash and cash equivalents (Continued)

As at 31 December 2014, fixed deposits of the Group amounting to $650,338 (2013: $680,002) were pledged to banks to secure bankers' guarantee facility amounting to $650,338 (2013: $680,002).

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	8,206,801	8,848,985	157,010	223,984
Euro	681,779	–	–	–
Ringgit Malaysia	257,374	5,995	–	–
United States dollar	378,923	412,900	–	–
Others	8,484	8,229	–	–
	9,533,361	9,276,109	157,010	223,984

11. Property held for sale

	Group	
	2014	2013
	$	$
Balance at beginning of financial year	–	–
Reclassified from investment property (Note 6)	511,497	–
Balance at the end of financial year	511,497	–

In November 2014, the Group entered into an agreement to dispose of the investment property. Pursuant to this agreement, the investment property was reclassified as property held for sale.

As at 31 December 2014, the fair value of property held for sale was $730,000 representing the net proceeds of total consideration offered by a third party to acquire this property. On 30 January 2015, the Group completed the sale transaction and disposed of the property held for sale to a third party and recognised a gain on disposal amounting to approximately $208,000.

As at 31 December 2014, the carrying amount of the Group's property held for sale which has been pledged for the bank term loan facility as set out in Note 14 to the financial statements was $511,497 (2013: $Nil).

As at 31 December 2014, the details of the Group's property held for sale are as follows:

Location	Description/ existing use	Tenure	Approximate site area (sq m)
No 1 Commonwealth Lane #03-06, Singapore 149544	Warehouse	28 years leasehold from 1 March 2008	132.0

12. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables				
- third parties	1,464,408	2,519,431	–	–
- unbilled payables	115,845	256,187	–	–
	1,580,253	2,775,618	–	–
Non-trade payables				
- third parties	101,227	214,261	14,141	35,944
- directors of the Company	545,000	675,000	–	–
	646,227	889,261	14,141	35,944
Advance received from customers	359,602	123,763	–	–
Accrued directors' fees	115,000	105,000	115,000	105,000
Accrued expenses	1,263,561	1,106,237	57,450	21,000
Goods and services tax payable	210,497	163,950	–	–
	4,175,140	5,163,829	186,591	161,944

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 90 (2013: 30 to 90) days' terms.

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

No interest is charged on the trade and other payables.

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore dollar	3,665,429	4,109,796	186,591	161,944
Ringgit Malaysia	268,557	575,085	–	–
United States dollar	9,661	4,054	–	–
Euro	183,726	417,468	–	–
Chinese renminbi	–	14,311	–	–
Hong Kong dollar	5,593	43,027	–	–
Others	42,174	88	–	–
	4,175,140	5,163,829	186,591	161,944

13. Provisions

	Provision for reinstatement costs $	Provision for estimated goods return $	Total $
Group			
2014			
Balance as at 1 January 2014	27,900	–	27,900
Provision made during the financial year	2,900	131,296	134,196
Balance as at 31 December 2014	30,800	131,296	162,096
2013			
Balance as at 1 January 2013	–	–	–
Provision made during the financial year	27,900	–	27,900
Balance as at 31 December 2013	27,900	–	27,900

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

The Group recognised a provision for estimated goods return which is determined based on management's previous experiences of such returns.

14. Borrowings

	Group	
	2014 $	2013 $
Current liabilities		
Secured		
Trust receipts	2,490,386	1,173,782
Term loan I	387,662	18,147
Term loan II	418,319	30,204
	3,296,367	1,222,133
Non-current liabilities		
Secured		
Term loan I	–	396,206
Term loan II	–	411,893
	–	808,099
Total borrowings	3,296,367	2,030,232

Non-current borrowings are repayable as follows:

	Group	
	2014 $	2013 $
In the second financial year	–	50,011
In the third financial year	–	51,740
In the fourth financial year	–	53,540
In the fifth financial year	–	55,417
After five financial years	–	597,391
	–	808,099

14. Borrowings (Continued)

The average effective interest rates per annum of the borrowings during the financial years ended 31 December 2014 and 2013 were as follows:

	Group	
	2014	2013
	%	%
Trust receipts	2.97	3.17
Term loan I	5.21	4.23
Term loan II	3.46	1.18

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk (Note 31.2).

