



kitchen  
culture

FROM THE  
KITCHEN  
TO THE  
WORLD

2020/21  
ANNUAL  
REPORT

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**MADAM HAO DONGTING**  
Non-Executive Chairperson

**MR LINCOLN TEO CHOONG HAN**  
Executive Director and Interim Chief Executive Officer

**MR LIM WEE LI**  
Executive Director

**MR WILLIAM TEO CHOON KOW**  
Lead Independent Director

**MR ANG LIAN KIAT**  
Independent Director

**MR YAP SZE HON**  
Independent Director

## AUDIT AND RISK COMMITTEE

WILLIAM TEO CHOON KOW – Chairman  
ANG LIAN KIAT – Member  
YAP SZE HON – Member

## NOMINATING COMMITTEE

ANG LIAN KIAT – Chairman  
WILLIAM TEO CHOON KOW – Member  
YAP SZE HON – Member

## REMUNERATION COMMITTEE

YAP SZE HON – Chairman  
WILLIAM TEO CHOON KOW – Member  
ANG LIAN KIAT – Member

## COMPANY SECRETARY

WEE WOON HONG, LLB (Hons)

## REGISTERED OFFICE

9 Raffles Place  
#52-02 Republic Plaza  
Singapore 048619  
Tel: +65 6904 6426  
Fax: +65 6904 6428  
Website: [www.kcholdings.com.sg](http://www.kcholdings.com.sg)

## SPONSOR

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

## INDEPENDENT AUDITOR

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

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"). This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made, or reports contained in this Annual Report.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



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## OUR MISSION

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

## PHILOSOPHY

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

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

# CORPORATE PROFILE

Listed on the SGX-Catalist in 2011, Kitchen Culture Holdings Ltd. (“**Kitchen Culture**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) ranks among Singapore’s leading distributors of high-end kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories from Europe. Backed by more than 30 years of experience and track record in the business, Kitchen Culture has established itself as a premier kitchen solutions provider for discerning and well-heeled consumers in Singapore, Hong Kong and Malaysia.

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

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

In mid-2021, the Company started working with Anhui Health Box Technology Co., Ltd. to distribute the world’s first masks that can effectively inactivate the Covid-19 virus using copper oxide non-woven fabric with microbial inactivation characteristics as the main material of the mask<sup>1</sup>.



<sup>1</sup> <https://www.anhui-healthbox.com/About-Us.html>

## 2021

- Incorporated a wholly-owned subsidiary, KC Technologies Pte. Ltd., in Singapore, to provide risk information, credit assessment services and other business support services

## 2020

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

## 2019

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

## 2018

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

## 2017

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

## 2016

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

## 2015

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

## 2014

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

## 2013

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

## 2012

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

# BRANDS

## KITCHEN SYSTEMS

**poggen  
pohl**

**POGGENPOHL**

**S M**

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

**Häcker**  
kitchen .germanMade.

**HÄCKER**

**S M**

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

**LA CORNUE**

**LA CORNUE**

**S M HK**

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

**Pureform**

**PUREFORM**

**S**

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

**eggersmann**

**EGGERSMANN**

**S M HK**

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

**snaidero**

CUCINE PER LA VITA  
**SNAIDERO**

**HK**

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

**kitchen  
culture**

PURE GERMAN ORIGINS

**KITCHEN CULTURE KITCHENS**

**S**

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

**LEICHT**

**LEICHT**

**S**

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

**S** Singapore

**HK** Hong Kong

**M** Malaysia

# BRANDS

## KITCHEN APPLIANCES AND ACCESSORIES



**S**

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



**FOSTER**

**S HK**

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



**TEKA**

**S**

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



**KÜPPERSBUSCH**

**S**

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



**BARAZZA**

**S**

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



**LIEBHERR**

**S HK**

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



**STEEL**

**S**

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



**ELICA COLLECTION**

**S**

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

**S** Singapore

**HK** Hong Kong

# BRANDS

## HOUSEHOLD FURNITURE



FIMES

S

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



KFF

S HK

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



TISETTANTA

S

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



DALL'AGNESE

S

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

S Singapore

HK Hong Kong



TRE-P & TRE-PIÙ

S

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





## KITCHENS

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

### ***Distribution and Retail***

The Distribution and Retail segment targets individual home owners who are looking for quality imported kitchens and appliances. We carry many premium brands of kitchens and appliances from Europe and the US. In addition, we have also developed our own “Kitchen Culture” branded range of German-made kitchens for the broader market, including first time home owners.

### ***Residential Projects***

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

## MEDICAL

In light of the ongoing Covid-19 pandemic, the Company started working with Anhui Health Box Technology Co., Ltd. to distribute copper oxide non-woven fabric reusable masks with microbial inactivation characteristics. Our medical business commenced in June 2021 with the arrival of an initial shipment of such reusable masks.

## TECHNOLOGY

The Group’s diversification into technology businesses began with the acquisition of a 30% stake in OOWAY Technology Pte. Ltd. (“**OOWAY Technology**”) in October 2020. OOWAY Technology has developed an AI based credit assessment system called the Behavior Model of Association Risk System (“**bMARS**”) which analyses the corporate behavior of merchants selling on various global online platforms to assess their credit worthiness. This is a better predictor of credit worthiness compared to traditional credit assessment models based on historical financial statements and is therefore useful for financial institutions and investors who are seeking to provide supply chain financing to credit worthy merchants. The Group is looking to deepen its collaboration with OOWAY Technology because its database of behavior profiles of many merchants can give rise to other business opportunities for the Group.



# RESIDENTIAL PROJECTS

## SINGAPORE

### PROJECT NAME

### DEVELOPER

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

### PROJECT NAME

### DEVELOPER

Namly Garden	Novelty Group
Nathan Suites	TID
New Futura	City Sunshine Holdings
Ocean Drive	Elevation Developments
Paradise Island	Ho Bee Land
Parc Botannia	Sing Holdings Limited & Wee Hur Holdings Ltd
	Keong Hong Properties
Paterson II	Bukit Sembawang Estates
Paterson Suites	City Development
Peirce Village	Novelty Land
Platinum Edge	Novelty Group
Radix @ Jalan Wakaff	Keppel Land
Reflections By The Bay	Resort World
Resort World Sentosa	Royce Properties
Ritz Carlton Residences	Hayden Properties
Ritz Residences	CapitaLand
Rivergate	Frasers Property Limited
Riviere	YTL Corporation
Sandy Island	CapitaLand
Scotts High Park	Far East Organization
Seawind	Nobel Design
Sentosa Dev – Penthouses	Setia
Setia Residences	Far East Organization
Silversea	Far East Organization
Sound	South Beach Consortium
South Beach	Centurion Properties & Lian Beng Group
Spottiswoode Suites	Kajima Overseas Asia
	Swettenham
Sui Generis	Swettenham Road
	The Fernhill
	The Glyndebourne
	The Greenwood
	The Hilltop
	The Liliium
	The Loft
	The Lumos
	The Marq
	The Meyerise
	The Nassim
	The Orange Grove
	The Orchard Residences
	The Tomlinson
	Trillight
	V on Shenton
	Vanadium
	Victoria Street
	Vida Residences
	Vista Residences
	Volari
	Waterfall Gardens

# RESIDENTIAL PROJECTS

## REGIONAL

### PROJECT NAME

77 Peak Road  
8 Mount Nicholson Road  
8-12 Deep Water Bay Drive  
Anderson Road  
Banjai on the Park  
Beringin Residences  
Blue Pool Road

Damansara City  
Emerald Bay  
Kadoorie Avenue  
Le Nouvel  
M5 Private Hotel

### DEVELOPER

Wharf Peak Properties Ltd.  
Wheelock Properties  
Nan Fung Group  
Alpha Building Construction  
Layar Intan  
Beringin Terrace  
The Great Eagle Development and Project Management Ltd.  
GLM Property Development  
Bandar Raya Developments  
Kadoorie Estates  
Wing Tai Malaysia  
Chengdu Chongwen Hotel Management

### PROJECT NAME

Mount Kellet Road  
Nigella Park, Forest City  
No.1 Wood Road  
No.3 Lung Kui Road, Beacon Hill  
No.4 Headland Road, Repulse Bay  
No.7 Headland Road, Repulse Bay  
One Menerung  
Pak Shek Kok  
Plantation Road  
Prince Edward West  
Rua do Padre João Climaco  
Water Villas

### DEVELOPER

Nam Fung Group/Chun Yip Construction  
Country Garden Pacific View Sdn Bhd  
Wood One Keeprich Ltd.  
Kerry Project Management (H.K.) Ltd  
Pokfulam Development Company Limited  
Kadoorie Estates Ltd.  
Bandar Raya Developments  
The Great Eagle Development and Project Management Ltd.  
Wheelock Properties Ltd.  
Trump Elegant  
Vember (Macau) LIMITADA  
IJM Land



# KITCHEN CULTURE PRESENCE

## SINGAPORE

### Registered Office:

9 Raffles Place  
#52-02 Republic Plaza  
Singapore 048619  
Tel: (65) 6904 6426  
Fax: (65) 6904 6428  
Website: [www.kcholdings.com.sg](http://www.kcholdings.com.sg)

### Showroom:

2 Leng Kee Road  
Thye Hong Centre #06-09  
Singapore 159086  
Tel: (65) 6471 6776  
Fax: (65) 6472 6776

## HONG KONG

### Registered Office:

Room 904, 9/F Centre Point  
No. 181-185 Gloucester Road  
Wan Chai, Hong Kong

### Showrooms:

Eggersmann Showroom  
Shop B G/F & Basement of Bonny View  
House  
No.63 & 65 Wong Nai Chung Road  
Happy Valley, Hong Kong

Liebherr Showroom  
Room 905, 9/F Centre Point  
No. 181 -185 Gloucester Road  
Wan Chai, Hong Kong

