

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

*Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) *A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Consolidated Statement of Comprehensive Income	Group		
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	Increase/ (Decrease) %
Revenue	22,211	33,022	(32.7)
Cost of sales	(15,899)	(22,686)	(29.9)
Gross profit	6,312	10,336	(38.9)
Other operating income and gains			
Interest income	43	59	(27.1)
Other income	1,188	483	146.0
Operating expenses			
Distribution costs	(2,982)	(4,273)	(30.2)
Administrative expenses	(3,751)	(5,813)	(35.5)
Other expenses	(321)	(189)	69.8
Finance costs	(211)	(246)	(14.2)
Profit before income tax	278	357	(22.1)
Income tax expense	(153)	(446)	(65.7)
Profit/(loss) for the year	125	(89)	(240.4)
Other comprehensive income/(expenses):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations	(1)	4	(125.0)
Total comprehensive income/(loss) for the reporting period	124	(85)	(245.9)
Profit/(loss) attributable to:			
Equity holders of the Company	126	(74)	(270.3)
Non-controlling interests	(1)	(15)	(93.3)
Profit/(loss) for the reporting period	125	(89)	(240.4)
Total comprehensive income/(loss) for the reporting period			
Equity holders of the Company	125	(70)	(278.6)
Non-controlling interests	(1)	(15)	(93.3)
Total comprehensive income/(loss) for the reporting period	124	(85)	(245.9)

Remarks:

"FY2020" denotes the financial year ended 31 December 2020

"FY2019" denotes the financial year ended 31 December 2019

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1(a)(ii) Notes to Consolidated Statement of Comprehensive Income (for the Group)

Profit before income tax is arrived at after charging /(crediting) the following:	Group		Increase/ (Decrease) %
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	
Depreciation of property, plant and equipment	258	235	9.8
Written off of property, plant and equipment	(56)	-	n.m.
Amortisation of intangible asset	23	6	283.3
Amortisation of right-of-use asset	1,220	1,429	(14.6)
Write down/(write back) of inventories to NRV	-	2	n.m.
Loss allowance on third parties trade receivables	141	92	53.3
Fair value (gain)/loss on derivative financial instruments	(8)	(1)	700.0
Interest expense	112	111	0.9
Interest income	(43)	(59)	(27.1)
Lease liabilities finance cost	99	135	(26.7)

Note: "n.m." denotes not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Statement of Financial Position	Group As at		Company As at	
	31/12/2020 (Unaudited) S\$'000	31/12/2019 (Audited) S\$'000	31/12/2020 (Unaudited) S\$'000	31/12/2019 (Audited) S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	941	966	6	-
Intangible assets	42	14	-	-
Investment in subsidiaries	-	-	10	10
Right-of-use asset	1,540	2,572	-	-
	2,523	3,552	16	10
CURRENT ASSETS				
Inventories	3,601	3,457	-	-
Trade receivables	9,805	11,333	-	-
Prepayments, deposits and other receivables	134	162	4,027	4,510
Income tax recoverable	49	28	-	-
Pledged bank deposits	878	1,357	-	-
Cash and bank balance	14,639	9,567	1,104	1,184
	29,106	25,904	5,131	5,694
Less:				
CURRENT LIABILITIES				
Contract liabilities	1,276	590	-	-
Trade payables	3,684	4,201	257	368
Accruals and other payables	1,065	1,954	-	-
Provisions	42	31	-	-
Borrowings	3,237	3,230	-	-
Lease liabilities	792	1,239	-	-
Derivative financial instruments	-	8	-	-
Income tax payable	396	515	-	-
	10,492	11,768	257	368
NET CURRENT ASSETS	18,614	14,136	4,874	5,326
Less:				
NON-CURRENT LIABILITIES				
Borrowings	3,883	-	-	-
Lease liabilities	1,202	1,759	-	-
Deferred tax liabilities	62	62	-	-
	5,147	1,821	-	-
NET TOTAL ASSETS	15,990	15,867	4,890	5,336
CAPITAL AND RESERVES				
Share capital	5,125	5,125	5,125	5,125
Other reserves	1,202	1,219	-	-
Retained earnings	9,662	9,538	(235)	211
Non-controlling interest	1	(15)	-	-
TOTAL EQUITY	15,990	15,867	4,890	5,336

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2020 (Unaudited) (S\$'000)		As at 31/12/2019 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
3,247	-	4,469	-

Amount repayable after one year

As at 31/12/2020 (Unaudited) (S\$'000)		As at 31/12/2019 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
5,867	-	1,759	-

Details of any collateral secured borrowings:-

Borrowings of the Group comprise bank borrowings and finance lease liabilities supported by corporate guarantee from the Company.