The fair values of the Group's borrowings are disclosed in Note 31.5 to the financial statements.

Trust receipts have maturities of between 78 to 120 (2013: 75 to 120) days. As at 31 December 2014, trust receipts are secured by the title to the Group's inventories with a carrying amount of $2,490,386 (2013 : $1,173,782).

Term loan I from a bank is repayable over a period of 20 years by monthly instalments commencing from July 2008. As at 31 December 2014, term loan I is secured by legal mortgage on the Group's freehold land and building with a carrying amount of $463,128 (2013: $480,859) and supported by joint and several guarantees of certain directors of the subsidiary, and financial guarantee from the subsidiary. On 5 February 2015, term loan I was fully repaid by the Group through early settlement.

Term loan II from a bank is repayable over a period of 18 years by monthly instalments commencing from May 2010. As at 31 December 2014, term loan II is secured by legal mortgage on the Group's property held for sale and investment property with a carrying amount of $511,497 (2013: $Nil) and $Nil (2013: $533,110) respectively and supported by joint and several guarantees of certain directors of the subsidiary. On 30 January 2015, term loan II was fully repaid by the Group upon disposal of the property held for sale.

As at the end of the reporting period, the Group has facilities as follows:

	Group	
	2014	2013
	$	$
Facilities granted	7,954,981	8,005,450
Facilities utilised	3,574,247	2,306,374

As at end of the reporting period, the facilities granted to the Group are supported by joint and several guarantees of certain Directors of the Company, and financial guarantee from the Company.

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

	Group	
	2014	2013
	$	$
Singapore dollar	1,609,440	1,046,443
Ringgit Malaysia	387,662	414,353
United States dollar	611,375	196,480
Euro	595,274	295,192
Hong Kong dollar	92,616	77,764
	3,296,367	2,030,232

15. Finance lease payables

	Minimum lease payments $	Future finance lease charges $	Present value of minimum lease payment $
Group			
2014			
Within one financial year	172,499	(35,264)	137,235
After one financial year but within five financial years	527,212	(72,398)	454,814
After five financial years	133,914	(4,544)	129,370
	661,126	(76,942)	584,184
	833,625	(112,206)	721,419
2013			
Within one financial year	95,527	(19,964)	75,563
After one financial year but within five financial years	257,536	(44,427)	213,109
After five financial years	116,490	(7,023)	109,467
	374,026	(51,450)	322,576
	469,553	(71,414)	398,139

The finance lease terms range from 3 to 10 (2013: 4 to 10) years.

The effective interest rates charged during the financial year ranged from 4.39% to 7.53% (2013: 5.26% to 9.24%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. No arrangements have been entered into for contingent rental payments.

The fair values of the Group's finance lease payables are disclosed in Note 31.5 to the financial statements.

The carrying amount of assets acquired under finance lease is disclosed in Note 4 to the financial statements.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

The currency profile of the Group's finance lease payables as at the end of the reporting period is Singapore dollar.

16. Deferred tax liabilities

	Group 2014 $	Group 2013 $
Balance at beginning of financial year	39,747	7,017
Charged to profit or loss	27,855	32,744
Currency re-alignment	(144)	(14)
Balance at the end of financial year	67,458	39,747

16. Deferred tax liabilities (Continued)

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

	Group	
	2014	2013
	$	$
Accelerated tax depreciation	74,337	43,381
Others	(6,879)	(3,634)
	67,458	39,747

17. Share capital

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Issued and fully-paid:				
Balance at the beginning of financial year	4,124,790	1,072,473	4,124,790	–
Acquisition of non-controlling interests in Q'son Kitchen Equipment Pte Ltd	–	22,530	–	–
Issuance of 10,000 subscriber's shares at date of incorporation of the Company	–	10,000	–	10,000
Deemed distribution to owners pursuant to the restructuring exercise	–	(1,095,003)	–	–
Share split of 10,000 ordinary shares into 127,000,000 ordinary shares	–	–	–	–
Issuance of 23,000,000 ordinary shares pursuant to initial public offering exercise	–	4,600,000	–	4,600,000
Less: Share issue expenses+	–	(485,210)	–	(485,210)
150,000,000 ordinary shares/Balance at end of financial year	4,124,790	4,124,790	4,124,790	4,124,790

\+ Included in these expenses was an allocation portion of professional fees paid to the auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. This allocation portion of professional fees amounted to $21,000.