## MALAYSIA

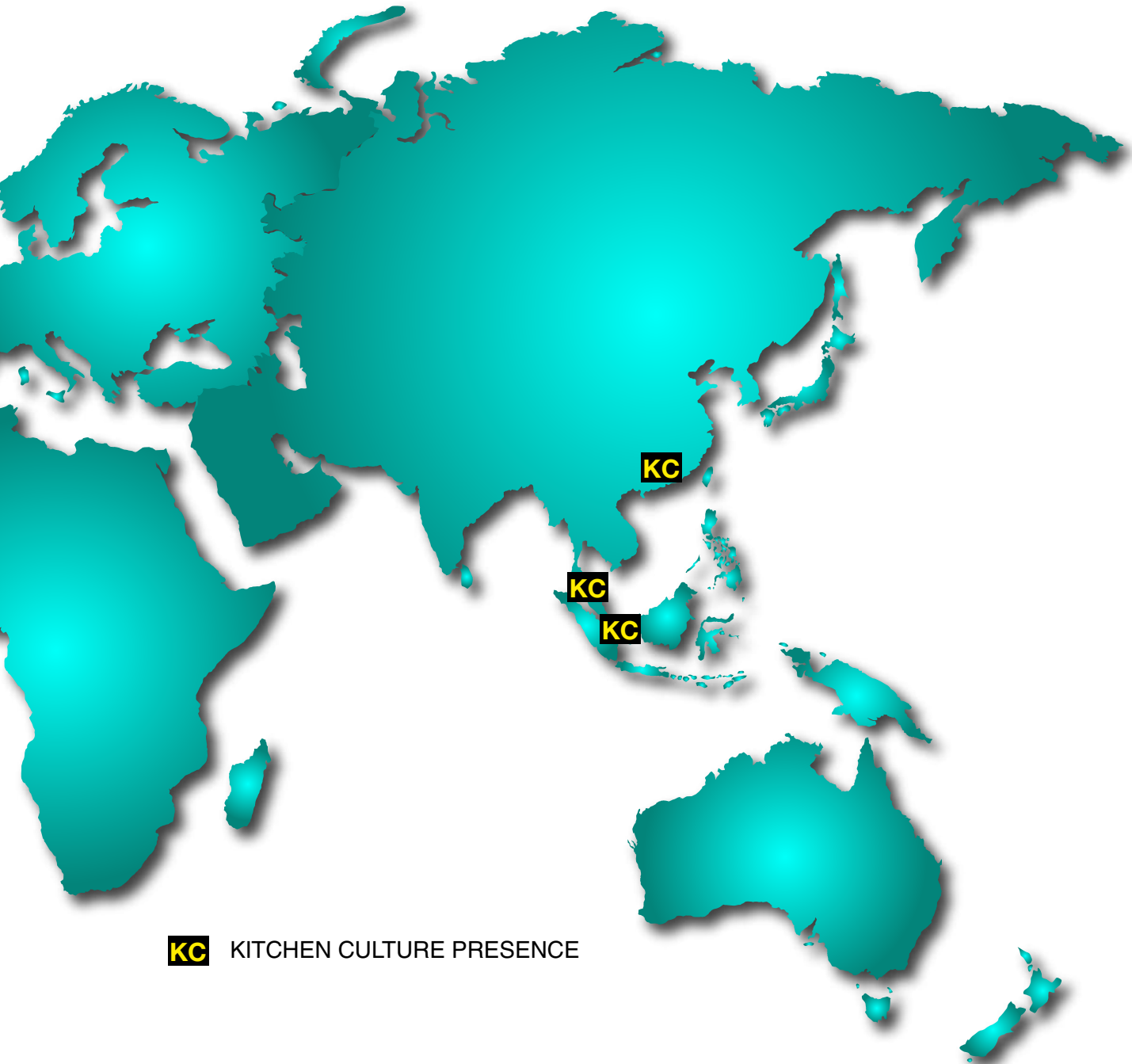
### Registered Office:

47A Jalan Chung Ah Ming  
Pasir Puteh  
31650 Ipoh  
Perak Darul Ridzuan  
Malaysia

### Showroom:

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

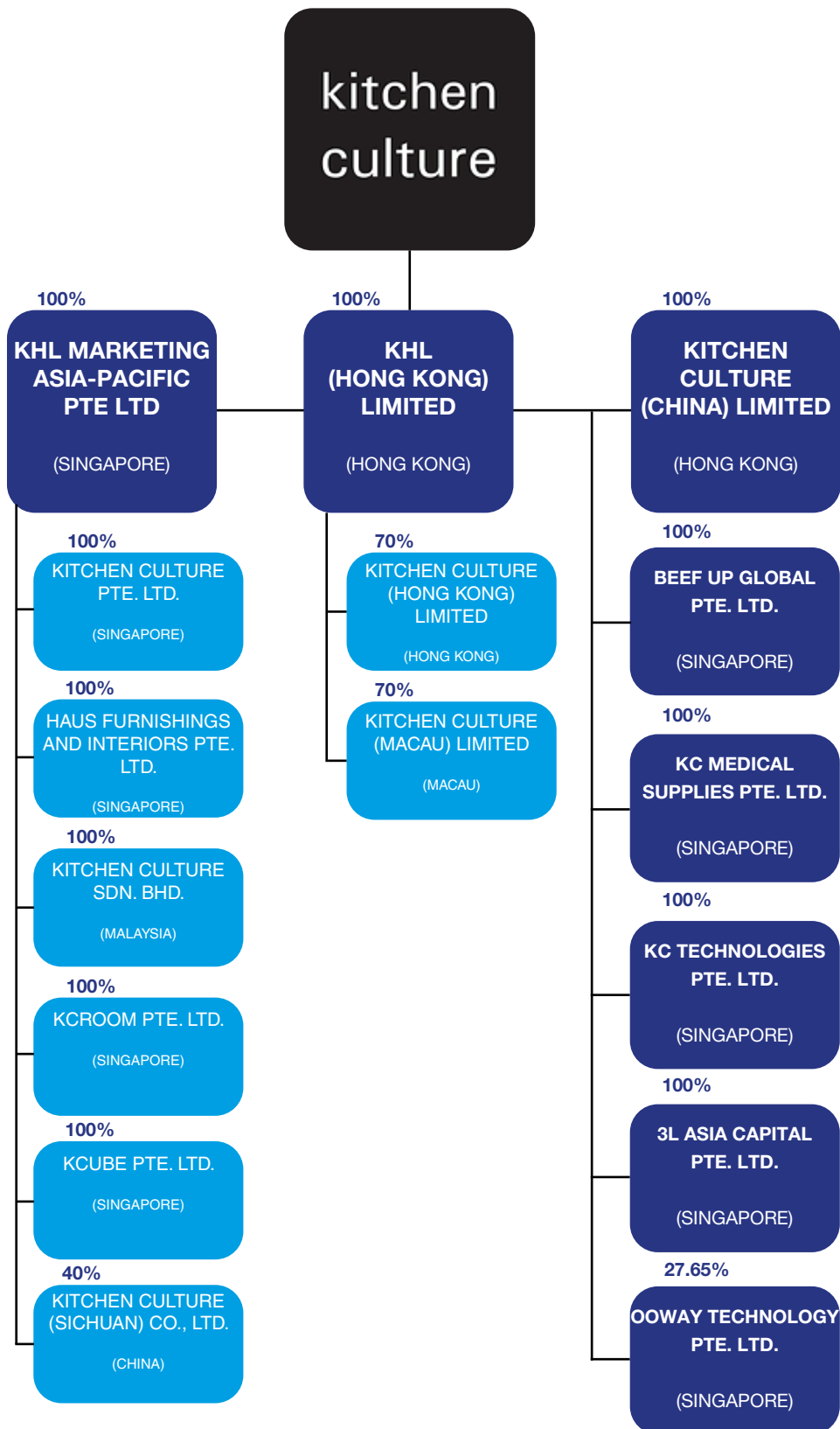
# KITCHEN CULTURE PRESENCE



**KC** KITCHEN CULTURE PRESENCE

# OUR CORPORATE STRUCTURE

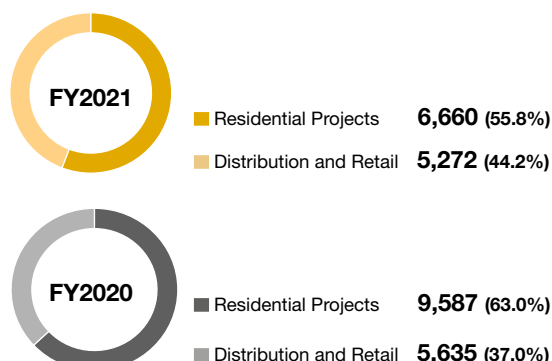
As of 3 March 2022



# FINANCIAL HIGHLIGHTS

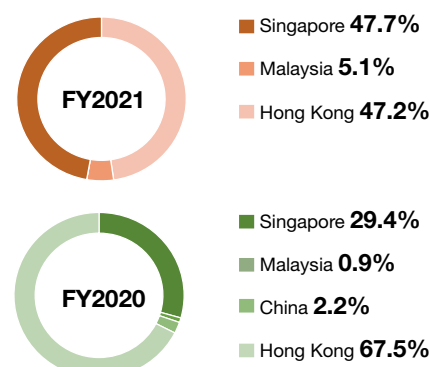
## REVENUE BY BUSINESS SEGMENT

(S\$'000)



## REVENUE BY GEOGRAPHICAL REGION

(%)



S\$'000	FY2021	FY2020	FY2019	FY2018	FP2017
<b>Revenue</b>	<b>11,932</b>	<b>15,222</b>	<b>11,051</b>	<b>14,388</b>	<b>49,552</b>
Cost of sales	(8,187)	(10,256)	(6,280)	(8,111)	(34,895)
<b>Gross profit</b>	<b>3,745</b>	<b>4,966</b>	<b>4,771</b>	<b>6,277</b>	<b>14,657</b>
Other income	820	534	279	485	247
Gain on deconsolidation of subsidiary	-	1,140	-	-	-
Selling and distribution expenses	(1,789)	(1,843)	(2,856)	(4,510)	(10,028)
Other operating expenses	(2,730)	(1,387)	(825)	(780)	(561)
General and administrative expenses	(8,359)	(6,038)	(4,723)	(4,785)	(9,901)
Finance costs	(87)	(2,099)	(432)	(702)	(1,332)
Share of result of associated company	(909)	-	-	-	-
Impairment loss on investment in associated company	(2,200)	-	-	-	-
<b>Loss before tax</b>	<b>(11,509)</b>	<b>(4,727)</b>	<b>(3,786)</b>	<b>(4,015)</b>	<b>(6,918)</b>
Tax credit/(expense)	-	82	(337)	-	-
<b>Loss for the year</b>	<b>(11,509)</b>	<b>(4,645)</b>	<b>(4,123)</b>	<b>(4,015)</b>	<b>(6,918)</b>

<b>Other comprehensive income/(loss):</b>					
Exchange differences on translation of foreign operations	101	(104)	247	(207)	40
<b>Total comprehensive loss for the year</b>	<b>(11,408)</b>	<b>(4,749)</b>	<b>(3,876)</b>	<b>(4,222)</b>	<b>(6,878)</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(11,514)	(4,771)	(3,874)	(4,026)	(6,930)
Non-controlling interests	5	126	(249)	11	12
	<b>(11,509)</b>	<b>(4,645)</b>	<b>(4,123)</b>	<b>(4,015)</b>	<b>(6,918)</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company	(11,423)	(4,860)	(3,625)	(4,241)	(6,901)
Non-controlling interests	15	111	(251)	19	23
	<b>(11,408)</b>	<b>(4,749)</b>	<b>(3,876)</b>	<b>(4,222)</b>	<b>(6,878)</b>

# CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of Kitchen Culture Holdings Ltd. (“**KC**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), I am pleased to present to shareholders the Company’s Annual Report for the financial year ended 30 June 2021 (“**FY2021**”), as well as the Company’s management and operations.