- (a) Trust receipts have maturities of between 25 to 150 (31 December 2019: 25 to 150) days. As at 31 December 2020, trust receipts are secured by the title to the Group's inventories with a carrying amount of S\$2,582,989 (31 December 2019: S\$3,229,666).
- (b) The Group's obligations under finance leases are secured by the leased assets, which will be returned to the lessors in the event of default by the Group. The carrying amount of assets acquired under finance leases is approximately S\$821,375 (31 December 2019: S\$2,997,202) at the end of the current financial year.

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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of immediately preceding financial year.

Consolidated Statement of Cash Flows	Group	
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000
Operating activities		
Profit before income tax	278	357
Adjustments for:		
Depreciation of property, plant and equipment	258	235
Written off of PPE	(56)	-
Amortisation of intangible asset	23	6
Amortisation of right-of-use asset	1,220	1,429
Written down/(write back) of inventories to NRV	-	2
Allowance for impairment loss of trade receivables	141	92
Fair value (gain)/loss on derivative financial instruments	(8)	(1)
Interest expenses	112	111
Interest income	(43)	(59)
Lease liabilities finance cost	99	135
Operating profit before working capital changes	2,024	2,307
Working capital changes:		
Decrease in inventories	(144)	487
Increase in trade receivables	1,374	(594)
Decrease in prepayments, deposits and other receivables	28	578
Increase in contract liabilities	686	-
Increase in trade payables	(518)	(512)
Increase in accruals and other payables	(878)	986
Cash generated from operations	2,572	3,252
Income tax refund	-	64
Income tax paid	(281)	(699)
Net cash from operating activities	2,291	2,617
Investing activities		
Purchases of intangible assets	(51)	(14)
Purchases of property, plant and equipment	(233)	(379)
Proceeds from sale of property, plant and equipment	55	-
Interest received	43	59
Net cash used in investing activities	(186)	(334)
Financing activities		
Dividend paid	-	(388)
Decrease in pledged bank deposits	478	(636)
Proceeds from borrowings	12,135	8,218
Repayment of borrowings	(8,245)	(7,834)
Interest paid on bank borrowings	(111)	(111)
Repayment of obligations under lease	(1,188)	(1,346)
Interest paid on lease liabilities	(99)	(135)
Net cash from/(used) in financing activities	2,970	(2,232)
Net increase in cash and cash equivalents	5,075	51
Cash and cash equivalents at beginning of financial year	9,567	9,512
Effect of exchange rate changes on cash and cash equivalents	(3)	4
Cash and cash equivalents at end of financial year	14,639	9,567

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1(d)(i) A statement for (the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of immediately preceding financial year.

Consolidated Statement of Changes in Equity

Group	Share	Merger	Foreign	Retained	Non-	Total
(Unaudited)	Capital	Reserve	Currency	Earnings	controlling	Equity
Balance as at	(S\$'000)	(S\$'000)	Translation	(S\$'000)	Interest	(S\$'000)
01 January 2020	5,125	1,312	(93)	9,538	(15)	15,867
Profit for the financial year	-	-	-	124		124
Other Comprehensive income:						
Exchange differences on translating foreign operations	-	-	(1)	-	-	(1)
Acquisition of subsidiary with non-controlling interest		(16)			16	-
Total comprehensive loss for the financial year	-	-	(1)	124		123
Transaction with owners of the Parent						
Dividends	-	-	-	-	-	-
Total transaction with owners of the parent	-	-	-	-	-	-
Balance as at 31 December 2020	5,125	1,296	(94)	9,662	1	15,990

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Group	Share	Merger	Foreign	Retained	Non-	Total
(Audited)	Capital	Reserve	Currency	Earnings	controlling	Equity
Balance as at	(S\$'000)	(S\$'000)	Translation	(S\$'000)	Interest	(S\$'000)
01 January 2019	(S\$'000)	(S\$'000)	Account	(S\$'000)	(S\$'000)	(S\$'000)
	5,125	1,312	(97)	9,999	1	16,340
Loss for the financial year	-	-	-	(74)	(15)	(89)
Other Comprehensive income:						
Exchange differences on translating foreign operations	-	-	4	-	-	4
Total comprehensive loss for the financial year	-	-	4	(74)	(15)	(89)
Transaction with owners of the Parent						
Dividends	-	-	-	(388)	-	(388)
Total transaction with owners of the parent	-	-	-	(388)	-	(388)
Balance as at 01 January 2019	5,125	1,312	(93)	9,538	(14)	15,867