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

On 9 May 2013, the Company issued 10,000 subscriber's share for a cash consideration of $10,000 at the date of its incorporation.

On 12 July 2013, the issued and fully paid-up capital of the Company of 10,000 ordinary shares were sub-divided into 127,000,000 ordinary shares.

On 19 July 2013, the Company issued 23,000,000 ordinary shares at $0.20 per share pursuant to the Company's initial public offering exercise. The proceeds from the initial public offering will be used as working capital of the Group to expand and develop the Group's fabrication and distribution of kitchen equipment business.

18. Other reserves

	Group	
	2014	2013
	$	$
Merger reserve	1,312,241	1,312,241
Foreign currency translation account	(36,926)	(39,761)
	1,275,315	1,272,480

Merger reserve

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

Foreign currency translation account

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

19. Retained earnings

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

	Company	
	2014	2013
	$	$
Balance at the beginning of financial year/period	4,089,532	–
(Loss)/Profit for the financial year/period, representing total comprehensive income for the financial year/period	(347,139)	4,464,532
Dividends (Note 26)	(1,125,000)	(375,000)
Balance at the end of financial year/period	2,617,393	4,089,532

20. Revenue

	Group	
	2014	2013
	$	$
Fabrication and distribution of goods	14,180,356	13,720,677
Maintenance and service income	5,604,793	4,920,512
	19,785,149	18,641,189

21. Other income

	Group	
	2014	2013
	$	$
Government grants received	138,973	75,580
Allowance for impairment loss on third parties trade receivables written back	22,759	134,640
Rental income	48,000	48,000
Scrap sales	35,708	50,334
Sponsorship income	–	16,300
Others	2,883	28,168
	248,323	353,022

22. Finance costs

	Group	
	2014	2013
	$	$
Interest expenses		
- bank overdrafts	–	97
- trust receipts	48,887	69,215
- term loans	34,074	29,372
- finance leases	33,387	22,758
- others	–	11,103
	116,348	132,545

23. Profit before income tax

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

	Group	
	2014	2013
	$	$
Cost of sales		
Inventories written down	150,364	20,946
Operating lease expenses		
- rental of warehouse	291,660	201,324
Distribution costs		
Carriage outwards	103,915	76,465
Commission	57,982	48,637
Transportation	42,095	53,655
Operating lease expenses		
- rental of sales office	68,221	–
Administrative expenses		
Audit fees paid/payable to:		
- auditors of the Company	66,000	46,885
- other auditors	8,400	6,565
Non-audit fees paid/payable to:		
- auditor of the Company	14,200	9,975
- other auditor	2,100	2,175
Initial public offering expenses*	–	850,240
Depreciation of investment property	21,613	21,613
Plant and equipment written off	321	556
Operating lease expenses		
- rental of office	78,200	100,571
- rental of equipment	7,591	4,840
Directors' fees+	128,939	344,238
Other expenses		
Amortisation of intangible assets	45,902	32,368
Allowance for impairment loss on third parties trade receivables	134,862	1,736
Bad third parties trade receivables written off	71,490	1,190
Foreign exchange loss, net	10,273	58,490

* Included in these expenses were professional fees paid to the auditors of the Company amounting to approximately $119,000 in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fees rendered as independent reporting auditors, amounting to $21,000 was charged to share issues expenses under share capital (Note 17).

\+ Included in the Directors' fee are fees declared by the subsidiaries to the Directors in their capacity as the Directors of those subsidiaries of $13,939 (2013 : $239,238)

23. Profit before income tax (Continued)

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

	Group	
	2014	**2013**
	$	**$**
Cost of sales	173,643	2,403
Distribution costs	77,560	104,522
Administrative expenses	117,709	96,030
	368,912	202,955

Employee benefit expenses are recognised in the following line items of the Group's profit or loss:

	Group	
	2014	**2013**
	$	**$**
Cost of sales		
- salaries, bonus and other benefits	3,046,128	2,522,726
- defined contribution plans	396,919	530,229
Distribution costs		
- salaries, bonus and other benefits	970,688	709,383
- defined contribution plans	113,292	70,328
Administrative expenses		
- salaries, bonus and other benefits	975,671	1,035,896
- defined contribution plans	122,436	153,386
	5,625,134	5,021,948

Employee benefit expenses include the remuneration of Directors and other key management personnel as disclosed in Note 29 to the financial statements.