Firstly, the Group posted a pre-tax loss of S\$11.5 million on revenue of S\$11.9 million in FY2021, compared to a pre-tax loss of S\$4.7 million on revenue of S\$15.2 million in FY2020. The Group’s total equity was S\$28.7 million as at 30 June 2021.

The kitchen business has been losing money for the last 8 years. First, due to the shrinking of the real estate industry; second, the impact of the pandemic; and third, due to the intensified digital competition in the kitchen industry, the traditional business model has been unable to adapt to the market demand in the new era. Although the high-end kitchen brand distribution business still has a certain market share locally, the market size is too small to achieve the Company’s financial profitability goals.

We can only reshape the Company’s competitive advantage, introduce more advanced technological means from product design to engineering services, and accelerate the development of new businesses through digitalisation and big data technology. Otherwise, we will not be able to succeed in the competitive landscape of the new era, thereby failing to realize the return on investment of shareholders.

Secondly, after the Company raised S\$19.3 million in two placements and a convertible loan exercise, it did not bring positive financial effects to the Company or achieve business transformation. The Audit Committee has since appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. as the Company’s internal auditor in February 2021 to review and strengthen the Company’s operating procedures and internal controls. The Board of Directors and the internal auditors consistently take necessary actions to strengthen the Company’s operating procedures and internal controls and ensure compliance with appropriate corporate governance.

Finally, how to ensure that the Company develops new types of business has become an important task.

In this regard, the Board of Directors believes that only after a thorough cleaning and clearing of KC’s historical problems can it be possible to usher in a new day. Therefore, the Board of Directors conducted a comprehensive review of the Company’s existing problems, and the management has been actively implementing the corporate governance reform according to the rectification requirements put forward by the internal auditors. So, 2021 was a challenging year.

“A thousand sails pass by the side of the sinking boat, and a thousand trees spring ahead of the sick tree.” – Although I was only appointed as the Non-Executive Chairperson of the Company on 24 May 2021, we cannot ignore the various management issues (already announced) reflected in the internal auditors’ report. As long as we have the courage to admit our mistakes, we can genuinely correct them.

We are pleased to see that the management has begun to establish a new corporate governance structure, which has made up for the original institutional shortcomings of the Company. The Group has also redefined corporate management in accordance with the rules of the SGX, and started the transformation into and construction of the big data and artificial intelligence business at the same time, to prepare for the Company’s business transformation.

We look forward to genuinely transforming the Company’s business and creating value for shareholders in the new year.

Hao Dongting  
Non-Executive Chairperson



## 主席致辞

我在此代表 Kitchen Culture Holdings Ltd. (“KC” 或 “公司”，及其子公司，“集团”) 董事会，向各位股东提交截至2021年6月30日的本财政年度的公司年度报告，以及公司管理与运营情况。

首先，集团在2021财年营业收入为约1190万新元币，税前亏损为约1150万新元，而2020财年营业收入为约1520万新元币，税前亏损为约470万新元。截至2021年6月30日，集团的总股本为约2870万新元。

厨房业务已经持续8年亏损，一是受到房地产行业的萎缩，二是受到疫情的影响，三是由于厨房行业数字化的竞争加剧，传统的商业模式已经无法适应新时代的市场需求。虽然高端厨房品牌代理业务在本地仍然具有一定的市场份额，但是市场规模太小，无法实现公司的财务盈利目标。

我们只有重塑公司的竞争优势，从产品设计到工程服务引入更先进的科技手段，同时加快数字化与大数据科技的新业务发展，否则的话，我们将会在新时代的竞争格局中无法获得成功，从而无法实现股东们的投资回报。

其次，对于公司两次配售和债转股募集资金1930万新元后，并没有给公司带来积极的财政效果，也没有实现业务转型，审计委员会于2021年2月任命Baker Tilly Consultancy (Singapore) Pte. Ltd. 为公司的内部审计师，审查和加强公司的运营程序和内部控制。董事会和内部审计人员始终如一地采取必要行动，加强公司的操作程序和内部控制，并确保遵守适当的公司治理。

最后，如何保证公司开展新型业务成为重要工作。

对此，董事会认为，只有对KC的历史问题进行彻底的打扫与清除后，才有可能迎接新的一天。所以董事会针对公司存在的问题进行了全面而彻底的检讨，管理层根据内部审计师提出的整改要求正在积极地实施公司治理改革。所以，2021年是充满挑战的一年。

沉舟侧畔千帆过，病树前头万木春。我虽然是于2021年5月24日才被任命为公司非执行主席，但是，我们不能无视内部审计师报告中反映的各类管理问题(已经公告)。只要我们有勇气承认错误，我们便能真正的改正错误。

我们很高兴的看到，管理层已经开始建立新的公司治理结构，弥补原来公司的制度缺陷。集团也按照新交所的规则重新定义了公司管理，同时开始了大数据与人工智能生意的转型建设，为公司业务转型进行了一切的准备。

我们期待在新的一年里能够真正实现公司业务转型，真正为股东创造价值。

郝东亭  
董事局非执行主席



# OPERATIONS AND FINANCIAL REVIEW

## REVIEW OF FINANCIAL PERFORMANCE

### REVENUE

The Group recorded revenue of S\$11.9 million for FY2021, 21.6% lower than revenue of S\$15.2 million for FY2020. The decrease in revenue occurred in Hong Kong (S\$4.6 million) and China (S\$0.3 million), partially offset by the increase in revenue from Singapore (S\$1.2 million) and Malaysia (S\$0.5 million).

The Residential Projects segment decreased by 30.5% or S\$2.9 million and accounted for 55.8% or S\$6.7 million of the Group's revenue in FY2021, attributable to revenue derived from 8 ongoing projects (5 in Singapore and 3 in Hong Kong). The decrease in revenue is due mainly to the disruption of construction work for the Singapore projects arising from COVID-19 circuit breaker restrictions, and 2 projects in Hong Kong which were completed during FY2021. Comparatively, the Residential Projects segment accounted for 63.0% or S\$9.6 million of the Group's revenue in FY2020, derived from 8 ongoing projects (6 in Singapore and 2 in Hong Kong). The decrease in revenue for this segment occurred mainly in Hong Kong (S\$4.5 million), partially offset by an increase in Singapore (S\$1.6 million).

The Distribution and Retail segment accounted for 44.2% or S\$5.3 million of the Group's revenue in FY2021, a decrease of 6.4% or S\$0.4 million compared with FY2020 wherein the Distribution and Retail segment accounted for 37.0% or S\$5.6 million of the Group's revenue. The decrease in revenue for this segment was mainly the result of the COVID-19 situation which affected all the Group's operations, in Singapore (S\$0.7 million), China (S\$0.3 million), partially offset by an increase in Malaysia (S\$0.6 million).

### GROSS PROFIT

Gross profit in FY2021 was S\$3.7 million, a decrease of 24.6% or S\$1.2 million from S\$5.0 million in FY2020. However, overall gross profit margin decreased marginally by 1.2 percentage points to 31.4% in FY2021, from 32.6% in FY2020.

The decrease in overall gross profit margin was largely from the Residential Projects segment where gross profit margin decreased to 21.3% in FY2021 from 25.6% in FY2020. The decline arose from late costs recorded on 2 projects completed in prior years in Singapore. The Distribution and Retail segment recorded gross profit margin of 44.2% in FY2021, a slight decrease from 44.6% in FY2020.

### OTHER INCOME

The Group recorded other income of S\$0.8 million in FY2021, an increase of S\$0.3 million or 53.6% from S\$0.5 million in FY2020. This was mainly due to higher government grant income of S\$0.3 million such as Jobs Support Scheme, foreign worker levy rebates and rental relief recognised in FY2021.

### GAIN ON DECONSOLIDATION OF SUBSIDIARY

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

### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 38.4% or S\$2.3 million, from S\$6.0 million in FY2020 to S\$8.3 million in FY2021. This was mainly attributable to:

- a. an increase in legal and professional fee of S\$1.3 million, due primarily to expenses incurred in: (i) acquisition of 30% of the total number of issued shares of OOWAY Technology Pte. Ltd. ("**OOWAY Technology**") ("**OOWAY Acquisition**"), (ii) placement of 40,572,000 new ordinary shares in the capital of the Company, and (iii) conversion of debts to share capital;
- b. an increase in staff costs of S\$1.3 million arising from increased management and administration headcount in Singapore;
- c. an increase in entertainment expenses of S\$0.1 million; and
- d. partially offset by decreases in (i) depreciation charges of S\$0.1 million due to certain property, plant and equipment being fully depreciated in prior year; (ii) maintenance of office/showroom premises in Hong Kong of S\$0.1 million; (iii) travelling and transport of S\$0.1 million; and (iv) postage and packing of S\$0.1 million.

### OTHER OPERATING EXPENSES

Other operating expenses increased by S\$1.3 million from S\$1.4 million in FY2020 to S\$2.7 million in FY2021. The increase was mainly due to the combined effects of:

- a. an increase in allowance for inventories write-down of S\$1.8 million;
- b. a net decrease in foreign exchange gain of S\$0.1 million; and
- c. partially offset by (i) a decrease in net allowance for doubtful receivables totalling S\$0.1 million; (ii) a decrease in inventories written off of S\$0.1 million; and (iii) net bad debts recovered of S\$0.1 million as compared to net bad debts written off of S\$0.5 million.

# OPERATIONS AND FINANCIAL REVIEW

## FINANCE COST

Finance cost decreased by 95.8% from S\$2.0 million in FY2020 to S\$0.1 million in FY2021, mainly due to the decrease in interest paid on loans from third parties as borrowings were fully repaid in FY2021.

## SHARE OF RESULT OF ASSOCIATED COMPANY

After the completion of the OOWAY Acquisition in October 2020, OOWAY Technology has become an associated company to the Group. The Company accounted for its share of losses in OOWAY Technology since the completion of OOWAY Acquisition which amounted to S\$0.9 million.

## IMPAIRMENT LOSS ON INVESTMENT IN ASSOCIATED COMPANY

The Company has recorded an impairment loss on investment in OOWAY Technology in FY2021 after reviewing the independent valuation report on the Group's investment in OOWAY Technology as at 30 June 2021 prepared by the independent valuer engaged by the Company, Foo Kon Tan Corporate Finance Pte. Ltd..

## RESULTS FOR THE FINANCIAL YEAR

The Group recorded a loss before income tax of S\$11.5 million in FY2021 as compared to loss before income tax of S\$4.7 million in FY2020 due to the reasons explained above.

During FY2021, the Company has undertaken a conversion of debts to share capital which was completed in July 2020, fundraising exercise via a private placement which was completed in October 2020, allotment and issue of 90,000,000 Consideration Shares and 4,500,000 Introducer Shares in relation to the OOWAY Acquisition which was also completed in October 2020. The expenses incurred in FY2021 for these corporate exercises are one-off in nature and amounting to S\$2.2 million. If excluding these one-off expenses, the normalised loss before income tax for FY2021 would be S\$9.3 million.