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Statement of Changes in Equity

<u>Company</u> <u>(Unaudited)</u>	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 01 January 2020	5,125	211	5,336
Profit for the financial year	-	(446)	(446)
Total comprehensive loss for the financial year	-	(446)	(446)
Issuance of ordinary shares	-	-	-
Transaction with owners of the parent			
Dividends	-	-	-
Total transaction with owners of the parent	-	-	-
Balance as at 31 December 2020	5,125	(235)	4,890
	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 01 January 2019	5,125	530	5,655
Profit for the financial year	-	69	69
Total comprehensive income for the financial year	-	69	69
Transaction with owners of the parent			
Dividends	-	(388)	(388)
Total transactions with owners of parent	-	(388)	(388)
Balance as at 31 December 2019	5,125	211	5,336

There are no outstanding convertibles or shares held as treasury shares as at 31 December 2020 and 31 December 2019.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of Changes in the Company's Issued Share Capital	FY2020 (Unaudited)		FY2019 (Audited)	
	Number of ordinary shares	Issued and Paid Up S\$	Number of ordinary shares	Issued and Paid Up S\$
Share capital	155,000,000	5,124,790	155,000,000	5,124,790

There are no outstanding convertibles or shares held as treasury shares as at 31 December 2020 and 31 December 2019.

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There were no subsidiary holdings during the current financial period reported in.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2020, the issued share capital of the Company comprised 155,000,000 ordinary shares (31 December 2019 155,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, cancellation and /or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by the Company's auditors.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on effort taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

As highlighted in point 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting periods as compared to its most recent audited consolidated financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

During FY2020, the Group has adopted all the new and revised Singapore Financial Reporting Standards (SFRS(I)s) which took effect from the financial year beginning on or after 1 January 2020. The adoption of the new and revised SFRS(I)s is assessed to have no material impact to the results and financial position of the Group for FY2020.

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6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share ("EPS") ⁽¹⁾	Group	
	FY2020 (Unaudited)	FY2019 (Audited)
Profit/(loss) attributable to owners of the Company (S\$'000)	125	(74)
Weighted average number of ordinary shares for calculation of		
(a) Basic earnings per share	155,000,000	155,000,000
(b) Diluted earnings per share ⁽²⁾	155,000,000	155,000,000
(Loss)/earnings per ordinary share (cents):-		
(a) Based on weighted average number of issued ordinary shares	0.08	(0.05)
(b) On a fully diluted basis ⁽²⁾	0.08	(0.05)

Notes:

- The calculation for the basic and diluted EPS for the respective financial periods is based on the weighted average number of ordinary shares in issue in the respective financial years.
- The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.

Net Asset Value ("NAV")	Group		Company	
	31.12.2020 (Unaudited)	31.12.2019 (Audited)	31.12.2020 (Unaudited)	31.12.2019 (Audited)
NAV attributable to owners of the Company (S\$'000)	15,990	15,881	4,890	5,336
Actual Number of issued Ordinary shares	155,000,000	155,000,000	155,000,000	155,000,000
NAV per ordinary shares (cents)	10.32	10.23	3.15	3.44

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's performance

Consolidated Statement of Comprehensive Income

Revenue

The Group's revenue decreased by approximately S\$10.81 million of 32.7% from S\$33.02 million in FY2019 to S\$22.21 million in FY2020.

The decrease in the Group's revenue primarily due to:

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- (i) a decrease in sales from the fabrication and distribution business segment of approximately S\$9.26 million as deliveries were delayed and orders and projects were also adversely impacted due to the economic downturn and containment measures/restrictions arising from the COVID-19 pandemic; and
- (ii) a decrease in sales from maintenance and servicing business segment of approximately S\$1.55 million mainly due to the dampening effects of the COVID-19 pandemic on the food and beverage and hospitality industries which are the Group's primary markets.

Cost of sales and gross profit

The Group's cost of sales decreased by approximately S\$6.80 million from S\$22.70 million in FY 2019 to S\$15.90 million in FY 2020. This is mainly due to the lower sales contribution from products and services with higher profit margin.

The Group's gross profit for FY2020 is approximately S\$6.31 million as compared to S\$10.34 million in FY2019. The gross profit margin was 28.4% in FY2020 as compared to 31.3% in FY2019 mainly due to the lower project revenue and service and maintenance income.