24. Income tax expense

	Group	
	2014	**2013**
	$	**$**
Current income tax		
- current financial year	57,057	165,116
- under-provision in prior financial years	38,985	263,603
	96,042	428,719
Deferred tax		
- current financial year	31,087	23,178
- (over)/under-provision in prior financial years	(3,232)	9,566
	27,855	32,744
Total income tax expense recognised in profit or loss	123,897	461,463

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

24. Income tax expense (Continued)

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore statutory tax rate of 17% (2013: 17%) to profit before income tax as a result of the following differences:

Reconciliation of effective income tax rate

	Group	
	2014	**2013**
	$	**$**
Profit before income tax	734,692	571,803
Income tax calculated at Singapore's statutory tax rate	124,898	97,207
Effect of different tax rate in other countries	3,598	(3,738)
Tax effect of income not subject to income tax	(220,069)	(131,363)
Tax effect of non-deductible expenses for income tax purposes	206,123	286,840
Tax effect of tax exempt income	(25,925)	(25,925)
Utilisation of deferred tax assets not recognised previously	(9,584)	(6,203)
Under-provision of current income tax in prior financial years	38,985	263,603
(Over)/Under provision of deferred tax in prior financial years	(3,232)	9,566
Corporate tax rebate	(11,437)	(30,000)
Others	20,540	1,476
	123,897	461,463

Unrecognised deferred tax assets

	Group	
	2014	**2013**
	$	**$**
Balance at beginning of financial year	65,717	74,352
Utilisation of deferred tax assets not recognised previously	(9,584)	(6,203)
Currency re-alignment	(1,053)	(2,432)
Balance at end of financial year	55,080	65,717

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

	Group	
	2014	**2013**
	$	**$**
Unutilised tax losses	55,080	57,240
Unabsorbed capital allowances	–	8,477
	55,080	65,717

As at 31 December 2014, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $220,000 (2013: $229,000) and $Nil (2013: $34,000) respectively available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.20 to the financial statements.

25. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2014	**2013**
Profit attributable to owners of the parent ($)	610,795	110,340
Weighted number of ordinary shares in issue during the financial year applicable to basic earnings per share	150,000,000	137,460,274
- Basic and diluted earnings per share (in cents)	0.41	0.08

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners for the financial years ended 31 December 2014 and 2013 divided by the weighted number of ordinary shares in the relevant periods.

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

26. Dividends

	Group	
	2014	**2013**
	$	**$**
A first interim tax exempt dividend of $0.0025 (2013: $0.0025) per ordinary share on 150,000,000 ordinary shares in respect of the current financial year	375,000	375,000
A final tax exempt dividend of $0.005 (2013: $Nil) per ordinary share on 150,000,000 ordinary shares in respect of the previous financial year	750,000	–
	1,125,000	375,000

The Board of Directors proposed that a final tax-exempt dividend of $0.0015 per ordinary share amounting to $225,000 be paid in respect of current financial year. This final dividend has not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.

27. Operating lease commitments

The Group as lessor

The Group leases out office spaces under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have remaining lease term of Nil (2013: 1) year and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease receivable under non-cancellable operating leases contracted for but not recognised as receivables were as follows:

	Group	
	2014	**2013**
	$	**$**
Within one financial year	–	40,000

27. Operating lease commitments (Continued)

The Group as lessee

The Group leases office spaces, warehouses and office equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 2 to 5 (2013: 2 to 5) years and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2014	**2013**
	$	**$**
Within one financial year	384,011	427,160
After one financial year but within five financial years	187,675	335,847
	571,686	763,007

28. Contingent liabilities

(a) Corporate guarantee

The Company has issued corporate guarantees amounting to $6,749,000 (2013: $6,749,000) to banks for banking facilities of a subsidiary. These banking facilities outstanding as at the financial year amounted to $3,296,367 (2013: $2,030,232).

(b) Legal suit

During the financial year, a subsidiary lodged a legal claim against an ex-employee of the subsidiary in respect of damages for breach of employment contract and misuse of confidential information. Subsequently, a counterclaim for defamation and wrongful termination for unspecified quantum of damages was lodged by the employee against the subsidiary in the same proceeding. The subsidiary has disclaimed the liability and is defending the action. At the date of these financial statements, the resolution of dispute of claims is on-going and the Directors are of the view that no probable losses will arise in respect of this counterclaim, accordingly no provision for any liability has been made in these financial statements.