## INCOME TAX CREDIT

There is no income tax expense in FY2021 as the Group is in a loss position in FY2021. The income tax credit in FY2020 relates to a deferred tax credit.

## REVIEW OF FINANCIAL POSITION

### ASSETS

The Group's total assets increased by S\$18.9 million from S\$22.9 million as at 30 June 2020 to S\$41.8 million as at 30 June 2021. The increase in total assets was mainly attributable to:

- a. an increase in investment in associated companies of S\$20.8 million arising from the OOWAY Acquisition. The purchase consideration was satisfied by way of an issue of 90,000,000 Consideration Shares to OOWAY Group Ltd.;
- b. an increase in property, plant and equipment of S\$2.0 million;
- c. an increase in other receivables of S\$1.6 million;
- d. an increase in contract assets of S\$0.2 million; and
- e. partially offset by a decrease in inventories of S\$2.7 million, trade receivables of S\$2.1 million, and cash and cash equivalents of S\$0.9 million.

### LIABILITIES

The Group's total liabilities decreased by S\$15.9 million from S\$29.0 million as at 30 June 2020 to S\$13.1 million as at 30 June 2021.

The decrease in total liabilities was mainly attributable to:

- a. a decrease in other payables of S\$10.4 million due to (i) conversion of loan from a director of S\$4.6 million into new shares, (ii) repayment of loan from a third party of S\$2.8 million, (iii) decrease in non-trade creditors of S\$1.4 million due to settlement of outstanding accounts to suppliers for non-trade services, and (iv) a decrease in accrued operating expenses of S\$1.6 million for project costs (invoices received from suppliers/vendors); and
- b. a decrease in borrowings of S\$8.8 million due to conversion of Convertible Loan and its accrued interest of S\$7.0 million into new shares and repayment of term loan of S\$1.8 million.

The decrease was partially offset by:

- a. an increase in trade payables of S\$0.4 million;
- b. an increase in contract liabilities of S\$1.2 million; and
- c. an increase in lease liabilities of S\$1.7 million.

### SHAREHOLDER'S EQUITY

The Group's financial position improved in FY2021. As at 30 June 2021, the Group recorded total capital surplus of S\$28.7 million, compared with total equity deficit of S\$6.1 million as at 30 June 2020.

# BOARD OF DIRECTORS



## MADAM HAO DONGTING

Non-Executive Chairperson

Mdm Hao was appointed as a Non-Executive Director of the Company on 14 April 2021 and on 25 May 2021, Mdm Hao was re-designated as Non-Executive Chairperson of the Company. Mdm Hao is a director of OOWAY Holding Ltd. and OOWAY Group Ltd., the controlling shareholders of the Company.

Mdm Hao is also a director of OOWAY Technology Pte. Ltd., an associated company of the Group and a director of OOWAY Data Technology (Beijing) Co., Ltd. (大路数据科技(北京)有限公司) and Firefly Technology Pte. Ltd., a wholly-owned subsidiary of OOWAY Technology Pte. Ltd..

Mdm Hao holds a Master of Business Administration, National University of Singapore and a Master of Economic Law, Chinese Academy of Social Sciences. She graduated with a Bachelor of Laws from Beijing Institute of Political Science and Law. In addition, Mdm Hao obtained a certificate of Senior International Finance Manager from International Financial Management Association.



## MR LINCOLN TEO CHOONG HAN

Executive Director and Interim CEO

Mr Lincoln Teo is the Executive Director of the Company since 14 April 2021 before being appointed as the Interim CEO by the Board on 8 July 2021.

He is presently a director of OOWAY Technology Pte. Ltd., an associated company of the Group and a director of its wholly-owned subsidiary, Firefly Technology Pte. Ltd. Prior to joining the Group, Mr Lincoln Teo was the Risk Control Director of OOWAY Group Ltd., one of the controlling shareholders of the Company until March 2021. OOWAY Technology Pte. Ltd. is also majority-owned by OOWAY Group Ltd..

From January 2011 to December 2016, Mr Lincoln Teo was the general manager of Experian Credit Bureau Singapore Pte. Ltd. (“**Experian Singapore**”) and also served as the Chief Operating Officer of Experian Singapore.

Mr Lincoln Teo was an Executive Director of Intelligence Wise Pte. Ltd. for the period from January 2017 to December 2020.



## MR LIM WEE LI

Executive Director

Mr Lim was the CEO of the Company until 7 July 2021. During his tenure, Mr Lim was responsible for the formulation of the Company’s strategic direction and expansion plans and managing its overall business development. In addition, Mr Lim oversaw sales, marketing and business development and liaised with brand principals for securing distribution rights for the Company.

Mr Lim graduated with a Bachelor of Business Administration, majoring in Corporate Finance from University of North Texas, USA in 1988. He was awarded Top Entrepreneur of the Year 2008 by the Association of Small and Medium Enterprise and Rotary Club of Singapore.

He is a member of the Singapore Chinese Chamber of Commerce.



## MR TEO CHOON KOW, WILLIAM

Lead Independent Director

Mr William Teo is the Lead Independent Director of the Company and was appointed on 1 February 2019. Mr William Teo has retired since 2004 and is now focusing on his independent directorships in Singapore listed companies and on other principal commitments.

Mr William Teo is currently an independent director of Wee Hur Holdings Ltd, Datapulse Technology Limited and Axington Inc.. Prior to that, he was a director of Loyz Energy Limited, DLF Holdings Limited, PSL Holdings Limited, Ascendent Technology Pte. Ltd. and Fral Ballistic Pte. Ltd. From 1997 to 2004, he was the vice-president of Walden International Investment Group where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work.

He is a Fellow of Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master in Management from Asian Institute of Management, Philippines.

# BOARD OF DIRECTORS

## MR ANG LIAN KIAT

Independent Director



Mr Ang graduated from Macquarie University in Sydney with a Bachelor of Economics (Accounting) degree.

He has over 15 years of in-depth knowledge and experience in corporate finance advisory services for both listed and non-listed companies. He has also completed over 35 corporate finance engagements since 2005, including 5 IPOs as the appointed issue manager and underwriter, raising over S\$200 million. He was also responsible for the completion of M&A transactions with aggregate transaction size of approximately S\$300 million, as well as several corporate fund-raising and advisory transactions, including corporate actions such as delisting, share placement, rights issue, acquisitions and over 20 independent financial advisory transactions for Singapore listed companies.

Mr Ang is currently the Managing Director of Stirling Coleman Capital Limited, an independent corporate finance advisory firm that specialises in providing M&A and corporate finance advisory to small and medium sized enterprises in Singapore and Asia.

## MR YAP SZE HON

Independent Director



Mr Yap graduated with a Bachelor of Law with Honours at the National University of Singapore before going on to achieve a Master of Science in Criminal Justice at Michigan State University.

He has over 10 years of experience in various fields, having been the Vice President at ComfortDelGro Corporation Limited, where he was the legal counsel on contractual, government regulations, labour and litigation issues, including claims for and against the company. He was previously a litigation lawyer at Low Yeap Toh & Goon LLP and represented individuals and corporations, in both civil and criminal proceedings in court. In addition, he was also a senior police officer for 12 years during which he was awarded a government scholarship to pursue a Master's degree.

Mr Yap is currently a Board member at Chen Su Lan Methodist Children's Home.

# KEY MANAGEMENT

## MR LEE FOO TUCK

Financial Controller

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

## MR QUEK WEY LON

Chief Operating Officer

Mr Quek Wey Lon was appointed as Chief Operating Officer of the Group on 10 January 2020. Mr Quek is responsible for overseeing the day-to-day operations of the Group. Prior to joining the Group, Mr Quek qualified as a Chartered Accountant with KPMG in London and worked with PricewaterhouseCoopers when he returned to Singapore in 1994. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Singapore Chartered Accountants. Mr Quek graduated from King's College London with a Bachelor of Electrical and Electronic Engineering (First Class Honours) degree.

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# CORPORATE GOVERNANCE REPORT

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

The Company believes that the Singapore Code of Corporate Governance 2018 (the “**Code**”) serves as a practical guide in defining duties and responsibilities of the Board. This corporate governance report (the “**Report**”) outlines the main corporate governance practices and procedures adopted by the Group in the financial year ended 30 June 2021 (“**FY2021**”) with reference made to each of the principles and provisions of the Code. Subject to the completion of the Review (as defined below), the Follow-up Review (as defined below), and the AUP (as defined below) by Baker Tilly Consultancy (Singapore) Pte. Ltd., as well as the special audit by Deloitte & Touche Financial Advisory Services Pte. Ltd., the Board confirms that the Company has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FY2021. In respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this Report.

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

## BOARD MATTERS

### The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.
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**Provision 1.1** **Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.**

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

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

During FY2021, the Company experienced the following changes to the Board:

- (a) Cessation of Mr Chua Siong Kiat as Independent Director, Chairman of the Remuneration Committee ("**RC**") and a member of the Audit Committee ("**AC**") and Nominating Committee ("**NC**") with effect from 31 August 2020;
- (b) Following the aforementioned resignation of Mr Chua Siong Kiat, Mr Lau Kay Heng was re-designated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng was subsequently re-designated as Executive Director and Chief Investment Officer of the Group with effect from 1 October 2020, wherein he relinquished his roles as Chairman of the RC and a member of the AC and NC. Mr Lau Kay Heng has since resigned as Executive Director and Chief Investment Officer with effect from 31 January 2021;
- (c) Cessation of Mr Kesavan Nair as Independent Director, Chairman of the NC and a member of the AC and RC with effect from 29 October 2020;
- (d) Appointment of Mr Loh Eu Tse Derek ("**Mr Derek Loh**") as Independent Director, Chairman of the NC and a member of the AC, RC and Risk Committee with effect from 1 December 2020;
- (e) Appointment of Mr Ang Lian Kiat as Independent Director, Chairman of the RC and a member of the AC and Risk Committee with effect from 1 December 2020. Mr Ang Lian Kiat was subsequently appointed as the Chairman of the NC and relinquished his role as Chairman of the RC with effect from 1 July 2021;
- (f) Appointment of Mr Yap Sze Hon as Independent Director and a member of the RC and NC with effect from 1 December 2020. Mr Yap Sze Hon was subsequently appointed as the Chairman of the RC and a member of the ARC (defined below) with effect from 1 July 2021;
- (g) The Board established a Risk Committee with effect from 1 December 2020, constituting of Mr Loy Soo Toon as the Chairman, and Mr Lau Kay Heng, Mr William Teo Choon Kow ("**Mr William Teo**"), Mr Derek Loh and Mr Ang Lian Kiat as the members;
- (h) Cessation of Mr Loy Soo Toon as Executive Director, Business Development with effect from 20 January 2021;
- (i) Appointment of Mr Lincoln Teo Choong Han ("**Mr Lincoln Teo**") as Executive Director with effect from 14 April 2021;



# CORPORATE GOVERNANCE REPORT

- (j) Appointment of Mdm Hao Dongting as Non-Executive Director with effect from 14 April 2021;
- (k) The Board amalgamated the Risk Committee with the AC to form the Audit and Risk Committee (“**ARC**”) with effect from 14 April 2021. The designation and composition of the ARC remained unchanged from that of the AC at that time;
- (l) Re-designation of Mr Lim Wee Li from Executive Chairman and Chief Executive Officer (“**CEO**”) to Executive Director and CEO with effect from 25 May 2021;
- (m) Re-designation of Mdm Hao Dongting from Non-Executive Director to Non-Executive Chairperson with effect from 25 May 2021; and
- (n) Cessation of Mr Derek Loh as Independent Director, Chairman of the NC and a member of the ARC and RC with effect from 30 June 2021.