Other items of income

Other income increased by approximately S\$0.71 million from S\$0.48 million in FY2019 to S\$1.19 million in FY2020 mainly due to the Jobs Support Scheme grants received during the period.

Distribution costs

Distribution expenses decreased by approximately S\$1.29 million from S\$4.27 million in FY2019 to S\$2.98 million in FY2020.

This was mainly due to the decrease in staff costs of approximately S\$0.87 million due to paycuts and decrease in advertising and promotion costs of approximately S\$0.42 million.

Administrative expenses

The net decrease in administrative expenses of approximately S\$2.06 million in FY2020 as compared to FY2019 of approximately S\$5.81 million is mainly due to paycuts of approximately S\$0.64 million, listing expenses of approximately S\$1.19 million, staff welfare of approximately S\$0.13 million, amortisation of rights-of-use assets of approximately S\$ 0.10 million.

Other expenses

Other expenses increased by approximately S\$0.13 million from S\$0.19 million in FY2019 to S\$0.32 million in FY2020. This is mainly due to the increase in allowance for doubtful debts.

Listing expenses

There are no listing expenses in FY 2020 as compared to S\$1.19 million in FY 2019.

Finance costs

Finance costs decreased by approximately S\$0.04 million from S\$0.25 million in FY2019 to S\$0.21 million in FY2020. The decrease is mainly due to less utilisation of invoice financing and hire purchase facilities.

Profit before tax

Profit before tax was S\$0.28 million in FY2020 compared to profit before tax of S\$0.36 million in FY2019. There was a decrease in profit before tax of S\$0.08 million.

Income tax expense

Income tax expense is estimated to be S\$0.15 million in FY2020 compared to approximately S\$0.45 million in FY2019.

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Profit for the year

The Group reported a net profit of approximately S\$0.12 million in FY2020 compared to net loss of S\$0.09 million in FY2019.

Statement of Financial Position

Non- current assets

The Group's non-current assets decreased by S\$1.03 million to S\$2.52 million at 31 December 2020 (31 December 2019: S\$3.55 million mainly due to the right-of-use ("ROU") assets of approximately S\$1.03 million arose from the Group's adoption of SFRS(I) 16 on 1 January 2019.

Current assets

The Group's reported current assets amounted to approximately S\$29.11 million as at 31 December 2020 (31 December 2019: S\$25.90 million).

The Group's inventories increased by S\$0.14 million from S\$3.46 million as at 31 December 2019 to S\$3.60 million as at 31 December 2020 is mainly due to increase in spare parts at the end of the year.

The decrease in trade receivables by approximately S\$1.52 million from S\$11.33 million as at 31 December 2019 to S\$9.81 million as at 31 December 2020 is mainly due to lower sales generated during the year.

Income tax recoverable of approximately S\$0.02 million as at 31 December 2020 is mainly due to income tax overpaid to tax authority in Malaysia based on estimated income chargeable.

The increase in cash and cash equivalents is mainly due to net cash generated from operations and net cash generated from financing activities.

Current liabilities

The Group's current liabilities position decreased by S\$2.06 million from S\$11.77 million as at 31 December 2019 to S\$9.71 million as at 31 December 2020.

The increase in contract liabilities by approximately S\$0.69 million from S\$0.59 million as at 31 December 2019 to S\$1.28 million as at 31 December 2020 is mainly due to increase in advance received from customers as down payment for orders.

The decrease in trade payables by approximately S\$0.49 million from S\$4.20 million as at 31 December 2019 to S\$3.71 million as at 31 December 2020 -is a result of lower purchases made during the year due to lower sales.

The decrease in accruals and other payables by approximately S\$0.89 million from S\$1.95 million as at 31 December 2019 to S\$1.06 million as at 31 December 2020 is mainly due to the absence of accrued listing expenses recognised in income statement in FY2020.

The decrease in the current portion of lease liabilities of approximately of S\$1.22 million mainly due to the termination of leases and hire purchases in year 2020.

The decrease in income tax payable by approximately S\$0.12 million from S\$0.51 million as at 31 December 2019 to S\$0.39 million as at 31 December 2020 is mainly due to the lower provision due to lower profits generated from subsidiaries in FY2020 as compared to FY2019.

Non-current liabilities

The Group's non-current liabilities increase of S\$4.11 million is mainly due to the increase in non-current borrowings of approximately S\$3.88 million, increase in lease liabilities of approximately

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S\$0.62 million due to new rental leases, partially offset by the decrease in lease payable of approximately S\$0.40 million.