29. Significant related party transactions

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 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 Company or of a parent of the Company.

29. Significant related party transactions (Continued)

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

(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 venture 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);

(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).

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Company	
	2014	2013
	$	$
Subsidiary:		
- Repayment of advances to	1,404,516	–
- Advances to	–	8,141,721

Compensation of key management personnel

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

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group during the financial year was as follows:

	Group	
	2014	2013
	$	$
Directors of the Company		
- Short-term employee benefits	997,528	1,014,548
- Post-employment benefits	27,600	39,103
- Directors' fees	115,000	105,000
Directors of subsidiaries		
- Directors' fees	13,939	239,238
Other key management personnel		
- Short-term employee benefits	447,902	507,320
- Post-employment benefits	31,685	54,598
	1,633,654	1,959,807

30. Segment information

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

(a) Fabrication and distribution business

(b) Maintenance and servicing business

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

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

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

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

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group does not have intersegment sales or transfers.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment assets comprise primarily of property, plant and equipment, intangible assets, investment property, inventories, operating receivables, cash and cash equivalents and exclude tax recoverable.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

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

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

30. Segment information (Continued)

Business segment	Fabrication and distribution business $	Maintenance and servicing business $	Unallocated $	Total $
Group				
2014				
Revenue				
External revenue	14,180,356	5,604,793	–	19,785,149
Results				
Segment results	1,087,759	109,965	(346,684)	851,040
Finance costs	(77,896)	(23,006)	(15,446)	(116,348)
Profit before income tax	1,009,863	86,959	(362,130)	734,692
Income tax expense				(123,897)
Profit for the financial year				610,795
Non-cash items				
Depreciation of property, plant and equipment	(281,349)	(87,563)	–	(368,912)
Depreciation of investment property	–	–	(21,613)	(21,613)
Amortisation of intangible asset	(32,899)	(13,003)	–	(45,902)
Inventories written down	(107,768)	(42,596)	–	(150,364)
Plant and equipment written off	(321)	–	–	(321)
Allowance for impairment loss on third parties trade receivables	(96,658)	(38,204)	–	(134,862)
Bad third parties trade receivables written off	(71,490)	–	–	(71,490)
Provision for estimated goods return	(131,296)	–	–	(131,296)
Capital expenditure				
Property, plant and equipment	–	–	1,124,502	1,124,502
Intangible assets	–	–	121,597	121,597
Assets and liabilities				
Segment assets	–	–	21,449,051	21,449,051
- Current income tax recoverable	–	–	20,905	20,905
	–	–	21,469,956	21,469,956
Segment liabilities			8,355,022	8,355,022
- Current income tax payable	–	–	87,694	87,694
- Deferred tax liabilities	–	–	67,458	67,458
	–	–	8,510,174	8,510,174

30. Segment information (Continued)

Business segment	Fabrication and distribution business	Maintenance and servicing business	Unallocated	Total
	$	$	$	$
Group				
2013				
Revenue				
External revenue	13,720,677	4,920,512	–	18,641,189
Results				
Segment results	1,948,798	(88,994)	(1,155,456)	704,348
Finance costs	(113,691)	(8,511)	(10,343)	(132,545)
Profit before income tax	1,835,107	(97,505)	(1,165,799)	571,803
Income tax expense				(461,463)
Profit for the financial year				110,340
Non-cash items				
Depreciation of property, plant and equipment	(195,979)	(6,976)	–	(202,955)
Depreciation of investment property	–	–	(21,613)	(21,613)
Amortisation of intangible asset	(24,275)	(8,093)	–	(32,368)
Inventories written down	(20,946)	–	–	(20,946)
Plant and equipment written off	(556)	–	–	(556)
Allowance for impairment loss on third parties trade receivables	(1,736)	–	–	(1,736)
Bad third parties trade receivables written off	(1,190)	–	–	(1,190)
Capital expenditure				
Property, plant and equipment	–	–	229,314	229,314
Intangible assets	–	–	28,973	28,973
Assets and liabilities				
Segment assets	–	–	21,187,419	21,187,419
- Current income tax recoverable	–	–	13,031	13,031
	–	–	21,200,450	21,200,450
Segment liabilities	–	–	7,620,100	7,620,100
- Current income tax payable	–	–	69,451	69,451
- Deferred tax liabilities	–	–	39,747	39,747
	–	–	7,729,298	7,729,298