Subsequent to FY2021, the Company experienced the following changes to the Board:

- (a) Cessation of Mr Lim Wee Li as CEO with effect from 7 July 2021; and
- (b) Appointment of Mr Lincoln Teo as Interim CEO with effect from 8 July 2021.

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

As Mr Derek Loh had prior experience as a director of issuers listed on the SGX-ST, the mandatory training courses were not applicable to him. As Mdm Hao Dongting, Mr Lincoln Teo, Mr Ang Lian Kiat and Mr Yap Sze Hon did not have prior experience as a director of an issuer listed on the SGX-ST, the Company arranged for them to receive training in the roles and responsibilities of a director of an issuer listed on the SGX-ST as prescribed by the SGX-ST. Mr Lincoln Teo, Mr Yap Sze Hon and Mdm Hao Dongting have completed all the prescribed trainings in March 2021, July 2021 and October 2021, respectively. Mr Ang Lian Kiat has attended the prescribed trainings within one year from his appointment date except for a course in relation to the NC which he has registered to attend in March 2022.

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

During FY2021, the number of Board meetings, Board Committee meetings and general meetings held and attended by each member of the Board is as follows:

	Board	Board Committee			General Meeting	
		AC/ ARC <sup>(1)</sup>	NC	RC	Annual	Extraordinary
<b>Number of meetings held</b>	4 <sup>(2)</sup>	3	1	1	1	2
	<b>Number of meetings attended</b>					
Hao Dongting <sup>(3)</sup>	2	1*	-	-	-	-
Lincoln Teo <sup>(4)</sup>	2	1*	-	-	-	-
Lim Wee Li <sup>(5)</sup>	3	3*	1*	1*	1	2
William Teo	4	3	1	1	1	2
Ang Lian Kiat <sup>(6)</sup>	3	2	-	-	-	-
Yap Sze Hon <sup>(7)</sup>	3	2*	-	-	-	-
Loy Soo Toon <sup>(8)</sup>	1	1*	1*	1*	1	2
Lau Kay Heng <sup>(9)</sup>	1	1	1	1	1	2
Kesavan Nair <sup>(10)</sup>	1	1	1	1	1	2
Chua Siong Kiat <sup>(11)</sup>	1	1	1	1	-	1
Derek Loh <sup>(12)</sup>	2	1	-	-	-	-

## Notes:

- \* By invitation
- (1) The Board amalgamated the Risk Committee with the AC to form the ARC with effect from 14 April 2021. The designation and composition of the ARC remained unchanged from that of the AC at that time.
  - (2) Mr Lim Wee Li was recused from attending one (1) Board Meeting held during FY2021, at the Board's request.
  - (3) Mdm Hao Dongting was appointed as Non-Executive Director with effect from 14 April 2021. She was re-designated to Non-Executive Chairperson with effect from 25 May 2021.
  - (4) Mr Lincoln Teo was appointed as Executive Director with effect from 14 April 2021. Following the cessation of Mr Lim Wee Li as CEO with effect from 7 July 2021, Mr Lincoln Teo was appointed as Interim CEO with effect from 8 July 2021.
  - (5) Mr Lim Wee Li was re-designated from Executive Chairman and CEO to Executive Director and CEO with effect from 25 May 2021. He was subsequently terminated as CEO with effect from 7 July 2021.
  - (6) Mr Ang Lian Kiat was appointed as Independent Director, Chairman of the RC and a member of the ARC with effect from 1 December 2020. Following the cessation of Mr Derek Loh, Mr Ang Lian Kiat was appointed as the Chairman of the NC and relinquished his role as Chairman of the RC with effect from 1 July 2021.
  - (7) Mr Yap Sze Hon was appointed as Independent Director and a member of the RC and NC with effect from 1 December 2020. Following the cessation of Mr Derek Loh, Mr Yap Sze Hon was appointed as Chairman of the RC and a member of the ARC with effect from 1 July 2021.
  - (8) Mr Loy Soo Toon ceased to be Executive Director, Business Development with effect from 20 January 2021.

# CORPORATE GOVERNANCE REPORT

- (9) Following the cessation of Mr Chua Siong Kiat, Mr Lau Kay Heng was re-designated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng was subsequently re-designated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020, wherein he relinquished his roles as Chairman of the RC and a member of the AC and NC. Mr Lau Kay Heng ceased to be Executive Director and Chief Investment Officer with effect from 31 January 2021.
- (10) Mr Kesavan Nair ceased to be Independent Director, Chairman of the NC and a member of the AC and RC with effect from 29 October 2020.
- (11) Mr Chua Siong Kiat ceased to be Independent Director, Chairman of the RC and a member of the AC and NC with effect from 31 August 2020.
- (12) Mr Derek Loh was appointed as Independent Director, Chairman of the NC and a member of the AC, RC and Risk Committee with effect from 1 December 2020. He ceased to be Independent Director, Chairman of the NC and a member of the ARC and RC with effect from 30 June 2021.

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

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

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

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

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

Together with the Management, the Company Secretary is responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act 1967 of Singapore (the "**Companies Act**") and the provisions in the Catalist Rules are complied with. The Company Secretary and/or her representatives will attend and prepare minutes for the Board and Board Committee meetings. The appointment and the removal of the Company Secretary is a matter for the approval of the Board as a whole.

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

# CORPORATE GOVERNANCE REPORT

## Board Composition and Guidance

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

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

The Board currently comprises six (6) members, being one (1) Non-Executive Chairperson, two (2) Executive Directors and three (3) Independent Directors, as follows:

### Non-Executive Chairperson

Mdm Hao Dongting Non-Executive Chairperson

### Executive Directors

Mr Lincoln Teo Executive Director and Interim CEO  
Mr Lim Wee Li Executive Director

### Independent Directors

Mr William Teo Lead Independent Director and Chairman of the ARC  
Mr Ang Lian Kiat Independent Director and Chairman of the NC  
Mr Yap Sze Hon Independent Director and Chairman of the RC

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

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

The NC is of the view that Mr William Teo, Mr Ang Lian Kiat and Mr Yap Sze Hon are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment. None of the Independent Directors has served on the Board for more than nine (9) years from the date of his initial appointment.

# CORPORATE GOVERNANCE REPORT

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

The Company endeavours to maintain a strong and independent element on the Board. The Board currently comprises six (6) members, of whom one (1) is a Non-Executive Chairperson, two (2) are Executive Directors and three (3) are Independent Directors.

As the three (3) Independent Directors on the Board form only 50% composition of the Board, Provision 2.2 of the Code is not satisfied.

Notwithstanding the above, the Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision-making. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinised and challenged the Management.

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

Non-Executive Directors make up a majority of the Board which currently comprises six (6) members, of whom one (1) is a Non-Executive Chairperson, two (2) are Executive Directors and three (3) are Independent Directors.

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

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

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

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

With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 30 June 2022.

# CORPORATE GOVERNANCE REPORT

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

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

Where necessary, the Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves on the Group's affairs without the presence of the Executive Directors and the Management. The Lead Independent Director would provide feedback to the then Executive Chairman and CEO after such discussions or meetings, and continues to do so with the Non-Executive Chairperson and the Interim CEO.

## Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.
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**Provision 3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.**

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

Currently, Mdm Hao Dongting is the Non-Executive Chairperson and Mr Lincoln Teo is the Interim CEO.

Following the re-designation of Mr Lim Wee Li from Executive Chairman and CEO to Executive Director and CEO, and the re-designation of Mdm Hao Dongting from Non-Executive Director to Non-Executive Chairperson, with effect from 25 May 2021, the roles of Chairperson and CEO have been separated. The aforementioned re-designation was to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

Subsequently, Mr Lim Wee Li was terminated as CEO with effect from 7 July 2021, and Mr Lincoln Teo was appointed as Interim CEO with effect from 8 July 2021. Please refer to the Company's announcements dated 8 July 2021 (Cessation as CEO), 12 July 2021 (Response to Queries from SGX), 14 July 2021 (Cessation of CEO, Appointment of Interim CEO, and Response to Statements from Mr Lim Wee Li) for further details.

As Interim CEO, Mr Lincoln Teo assumed the responsibility for formulating the Group's strategic directions and expansion plans, as well as overseeing the sales, marketing and business development of the Group in the interim.

The Non-Executive Chairperson is responsible for leading the Board to ensure its effectiveness on all respects of its role, ensuring effective communication with shareholders, encouraging constructive relations within the Board and between the Board and the Management, and promoting high standards of corporate governance. With the assistance of the Company Secretary, she also ensures Board meetings are held as required, sets the agenda for the Board meetings and ensures that all members of the Board receive timely and adequate information.

Accordingly, there is a clear division of the responsibilities between the Non-Executive Chairperson and the Interim CEO.

# CORPORATE GOVERNANCE REPORT

All major proposals and decisions on the matters listed under Provision 1.1, are discussed and reviewed by the Board as a whole. With the establishment of three (3) Board Committees, each chaired by and comprised of Independent Directors, there are adequate safeguards in place to ensure adequate accountability and transparency and prevent an uneven concentration of power, authority and decision-making in a single individual.

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

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

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

## Board Membership

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

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

- (a) **the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;**
- (b) **the process and criteria for evaluation of the performance of the Board, its board committees and directors;**
- (c) **the review of training and professional development programmes for the Board and its directors; and**
- (d) **the appointment and re-appointment of directors (including alternate directors, if any).**

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

The principal functions of the NC are as follows:

- (a) to review and recommend to the Board appointments and re-appointments of the Directors having regard to the Director's contribution and performance;
- (b) to determine, on an annual basis, if a Director is independent, guided by the independence guidelines contained in the Catalist Rules and the Code;



# CORPORATE GOVERNANCE REPORT

- (c) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (d) to assess the effectiveness of the Board as a whole and the Board Committees as well as the contribution of each Director to the effectiveness of the Board;
- (e) to make plans for succession, in particular for the Chairperson of the Board and CEO; and
- (f) to recommend to the Board comprehensive induction training programmes for new Directors and review the training and professional development programmes for the Board.