Shareholders' equity

As at 31 December 2020, the Group shareholders' equity amounted to S\$15.99 million as compared to S\$15.87 million as at 31 December 2019, resulting from increase in retained earnings of approximately S\$0.12 million.

Consolidated Statement of Cash Flows

Cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S\$14.64 million as at 31 December 2020, representing an increase of approximately S\$5.07 million from the cash and cash equivalents balance of S\$9.57 million as at 31 December 2019.

Net cash from operating activities

The Group's net cash inflow from the operating activities was approximately S\$2.57 million. This is mainly due to the net cash generated by the operations of the group.

Net cash flows used in investing activities

Net cash flows used in investing activities during FY2020 amounted to approximately S\$0.19 million, as a result of additions to intangible assets of S\$0.04 million, reduction of property, plant and equipment amounting to S\$0.15 million and, partially offset from interest received of approximately S\$0.04 million and proceeds from sale of property, plant and equipment of approximately S\$0.05 million.

Net cash flows from financing activities

Net cash flows from financing activities during FY2020 was approximately S\$2.97 million. The funds from issuance of trust receipts of approximately S\$12.14 million were offset by the repayment of trust receipts of approximately S\$8.24 million. The cash outflows were mainly related to settlement of obligations under lease payable of approximately S\$1.19 million, payment of interest expense of S\$0.11 million and finance cost on lease liabilities of approximately S\$0.09 million.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

Not applicable.

10. *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

The outbreak of COVID-19 is expected to reduce the demand for services from the Group's maintenance and servicing sector. To reduce the impact, the Group is actively pursuing new projects, reducing costs, increasing productivity and maximising use of its resources.

11. *If a decision regarding dividend has been made:-*

(a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*

No.

(b) *Corresponding Period of the Immediately preceding financial year: any final dividend recommended for the corresponding period of the immediately preceding financial year?*

No. The Board of Directors did not recommend any dividend for FY2019.

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(c) Date payable

Not applicable.

(d) Record date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended, as the Group is conserving cash in consideration of the uncertainties arising from COVID-19.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained general mandate from shareholders for Interested Person Transactions. There was no Interested Persons Transactions exceeding S\$100,000 conducted by the Group during the current financial year reported on.

14. Update on use of proceeds

(a) Initial Public Offer (“IPO”)

As at the date of this announcement, the utilisation of the IPO proceeds is as follows:

Intended usage in accordance with the Offer Document	Allocation	Amount utilised	Amount un-utilised
	S\$'000	S\$'000	S\$'000
(a) Acquisition of additional fabrication equipment and machinery	700	319	381
(b) Funding our expansion, including by way of acquisitions, joint ventures and/or strategic alliances	1,600	-	1,600
(c) For general working purposes of our Group	975	975	-
(d) IPO expenses	1,325	1,335	(10)
Total	4,600	2,629	1,971

The above utilisation of the proceeds from IPO is consistent with the intended uses as disclosed in the Offer Document. The Group has un-utilised proceeds from IPO of approximately S\$1.97 million as at 31 December 2020, of which S\$381,000 could be used to fund the acquisition of additional plant equipment and machinery and the remaining S\$1.6 million is allocated for business expansion, including by way of acquisitions, joint ventures and /or strategic alliances activities. The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. The funds are currently placed in deposits with banks and financial institutions while waiting for right investment decision and business opportunities.

(b) Placement

On 21 November 2017, the Company entered into a subscription agreement with Ascapia Fund II pursuant to which the Company raised net cash proceeds of approximately S\$1.0 million (“**Placement Proceeds**”), 60% of which was allocated for new business expansion or investments and 40% of which was allocated for general working capital purposes.

As at the date of this announcement, the Placement Proceeds have not been utilised.

The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. Pending the deployment of the balance of the IPO Proceeds and the Placement Proceeds, the funds are being placed in deposits with banks and financial institutions.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half-Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments

The Group is primarily engaged in two business segments namely:

- (i) Fabrication and Distribution of kitchen equipment
- (ii) Maintenance and services of kitchen equipment

The Group adopts these two business segments for its primary segment information.