30. Segment information (Continued)

Geographical information

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

	Singapore	Malaysia	Vietnam	Indonesia	Others	Total
	$	$	$	$	$	$
Group						
2014						
Total revenue from external customers	19,503,961	216,124	34,244	12,780	18,040	19,785,149
Non-current assets	1,260,048	571,487	–	–	–	1,831,535
2013						
Total revenue from external customers	17,367,936	835,982	361,609	67,622	8,040	18,641,189
Non-current assets	1,013,631	531,601	–	–	–	1,545,232

Major customers

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

31. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

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

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

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

31.1 Credit risks

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

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

31.1 Credit risks (Continued)

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 as follows:

	Company	
	2014	2013
	$	$
Corporate guarantees provided to banks for subsidiary's banking facilities utilised as at the end of financial year	3,296,367	2,030,232

The earliest period that the guarantee could be called is within 1 year from the end of the reporting period. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Company has significant credit exposure arising from the non-trade amounts due from a subsidiary amounting to $6,737,205 (2013: $8,141,721) as at 31 December 2014.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables and other financial assets that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	2014	2013
	$	$
Past due less than 1 month	1,417,026	1,772,955
Past due 1 to 2 months	465,881	882,173
Past due 2 to 3 months	427,155	454,959
Past due over 3 months	836,573	2,098,141
	3,146,635	5,208,228

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

31.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Ringgit Malaysia, United States dollar, Euro and Hong Kong dollar transactions.

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

	Group			
	Assets		Liabilities	
	2014	2013	2014	2013
	$	$	$	$
Ringgit Malaysia	14,857	208,731	3,134	415,216
United States dollar	496,644	530,376	621,036	200,534
Euro	681,779	–	779,000	712,660
Hong Kong dollar	–	–	98,209	120,791

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

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

The Company is not exposed to significant foreign currency risk.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 4% increase and decrease in the relevant foreign currencies against the functional currency of entities within the Group. The sensitivity rate of 4% is used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 4% change in foreign currency rates. The sensitivity analysis assumes an instantaneous 4% change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant.

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

31.2 Market risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit or Loss	
	2014	2013
	$	$
Group		
Ringgit Malaysia		
Strengthens against Singapore dollar	469	(8,259)
Weakens against Singapore dollar	(469)	8,259
United States dollar		
Strengthens against Singapore dollar	(4,976)	13,194
Weakens against Singapore dollar	4,976	(13,194)
Euro		
Strengthens against Singapore dollar	(3,889)	(28,506)
Weakens against Singapore dollar	3,889	28,506
Hong Kong dollar		
Strengthens against Singapore dollar	(3,928)	(4,832)
Weakens against Singapore dollar	3,928	4,832

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to floating rates borrowings as shown in Note 14 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses of the Group. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.1% change in the interest rates from the end of the reporting period with all variables held constant.

If the interest rate increases or decreases by 0.1%, the Group's profit or loss, will decrease or increase by:

	Profit or Loss	
	2014	2013
	$	$
Group		
Borrowings	3,296	2,030

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

31.3 Liquidity risks

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

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

Contractual maturity analysis

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

	Within one financial year	After one financial year but within five financial years	After five financial years	Adjustments	Total
	$	$	$	$	$
Group					
2014					
Financial assets					
Trade and other receivables	6,355,818	–	–	–	6,355,818
Cash and cash equivalents	9,533,361	–	–	–	9,533,361
Financial liabilities					
Trade and other payables	3,605,041	–	–	–	3,605,041
Borrowings	3,480,608	–	–	(184,241)	3,296,367
Finance lease payables	172,499	527,212	133,914	(112,206)	721,419
2013					
Financial assets					
Trade and other receivables	8,125,918	–	–	–	8,125,918
Cash and cash equivalents	9,276,109	–	–	–	9,276,109
Financial liabilities					
Trade and other payables	4,876,116	–	–	–	4,876,116
Borrowings	1,291,409	321,674	684,128	(266,979)	2,030,232
Finance lease payables	95,527	257,536	116,490	(71,414)	398,139

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

31.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $
Company	
2014	
Financial assets	
Trade and other receivables	6,737,205
Cash and cash equivalents	157,010
Financial liabilities	
Trade and other payables	186,591
Financial guarantee contracts	3,296,367
2013	
Financial assets	
Trade and other receivables	8,142,282
Cash and cash equivalents	223,984
Financial liabilities	
Trade and other payables	161,944
Financial guarantee contracts	2,030,232

The repayment terms of the Group's borrowings are disclosed in Note 14 to the financial statements.