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

The NC consists of three (3) Independent Directors, namely:

Mr Ang Lian Kiat	Chairman of NC and Independent Director
Mr William Teo	Member and Lead Independent Director
Mr Yap Sze Hon	Member and Independent Director

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The NC determines, on an annual basis, the independence of each Independent Director, taking into consideration the circumstances set forth in the Catalist Rules and the Code. The relevant factors are set out under Provision 2.1 of the Code above. For FY2021, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Code and the Catalist Rules).

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

Name of Director	Date of first appointment	Date of last re-election	Other principal commitments	Directorships in other listed companies	
				Present	Past (Last five (5) years)
Mdm Hao Dongting	14 April 2021	-	<ul style="list-style-type: none"> <li>- Ooway Group Ltd. - Executive Director</li> <li>- CEE Tech and Management Pte. Ltd. - Executive Director</li> </ul>	Nil	Nil
Mr Lincoln Teo	14 April 2021	-	Nil	Nil	Nil
Mr Lim Wee Li	25 March 2011	29 November 2019	Nil	Nil	Nil
Mr William Teo	1 February 2019	29 November 2019	<ul style="list-style-type: none"> <li>- Chairman of Sengkang West Community Development Welfare Fund</li> <li>- Chairman of Ang Mo Kio Town Council Finance Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Wee Hur Holdings Ltd.</li> <li>- Datapulse Technology Limited</li> <li>- Axington Inc.</li> </ul>	<ul style="list-style-type: none"> <li>- Loyz Energy Limited (now known as CapAllianz Holdings Limited)</li> <li>- DLF Holdings Limited (now known as OIO Holdings Limited)</li> <li>- PSL Holdings Limited</li> </ul>
Mr Ang Lian Kiat	1 December 2020	-	<ul style="list-style-type: none"> <li>- Stirling Coleman Capital Limited Managing Director</li> </ul>	Nil	Nil
Mr Yap Sze Hon	1 December 2020	-	<ul style="list-style-type: none"> <li>- myScarletWorm.com - Founder</li> <li>- Chen Su Lan Methodist Children's Home - Board Member</li> </ul>	Nil	Nil

# CORPORATE GOVERNANCE REPORT

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

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

## Board Performance

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

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

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

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

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

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

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board in FY2021.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

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

- (a) a framework of remuneration for the Board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

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

The principal functions of the RC are as follows:

- (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company; and
- (b) to review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

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

The RC consists of three (3) Independent Directors, namely:

Mr Yap Sze Hon	Chairman and Independent Director
Mr William Teo	Member and Lead Independent Director
Mr Ang Lian Kiat	Member and Independent Director

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The RC did not seek any external professional advice on remuneration of the Directors in FY2021. Where necessary, the RC will seek independent professional advice on remuneration matters at the expense of the Company, and shall ensure that any relationship between the appointed consultant and the Company or any of its Directors will not affect the independence and objectivity of the remuneration consultant.

## Level and Mix of Remuneration

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

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

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

Mr Lincoln Teo (Executive Director and Interim CEO) was paid based on his letter of employment with the Company in his capacity as an Executive Director for FY2021. Bonus will be paid at the Company's discretion. The letter of appointment may be terminated by either party upon giving not less than one (1) month's notice in writing.

In FY2021, Mr Lim Wee Li (then Executive Chairman and CEO) was paid based on his service agreement with the Company. Under the service agreement, Mr Lim Wee Li was to be paid an annual fixed bonus of one (1) month of his last drawn salary. He was also entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it exceeds S\$1,000,000 for the financial year. No annual performance bonus was paid for FY2021. The service agreement provided that the Company shall be entitled to recover from Mr Lim Wee Li the relevant portion of the bonus and any sum paid under the service agreement in the event that there was a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Lim Wee Li resulting in financial loss to the Company. The service agreement was also provided for automatic renewal upon expiry on such terms and conditions as the parties may agree, and provided for, *inter alia*, termination by either party upon giving not less than six (6) months' notice in writing.

Mr Lim Wee Li's service agreement in respect of his employment as CEO has been terminated with effect from 7 July 2021.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

## Disclosure on Remuneration

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

During FY2021, from September 2020, Mr Lim Wee Li was provided the benefit of the exclusive use of a car, a BMW X6M, which was owned by the Company. The said vehicle was sold on 6 July 2021. Since May 2021, Mr Lincoln Teo was provided the benefit of exclusive use of a car, a Mercedes Benz S320L, owned by the Company.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the Interim CEO, and key management personnel of the Group except in the case of termination due to medical reasons in which the relevant employee will be entitled to normal termination benefits and reasonable medical expenses. Currently, the Company has not implemented any employee share schemes.

A breakdown, showing the level and mix of each Director's remuneration for FY2021 is as follows:

<b>Remuneration band and Name of Director</b>	<b>Fee</b>	<b>Salary</b>	<b>Bonus</b>	<b>Benefits</b>	<b>Total</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>S\$250,000 to below S\$500,000</b>					
Mr Lim Wee Li <sup>(1)</sup>	-	100	-	-	100
<b>Below S\$250,000</b>					
Mdm Hao Dongting <sup>(2)</sup>	100	-	-	-	100
Mr Lincoln Teo <sup>(3)</sup>	-	100	-	-	100
Mr William Teo	100	-	-	-	100
Mr Ang Lian Kiat <sup>(4)</sup>	100	-	-	-	100
Mr Yap Sze Hon <sup>(5)</sup>	100	-	-	-	100
Mr Loy Soo Toon <sup>(6)</sup>	-	100	-	-	100
Mr Lau Kay Heng <sup>(7)</sup>	10	90	-	-	100
Mr Kesavan Nair <sup>(8)</sup>	100	-	-	-	100
Mr Chua Siong Kiat <sup>(9)</sup>	100	-	-	-	100
Mr Derek Loh <sup>(10)</sup>	100	-	-	-	100

**Notes:**

- (1) Mr Lim Wee Li was re-designated from Executive Chairman and CEO to Executive Director and CEO with effect from 25 May 2021. He was subsequently terminated as CEO with effect from 7 July 2021.
- (2) Mdm Hao Dongting was appointed as Non-Executive Director with effect from 14 April 2021. She was re-designated to Non-Executive Chairperson with effect from 25 May 2021.



# CORPORATE GOVERNANCE REPORT

- (3) Mr Lincoln Teo was appointed as Executive Director with effect from 14 April 2021. Following the cessation of Mr Lim Wee Li as CEO, Mr Lincoln Teo was appointed as Interim CEO with effect from 8 July 2021.
- (4) Mr Ang Lian Kiat was appointed as Independent Director, Chairman of the RC and a member of the ARC with effect from 1 December 2020. Following the cessation of Mr Derek Loh, Mr Ang Lian Kiat was appointed as the Chairman of the NC and relinquished his role as Chairman of the RC with effect from 1 July 2021.
- (5) Mr Yap Sze Hon was appointed as Independent Director and a member of the RC and NC with effect from 1 December 2020. Following the cessation of Mr Derek Loh, Mr Yap Sze Hon was appointed as Chairman of the RC and a member of the ARC with effect from 1 July 2021.
- (6) Mr Loy Soo Toon ceased to be Executive Director, Business Development with effect from 20 January 2021.
- (7) Following the cessation of Mr Chua Siong Kiat, Mr Lau Kay Heng was re-designated as the Chairman of the RC with effect from 31 August 2020. Mr Lau Kay Heng was subsequently re-designated as Executive Director and Chief Investment Officer of the Company with effect from 1 October 2020, wherein he relinquished his roles as Chairman of the RC and a member of the AC and NC. Mr Lau Kay Heng ceased to be Executive Director and Chief Investment Officer with effect from 31 January 2021.
- (8) Mr Kesavan Nair ceased to be Independent Director, Chairman of the RC and a member of the AC and RC with effect from 29 October 2020.
- (9) Mr Chua Siong Kiat ceased to be Independent Director, Chairman of the RC and a member of the AC and NC with effect from 31 August 2020.
- (10) Mr Derek Loh was appointed as Independent Director, Chairman of the NC and a member of the AC, RC and Risk Committee with effect from 1 December 2020. He ceased to be Independent Director, Chairman of the NC and a member of the ARC and RC with effect from 30 June 2021.

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

<b>Remuneration band and Name of key management personnel <sup>(1)</sup></b>	<b>Salary</b>	<b>Bonus</b>	<b>Benefits</b>	<b>Total</b>
	%	%	%	%
<b>Below S\$250,000</b>				
Mr Lee Foo Tuck	100	-	-	100
Mr Quek Wey Lon	100	-	-	100

**Note:**

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

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

The aggregate total remuneration paid to the above key management personnel (excluding the then Executive Directors) amounted to approximately S\$282,500 for FY2021.

# CORPORATE GOVERNANCE REPORT

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

There was no employee of the Group who is an immediate family member of the Directors, the then Executive Chairman and CEO or substantial shareholders of the Company, and whose remuneration exceeded S\$100,000 for FY2021.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

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

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

The Board established a Risk Committee with effect from 1 December 2020 to provide support to the Board in implementing and overseeing the risk management and internal control systems of the Group. The Risk Committee comprised of Mr Loy Soo Toon (Chairman), Mr Lau Kay Heng, Mr William Teo, Mr Derek Loh and Mr Ang Lian Kiat.

The Board subsequently amalgamated the Risk Committee with the AC to form the ARC with effect from 14 April 2021, with the ARC subsuming the Risk Committee's functions in providing support to the Board in implementing and overseeing the risk management and internal control systems of the Group. The designation and composition of the ARC remained unchanged from that of the AC at that time.

Prior to the establishment of the Risk Committee with effect from 1 December 2020, the Company had a risk management committee chaired by the Lead Independent Director, and comprised of all Board members as well as Mr Daryl Kwok (Project Director), Mr Quek Wey Lon (Chief Operating Officer) and Mr Lee Foo Tuck (Financial Controller).

The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the ARC.

# CORPORATE GOVERNANCE REPORT

On 22 March 2021, the ARC appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") to undertake an internal control review of the Company ("**Review**") in the area of cash management by the Management for the Company and its principal wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd, following the fundraising exercises completed in 2020 and related matters. Baker Tilly presented a draft interim report on the Review on 18 June 2021 ("**Interim Report**") to the ARC based on its findings to such date (including Management's responses). The ARC has reviewed the findings of Baker Tilly in the Interim Report and the recommendations of Baker Tilly for remedial works to be done by the Company and in turn has recommended that the Board adopt the same. The Board has reviewed the recommendations of Baker Tilly in the Interim Report for remedial works to be done by the Company ("**Remedial Works**") and has adopted the same as recommended by the ARC. The Management is in the process of implementing the Remedial Works and will be reporting to the ARC and the Board on the implementation status. Baker Tilly has been engaged by the ARC to review the implementation status of the Remedial Works, as well as the above additional remedial steps by the Management ("**Follow-up Review**"). As at the date of this report, the Follow-up Review is still ongoing. Please refer to the Company's announcements dated 12 July 2021 and 13 January 2022 for more details in relation to the Interim Report and the Follow-up Review. The Company will update shareholders on the key findings by Baker Tilly upon the conclusion of the Follow-up Review.