Business Segment (Unaudited)	Fabrication and distribution business S\$'000	Maintenance and servicing business S\$'000	Unallocated S\$'000	Total S\$'000
2020				
Revenue				
Recognised at a point in time	16,180	-	-	16,180
Recognised over time	-	6,031	-	6,031
	<u>16,180</u>	<u>6,031</u>	<u>-</u>	<u>22,211</u>
Results				
Segment results	750	184	(445)	489
Finance costs	(154)	(57)	-	(211)
Profit before income tax	<u>596</u>	<u>127</u>	<u>(445)</u>	<u>278</u>
Income tax expense				(153)
Profit for the financial year				<u><u>125</u></u>
Non-cash items				
Depreciation of property, plant and equipment	(188)	(70)	-	(258)
Loss on disposal of plant and equipment	(5)	-	-	(5)
Amortisation of intangible asset	(17)	(6)	-	(23)
Amortisation of right-of-use assets	(1220)	-	-	(1220)
Loss allowance on third parties trade receivable	(100)	(4)	-	(104)
Fair value gain on derivative	1	-	-	1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Capital Expenditure				
Property, plant and equipment	-	-	233	233
Intangible asset			33	33
			<u>33</u>	<u>33</u>
Assets and Liabilities				
Segment assets	-	-	31,724	31,724
	<u>-</u>	<u>-</u>	<u>31,724</u>	<u>31,724</u>
Segment liabilities	-	-	(15,181)	(15,181)
- Current income tax payable	-	-	(396)	(396)
- Deferred tax payable	-	-	(62)	(62)
	<u>-</u>	<u>-</u>	<u>(15,639)</u>	<u>(15,639)</u>

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Business Segment (Audited)	Fabrication and distribution business	Maintenance and servicing business	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000
2019				
Revenue				
Recognised at a point in time	24,631	-	-	24,631
Recognised over time	809	7,581	-	8,390
	<u>25,440</u>	<u>7,581</u>	<u>-</u>	<u>33,021</u>
Results				
Segment results	1,480	654	(1,531)	603
Finance costs	(190)	(56)	-	(246)
Profit before income tax	<u>1,290</u>	<u>598</u>	<u>(1,531)</u>	<u>357</u>
Income tax expense				(446)
Loss for the financial year				<u>(89)</u>
Non-cash items				
Depreciation of property, plant and equipment	(181)	(54)	-	(235)
Amortisation of intangible asset	(5)	(1)	-	(6)
Inventories written back	(1,083)	(346)	-	(1,429)
Loss allowance on third parties trade receivables	(68)	(24)	-	(92)
Inventory written down	(2)	-	-	(2)
Fair value gain on derivative	1	-	-	1
Capital Expenditure				
Property, plant and equipment	-	-	379	379
Intangible asset			14	14
Assets and Liabilities				
Segment assets	-	-	29,454	29,454
	-	-	<u>29,454</u>	<u>29,454</u>
Segment liabilities	-	-	(13,012)	(13,012)
- Current income tax payable	-	-	(515)	(515)
- Deferred tax payable	-	-	(62)	(62)
	-	-	<u>(13,589)</u>	<u>(13,589)</u>

Geographical information

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

(Unaudited)	Singapore	Malaysia	Others	Total
2020	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	21,928	283	-	22,211
Non-current assets	<u>2,099</u>	<u>424</u>	<u>-</u>	<u>2,523</u>
(Audited)	Singapore	Malaysia	Others	Total
2019	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	30,480	574	1,967	33,021
Non-current assets	<u>3,038</u>	<u>514</u>	<u>-</u>	<u>3,552</u>

16. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.*

Refer to Section 8 for details.

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17. *A breakdown of sales as follows:-*

	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000
Sales & Net loss reported for 1st half, 30 June		
Sales	8,353	13,321
Operating loss after tax before deducting non-controlling interests reported for the first half year	(1,099)	(1,430)
Operating loss margin	(13.16%)	(10.73%)
Sales & Net profit reported for 2nd half, 31 Dec		
Sales	13,858	19,700
Operating profit after tax before deducting non-controlling interests reported for the second half year	1,224	1,341
Operating profit margin	8.83%	6.80%

18. *A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.*

	FY2020 (Unaudited) S\$	FY2019 (Audited) S\$
Interim ordinary dividend declared and paid	-	-
Final ordinary dividend proposed	-	-

19. *Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive or substantial shareholder of the issuer under Rule 704(10) of the Listing Manual.*

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

20. *Confirmation pursuant to Rule 720(1) of the Listing Manual*

The Board of Directors of Singapore Kitchen Equipment Limited hereby confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Sally Chua Chwee Choo
Executive Director and Chief Executive Officer
March 1 2021

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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