31.4 Capital management policies and objectives

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

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

The Group's and the Company's management review the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2013.

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

31.4 Capital management policies and objectives (Continued)

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, borrowings and finance lease payables less cash and cash equivalents. Total equity comprises share capital plus reserves.

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade and other payables	4,175,140	5,163,829	186,591	161,944
Borrowings	3,296,367	2,030,232	–	–
Finance lease payables	721,419	398,139	–	–
Cash and cash equivalents	(9,533,361)	(9,276,109)	(157,010)	(223,984)
Net cash	(1,340,435)	(1,683,909)	29,581	(62,040)
Total equity	12,959,782	13,471,152	6,742,183	8,214,322
Total capital	11,619,347	11,787,243	6,771,764	8,152,282
Gearing ratio	n.m.	n.m.	0.44%	n.m.

n.m. – not meaningful as the cash and cash equivalents are higher than all of the liabilities.

31.5 Fair value of financial assets and financial liabilities

a) *Fair value of non-financial assets that are measured at fair value on a recurring basis*

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

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

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

As at 31 December 2013, the details of the Group's investment property are as follows:

Location	Description/ existing use	Tenure	Approximate site area (sq m)
No 1 Commonwealth Lane #03-06, Singapore 149544	Warehouse	28 years leasehold from 1 March 2008	132.0

The fair value of investment property of the Group as at 31 December 2013 amounted to approximately $770,000. The investment property of the Group was valued by Premas Valuers & Property Consultants Pte Ltd, an independent professional valuation firm using the direct comparison approach. Sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as size, floor level, condition and standard of finished amongst other factors. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The resulting fair values of land and buildings are considered level 2 recurring fair value measurements.

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

31.5 Fair value of financial assets and financial liabilities (Continued)

a) *Fair value of non-financial assets that are measured at fair value on a recurring basis (Continued)*

There have been no changes in the valuation techniques of investment property as at the end of the reporting period. There were no transfers between levels during the financial year.

As at 31 December 2014, the investment property has been reclassified as held for sale as disclosed in the Note 11 to the financial statement.

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

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Group				
Financial liabilities				
- financial lease payables	721,419	701,000	469,553	377,000
- term loans	805,981	772,000	856,450	816,000

The fair values of bank loans and finance leases for disclosure purposes have been determined using discounted cash flow pricing models and are considered level 3 fair value measurements. Discount rate is determined based on the market incremental lending rate for similar types of leasing and borrowing arrangements at the end of the reporting period. Significant inputs to the valuations include adjustments to the discount rate for credit risk associated with the Company. There were no changes to the valuation techniques during the year.

c) *Financial instrument that are measured at fair value*

The Group and the Company do not hold any financial instruments that are measured at fair value as at the end of the reporting period.

31.6 Categories of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Financial assets				
Loans and receivables	15,889,179	17,402,027	6,894,215	8,366,266
Financial liabilities				
Other financial liabilities, at amortised cost	7,622,827	7,304,487	186,591	161,944

32. Comparative figures

As described in Note 2.1 to the financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest method. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2013, the beginning of the financial year for which the comparative figures are being presented, as if the Group has been under common control prior to 1 January 2013.