In addition, to ensure the accuracy of (i) the allocated amounts, the utilised amounts and the remaining balance of the proceeds and (ii) the breakdown of the use of proceeds from the past 3 fund-raising exercises since 2020, the ARC has appointed Baker Tilly to perform certain agreed upon procedures ("**AUP**") for the utilisation of proceeds up to 30 November 2021. As at the date of this report, the AUP is still ongoing. Please refer to the Company's announcements dated 13 January 2022 and 18 January 2022 for more details in relation to the AUP. The Company will update shareholders on the key findings upon the conclusion of the AUP.

The Company may consider to extend the AUP to cover the reports on the proceeds utilised after 30 November 2021.

The Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") has in the Notice of Compliance dated 14 July 2021 required that the ARC commissions Baker Tilly to expand its scope of work (the "**Additional Scope**") to: (a) look into the circumstances that led to breaches and/or potential breaches of the Catalist Rules as well as internal control weaknesses as stated in the Interim Report, and (b) identify the parties responsible for such breaches. The Additional Scope must be cleared with the SGX RegCo, and Baker Tilly must report concurrently to the ARC, SGX RegCo and the Sponsor.

Subsequently, the SGX RegCo, in the Notice of Compliance dated 19 August 2021, directed the Company to appoint a suitable independent special auditor ("**Special Auditor**") as recommended by the Sponsor and approved by the SGX RegCo. Accordingly, the Board has, as recommended by the Sponsor and approved by the SGX RegCo, appointed Deloitte & Touche Financial Advisory Services Pte. Ltd. as the Special Auditor in relation to the special audit. The Special Auditor reports only and directly to the SGX RegCo and the Sponsor. Where warranted, the SGX RegCo may direct the Special Auditor to look further into material findings, if any, from the special audit. Further details on the scope of the special audit are set out in the Company's announcement dated 20 September 2021.

Further details in relation to the abovementioned Review by Baker Tilly and the special audit are set out in the Company's announcements dated 23 June 2021 (Responses to Queries Regarding Trading Activity), 12 July 2021 (Response to Queries from SGX), 14 July 2021 (Response to Statements from Mr Lim Wee Li), 20 September 2021 (Appointment of Special Auditor pursuant to the Notice Of Compliance issued by SGX RegCo) and 14 January 2022 (Update on Special Audit pursuant to the Notice of Compliance issued by SGX RegCo).

The Company will make further announcements on any material updates in relation to the Review, the Follow-up Review and the AUP by Baker Tilly and the special audit, including key findings of Baker Tilly and the Special Auditor, to update the shareholders of the Company, as and when appropriate.

# CORPORATE GOVERNANCE REPORT

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

- (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board has received assurances from the Financial Controller that:

- (a) the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group's operations and finances; and
- (b) the Company has in place an adequate and effective system of risk management and internal controls in addressing the financial, operational, compliance and information technology risks of the Group as at 30 June 2021.

The Financial Controller highlighted that his assurance is limited to the areas under his direct control, being the areas of accounting and finance. He further stated that the Management has addressed most of the weaknesses noted in the Interim Report issued by Baker Tilly with new policy implementation (currently pending for Board's review and approval) and procedural revision (implemented).

Mr Lincoln Teo, who was appointed as an Executive Director effective from 14 April 2021, has provided assurance in his capacity as an Executive Director that an effective and reasonably adequate risk management system and internal controls have been in place for FY2021. His assurance for FY2021 applies only from his appointment date, restricted to the areas within his sphere of responsibility that he had influence or control over, primarily encompassing the Company's digital transformation process and its new technology business division. His assurance for FY2021 expressly excludes any operations, finance, and human resource areas where he had no influence or responsibility and for the actions of any staff since he had no one under his management. As Mr Lincoln Teo was only appointed as the Interim CEO effective from 8 July 2021, he was unable to provide the relevant assurance in relation to the financial statements of the Group for FY2021.

In addition, the Board has received assurances from the COO that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls in respect of his areas of responsibilities where he had influence or control over, which is primarily the Singapore project operations.

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

Based on the Review by Baker Tilly, work performed by the Independent Auditor, internal reviews performed by the Management and subject further to the conclusion of the Follow-up Review and the special audit, the Board with the concurrence of the ARC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group, indicate certain weaknesses in the Company's internal controls as at 30 June 2021. The Board and the ARC note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. The Board will implement the Remedial Works and other recommendations of Baker Tilly and the Special Auditor in the course of the Review, the Follow-up Review and the special audit, and will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control system.

# CORPORATE GOVERNANCE REPORT

## Audit and Risk Committee

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

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

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The Board amalgamated the Risk Committee with the AC to form the ARC with effect from 14 April 2021, with the ARC subsuming the Risk Committee's functions in providing support to the Board in implementing and overseeing the risk management and internal control systems of the Group. The designation and composition of the ARC remained unchanged from that of the AC at that time.

The ARC has written terms of reference, which remain the same as the AC's written terms of reference prior to the abovementioned amalgamation, that describe the responsibilities of its members.

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

- (a) to review the audit plans of the independent auditor and internal auditor, including the results of the independent auditor and internal auditor's review and evaluation of the system of internal controls of the Group;
- (b) to review the annual consolidated financial statements and the independent auditor's report on the financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (c) to review the periodic consolidated financial statements comprising the statement of comprehensive income of the Group, statement of cash flows of the Group, statements of financial position of the Group and the Company, statements of changes in equity of the Group and the Company, and such other information required by the Catalist Rules before submission to the Board for approval;

# CORPORATE GOVERNANCE REPORT

- (d) to review and discuss with the independent auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) to review the co-operation given by the Management to the independent auditor;
- (f) to consider the appointment or re-appointment of the independent auditor;
- (g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) to review any potential conflicts of interests;
- (i) to review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

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

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

The Board has, on the recommendation of the ARC, implemented a whistle-blowing policy for the Group, with the objective of providing an avenue for the staff of the Group to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware. Details of the whistle-blowing policies and arrangements have been made available to the staff of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal.

During FY2021, the Company received one whistle-blowing report submitted by an employee of the Company, who wished to remain anonymous, on 28 June 2021, to specific independent directors (namely, Mr William Teo, Mr Ang Lian Kiat and Mr Derek Loh). The whistle-blowing report alleged certain wrongdoings in the Company and suggested that the Company did not have adequate and effective internal controls. Following investigation by the Company, the Company has not taken any action against any person, in respect of the matters raised in the whistle-blowing report. In accordance with the Company's whistle-blowing policy, the whistle-blowing report has been treated with utmost confidentiality. It has not been disclosed to other members of the Board to whom it was not addressed to. Please refer to the Company's announcement dated 14 July 2021 (Response to Statements from Mr Lim Wee Li) for further details on the aforementioned whistle-blowing report. The whistle-blowing report and together with other whistle-blowing reports received after FY2021 have been submitted to the Special Auditor for review in compliance with the Notice of Compliance dated 19 August 2021.

# CORPORATE GOVERNANCE REPORT

The ARC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. During FY2021, the aggregate amount of fees paid or payable to Nexia TS Public Accounting Corporation (the “**Independent Auditor**”) for the audit services is reflected in Note 24 to the audited financial statements of the Group for FY2021. There are no non-audit fees paid or payable to the Independent Auditor for non-audit services for FY2021.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group for FY2021.

The Independent Auditor has expressed that it will not be seeking re-appointment as auditor of the Company at the forthcoming AGM. The Company is in the midst of identifying a suitable auditing firm and will make further announcement(s) when the new auditor has been identified and convene an extraordinary general meeting to obtain shareholders’ approval for the appointment of new auditor in due course.

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

The ARC consists of three (3) Independent Directors, namely:

Mr William Teo	Chairman of ARC and Lead Independent Director
Mr Ang Lian Kiat	Member and Independent Director
Mr Yap Sze Hon	Member and Independent Director

As both Mr William Teo and Mr Ang Lian Kiat are trained in accounting and financial management, the Board is of the view that the ARC has the necessary experience and expertise required to discharge its duties.

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

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

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

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

# CORPORATE GOVERNANCE REPORT

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Baker Tilly to undertake the functions of an internal auditor for the Group, including in relation to the Review. The ARC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the ARC and administratively to the Interim CEO. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

The Internal Auditor is Baker Tilly Singapore. Baker Tilly Singapore is part of the 10th largest accounting global network providing a comprehensive range of services in the areas of assurance, tax, governance and risk, deal advisory, restructuring and recovery, outsourcing, corporate secretarial services and digital solutions, including blockchain, AI and cybersecurity. Baker Tilly Singapore's engagement team for the internal audit comprises an engagement partner, a manager, supported by a number of internal auditors. The engagement team is staffed by members with relevant experiences and possesses professional qualifications such as Chartered Accountant and Certified Internal Auditor designations. Baker Tilly Singapore is also a corporate member of the Institute of Internal Auditors of Singapore and the internal audit engagement is carried out in line with the standards as stipulated by the International Professional Practices Framework (IPPF) as set out by the Institute. The ARC has reviewed the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the Group's internal audit function is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience.

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

The ARC had held discussions with the Independent Auditor and Internal Auditor, without the presence of the Management, to review the adequacy of audit arrangements for FY2021, with emphasis on the scope and quality of their audits, and to discuss the observations of the Independent Auditor and Internal Auditor on the Management or on processes and procedures of the Group.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

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

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after any general meetings.



# CORPORATE GOVERNANCE REPORT

In line with the safe-distancing measures and regulations imposed by the Singapore Government to curb the further spread of COVID-19, the Company strongly encourages shareholders' participation in the forthcoming AGM for FY2021 which is to be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**").

For the forthcoming AGM, the notice of AGM and the accompanying annual report and proxy form is made available to members solely by electronic means via publication on the SGXNet and the Company's website, pursuant to the Alternative Arrangements Order. Although the AGM will be conducted by electronic means, shareholders may appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at that AGM if such shareholders wish to exercise their voting rights, and may submit their questions relating to the resolutions set out in the notice of the AGM in advance.

The Company has specified in the notice of AGM the detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) participate to observe and/or listen to the AGM proceedings, (ii) access the annual report and proxy form, (iii) submit their questions in advance of the AGM electronically (e.g. via email) and (iv) vote by appointing the Chairman of the AGM as proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

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

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

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

All Directors are required to attend general meetings. The external auditor will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Please refer to Provision 1.5 for details on the Directors' attendance at general meetings held during FY2021.

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

The Constitution of the Company allows any shareholder of the Company, if he is unable to attend a general meeting, to appoint not more than two (2) proxies to attend and vote on his behalf at the meeting through proxy form sent in advance. A proxy need not be a member of the Company. Pursuant to the provisions of the Companies Act, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

In light of the Alternative Arrangements Order, shareholders who wish to vote at the forthcoming AGM for FY2021 must submit a proxy form to appoint the Chairman of the AGM as their proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions. The detailed information regarding how shareholders may vote by appointing the Chairman of the AGM as proxy and submission of questions has been specified in the notice of AGM.