Statistics of **Shareholdings**

As at 16 March 2015

Number of Issued Shares	:	150,000,000
Class of shares	:	Ordinary
Voting Rights	:	One vote per share

There were no treasury shares held in the Company.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	26	7.09	25,100	0.02
1,001 - 10,000	154	41.96	807,100	0.54
10,001 - 1,000,000	183	49.86	14,056,800	9.37
1,000,001 AND ABOVE	4	1.09	135,111,000	90.07
TOTAL	367	100.00	150,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QKE HOLDINGS PTE. LTD.	122,491,500	81.66
2	SIRIUS VENTURE CAPITAL PTE LTD	5,619,500	3.75
3	NEO GROUP LIMITED	4,500,000	3.00
4	POON WAI	2,500,000	1.67
5	HO EE HWA @ MADELEINE HO	1,000,000	0.67
6	ONG WAI MENG	1,000,000	0.67
7	CIMB SECURITIES (SINGAPORE) PTE. LTD.	735,000	0.49
8	HOLT ASIA INVESTMENT PTE LTD	652,000	0.43
9	LEE LAI HENG BRIAN	541,000	0.36
10	DBS NOMINEES (PRIVATE) LIMITED	510,000	0.34
11	CHANG THIAM HOCK	425,000	0.28
12	KHOO HWEE SAN	370,900	0.25
13	NEO KAH KIAT	280,000	0.19
14	NG YEW HWEE	250,000	0.17
15	THAM SOK ING	250,000	0.17
16	CHUA CHWEE CHOO	230,000	0.15
17	OCBC SECURITIES PRIVATE LIMITED	207,000	0.14
18	KEN TAN KHIM SING	200,000	0.13
19	LAM TECK MENG LAWRENCE	200,000	0.13
20	ONG ENG LOKE	200,000	0.13
	TOTAL	**142,161,900**	**94.78**

Statistics of
Shareholdings

As at 16 March 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
QKE Holdings Pte Ltd [1]	122,491,500	81.66	–	–
Chua Chwee Choo Sally [2]	230,000	0.15	122,491,500	81.66
Lee Chong Hoe Alan [2]	192,000	0.13	122,491,500	81.66
Cheng Chun Choi Frankie [2]	–	–	122,491,500	81.66

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 Sally (Managing Director), Lee Chong Hoe Alan (Executive Director) and Cheng Chun Choi Frankie (Executive Director) each holds approximately 33.3% of the issued share capital of QKE Holdings. As they each hold not less than 20% of the issued share capital in QKE Holdings, each of them is therefore deemed to have an interest in the Shares held by QKE Holdings pursuant to Section 7 of the Companies Act, Chapter 50.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

13.98% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore Kitchen Equipment Limited ("the Company") will be held at Blk 115A Commonwealth Drive, #02-30/32 Tanglin Halt Industrial Estate, Singapore 149596 on Tuesday, 28 April 2015 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare the final dividend of 0.15 Singapore cent per ordinary share tax exempt one-tier for the year ended 31 December 2014 (FY2013 : 0.50 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 98 of the Articles of Association of the Company:

   Ms Chua Chwee Choo Sally **(Resolution 3)**
   Mr Cheng Chun Choi Frankie **(Resolution 4)**

4. To approve the payment of Directors' Fees of S$115,000 for the year ended 31 December 2014 (FY2013: S$105,000). **(Resolution 5)**

5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. 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:

7. Authority to issue new shares

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) 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) 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) shall be based on the total number of issued shares (excluding treasury shares) 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 which are outstanding or subsisting at the time of the passing of this Resolution; 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 Articles of Association 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 (i)]
(Resolution 7)

8. **Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing Singapore Kitchen Equipment Performance Share Plan ("PSP") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the PSP, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the PSP, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares) 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 (ii)] **(Resolution 8)**

By Order of the Board

Wong Yoen Har
Company Secretary

Singapore, 13 April 2015

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 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) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) 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 which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will authorise and empower the Directors of the Company to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the Singapore Kitchen Equipment Performance Share Plan, which was approved at the Extraordinary General Meeting of the Company on 25 June 2013.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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SINGAPORE KITCHEN EQUIPMENT LIMITED

Company Registration No. 201312671M
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this 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 of the 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 Tuesday, 28 April 2015 at 3.00 p.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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed final dividend		
3	Re-election of Ms Chua Chwee Choo Sally as a Director		
4	Re-election of Mr Cheng Chun Choi Frankie as a Director		
5	Approval of Directors' Fees amounting to S$115,000 for the year ended 31 December 2014		
6	Re-appointment of Messrs BDO LLP as Auditors		
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		

Dated this ____________ day of ________________ 2015

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

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 130A of the Companies Act, Chapter 50 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 appointing a proxy or proxies 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.

   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.

   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.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.