# CORPORATE GOVERNANCE REPORT

As the authentication of members' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

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

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

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

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2021 as the Group was making a loss in FY2021 and had accumulated losses as at 30 June 2021.

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

## Engagement With Shareholders

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

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

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

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

For the forthcoming AGM, shareholders may submit their questions relating to the resolutions set out in the notice of the AGM in advance. The detailed information on the submission of questions has been specified in the notice of AGM.

# CORPORATE GOVERNANCE REPORT

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

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

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be price-sensitive is disseminated without delay via announcements on the SGXNet;
- (b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and
- (c) Operate an open policy with regard to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

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

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

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

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

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

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

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised through stakeholder engagement and can be found in the sustainability report of the Group published on 1 December 2021.

# CORPORATE GOVERNANCE REPORT

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

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

## **ADDITIONAL INFORMATION**

### **Dealing in Securities**

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

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

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

### **Interested Person Transaction**

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

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

# CORPORATE GOVERNANCE REPORT

Details of the interested person transaction entered into by the Group for FY2021 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2021	FY2020	FY2021	FY2020
Mr Lim Wee Li (Executive Chairman and CEO)				
- Purchase of a pre-owned motor vehicle from Mr Lim Wee Li	S\$270,000	-	-	-
- Allotment and issuance of 66,148,657 new ordinary shares in the capital of the Company on 30 July 2020 pursuant to the conditional debt conversion deed dated 2 April 2020 in relation to the conversion of shareholder's loans of S\$4,630,406.33 extended by Mr Lim Wee Li to the Company. Shareholders' approval for the conversion was obtained on 27 July 2020.	-	S\$4,630,406.33	-	-

The Board confirms that the above interested person transaction was entered into on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

## **Non-Sponsor Fees**

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid/payable to the Sponsor, SAC Capital Private Limited, for FY2021.

## **Material Contracts and Loans**

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

## **Use of Proceeds**

As at 31 January 2022, the aggregate balance of proceeds from the fundraising exercises conducted in 2020, including two placement exercises and convertible loan, is S\$1,698,666. Please refer to the Company's announcement dated 4 March 2022 for more information.

# CORPORATE GOVERNANCE REPORT

## Information on Directors Seeking Re-Election

Mdm Hao Dongting, Mr Lincoln Teo, Mr William Teo, Mr Ang Lian Kiat and Mr Yap Sze Hon are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalyst Rules, the information relating to the Directors seeking re-election in accordance with Appendix 7F of the Catalyst Rules is set out below:

	<b>HAO DONGTING</b>	<b>LINCOLN TEO</b>	<b>WILLIAM TEO</b>	<b>ANG LIAN KIAT</b>	<b>YAP SZE HON</b>
<b>Date of appointment</b>	14 April 2021	14 April 2021	1 February 2019	1 December 2020	1 December 2020
<b>Date of last re-appointment (if applicable)</b>	-	-	29 November 2019	-	-
<b>Age</b>	65	52	75	49	60
<b>Country of principal residence</b>	China	Singapore	Singapore	Singapore	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	The Board, having considered the recommendation of the NC and assessed Mdm Hao Dongting's ("Mdm Hao") overall contributions and performance, is of the view that she is suitable for re-appointment as Non-Executive Chairperson of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Lincoln Teo's overall contributions and performance, is of the view that he is suitable for re-appointment as Executive Director and Interim CEO of the Company.	The Board, having considered the recommendation of the NC and assessed Mr William Teo's overall contributions and performance, is of the view that he is suitable for re-appointment as Lead Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Ang Lian Kiat's ("Mr Ang") overall contributions and performance, is of the view that he is suitable for re-appointment as Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Yap Sze Hon's ("Mr Yap") overall contributions and performance, is of the view that he is suitable for re-appointment as Independent Director of the Company.

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive	Executive. As Executive Director, Mr Lincoln Teo is responsible for managing the Company's digital transformation process and the new technology business arm of the Group. As Interim CEO, Mr Lincoln Teo will be responsible for formulating the Group's strategic directions and expansion plans, as well as overseeing the sales, marketing and business development of the Group in the interim.	Non-Executive	Non-Executive	Non-Executive
<b>Job title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Non-Executive Chairperson	Executive Director and Interim CEO	Lead Independent Director, Chairman of the ARC, and a member of the NC and RC	Independent Director, Chairman of the NC, and a member of the ARC and RC	Independent Director, Chairman of the RC, and a member of the ARC and NC
<b>Professional qualifications</b>	<ul style="list-style-type: none"> <li>- Certificate of Senior International Finance Manager, International Financial Management Association</li> <li>- Master of Business Administration, National University of Singapore</li> </ul>	Bachelor of Arts and Social Science (Economics and Sociology), National University of Singapore	<ul style="list-style-type: none"> <li>- Fellow of the Association of Chartered Certified Accountants (UK)</li> <li>- Member of the Institute of Singapore Chartered Accounts</li> </ul>	Bachelor of Economics (Accounting), Macquarie University	<ul style="list-style-type: none"> <li>- Bachelors of Law LL.B (Honours), National University of Singapore</li> <li>- Master of Science (Criminal Justice), Michigan State University</li> </ul>

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<b>Working experience and occupation(s) during the past 10 years</b>	<p>- Master of Economic Law, Chinese Academy of Social Sciences</p> <p>- Bachelor of Laws, Beijing Institute of Political Science and Law</p> <p>March 2020 to present: OOWAY Group Ltd. - Executive Director</p> <p>June 2007 to present: CEE Tech and Management Pte. Ltd. - Executive Director</p>	<p>July 2021 to present: Kitchen Culture Holdings Ltd. - Interim CEO</p> <p>April 2021 to present: Kitchen Culture Holdings Ltd. - Executive Director</p> <p>January 2021 to March 2021: OOWAY Group Ltd. - Risk Control Director</p> <p>January 2017 to December 2020: Intelligence Wise Pte. Ltd. - Executive Director</p> <p>October 2014 to December 2016: Experian Credit Services Singapore Pte. Ltd. - Chief Operating Officer</p> <p>January 2011 to December 2016: DP Credit Bureau Pte. Ltd. (now known as Experian Credit Bureau Singapore Pte. Ltd.) - General Manager</p>	<p>- Master in Management, Asian Institute of Management, Manila, Philippines</p> <p>Mr William Teo has retired since 2004 and has been focusing on his independent directorships in Singapore-listed companies and other commitments.</p> <p>Please refer to <b>"Other principal commitments including directorships"</b> section below.</p>	<p>March 2005 to present: Stirling Coleman Capital Limited - Managing Director, Corporate Finance Advisory</p> <p>October 2015 to September 2017: KBZ Stirling Coleman Securities Co., Ltd. - Co-Head, Equity Capital Markets</p>	<p>December 2006 to April 2014: ComfordDelGro Corporation Limited - Vice President, Group Legal</p> <p>Mr Yap has retired since 2014 and has been focusing on his other commitments.</p> <p>Please refer to <b>"Other principal commitments including directorships"</b> section below.</p>



# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	<p>Mdm Hao is deemed interested in 90,000,000 ordinary shares in the Company ("Shares"), being 21.19% of the total shareholding in the Company, held by OOWAY Group Ltd.</p> <p>OOWAY Holding Ltd. is deemed to be interested in all the Shares held by OOWAY Group Ltd. under Section 7 of the Companies Act and Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("<b>SFA</b>"), as it holds 57.26% shareholding in OOWAY Group Ltd.</p> <p>Mdm Hao is also deemed to be interested in all the Shares held by OOWAY Group Ltd. under Section 7 of the Companies Act and Section 4 of the SFA, as she holds 100% shareholding in OOWAY Holding Ltd.</p>	<p>Mr Lincoln Teo holds 422,000 Shares.</p> <p>He is also deemed to be interested in 1,578,000 Shares held in the custodian nominee accounts.</p>	Nil	Nil	Nil

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<p><b>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</b></p>	<p>Mdm Hao is a deemed controlling shareholder of the Company.</p> <p>In addition, Mdm Hao is a director of OOWAY Holding Ltd. and OOWAY Group Ltd., the controlling shareholders of the Company.</p> <p>Mdm Hao is also a director of OOWAY Technology Pte. Ltd., an associated company of the Group, and a director of OOWAY Data Technology (Beijing) Co., Ltd. (Dalushujukeji (Beijing) Youxiangongsi) and Firefly Technology Pte. Ltd., a wholly-owned subsidiary of OOWAY Technology Pte. Ltd..</p> <p>Mdm Hao is also currently sitting on the board of directors of the following companies (outside the Group) together with Mr Lincoln Teo:</p> <ul style="list-style-type: none"> <li>- Asian Enterprise Research Center Pte. Ltd.</li> <li>- Asian Unicorn Club Pte. Ltd.</li> <li>- OOWAY Big Data Pte. Ltd.</li> <li>- OOWAY International Pte. Ltd.</li> </ul>	<p>Mr Lincoln Teo is presently Executive Director of the Group and a Director of OOWAY Technology Pte. Ltd., which is an associated company of the Group, and its wholly-owned subsidiary, Firefly Technology Pte. Ltd..</p> <p>OOWAY Technology Pte. Ltd. is controlled by OOWAY Group Ltd., one of the controlling shareholders of the Group.</p> <p>Mr Lincoln Teo is also currently sitting on the board of directors of the following companies (outside the Group) together with Mdm Hao:</p> <ul style="list-style-type: none"> <li>- Asian Enterprise Research Center Pte. Ltd.</li> <li>- Asian Unicorn Club Pte. Ltd.</li> <li>- OOWAY Big Data Pte. Ltd.</li> <li>- OOWAY International Pte. Ltd.</li> </ul>	<p>Nil</p>	<p>Nil</p>	<p>Nil</p>

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
	Save as disclosed above, Mdm Hao is not related to any existing Director, executive officer, the Company and/or its substantial shareholders or any of the Company's principal subsidiaries.	Save as disclosed above, Mr Lincoln Teo is not related to any existing Director, executive officer, the Company and/or its substantial shareholders or any of the Company's principal subsidiaries.			
<b>Conflict of interest (including any competing business)</b>	Nil	Nil	Nil	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7H) under Catalyst Rule 704(6) has been submitted to the listed issuer</b>	Yes	Yes	Yes	Yes	Yes
<b>Other principal commitments including directorships</b>	<p><u>Past:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Asia Brand Management Pte. Ltd.</li> <li>- Asia Brand Group Pte. Ltd.</li> </ul> <p>Other Principal Commitments:</p> <p>Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>	<p><u>Past:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Experian Credit Bureau Singapore Pte. Ltd. (formerly known as DP Credit Bureau Pte. Ltd.)</li> <li>- Eastern Belt Pte. Ltd.</li> <li>- EST Fintech Pte. Ltd.</li> <li>- Neo Fintech Holdings Pte. Ltd.</li> <li>- Ywise Pte. Ltd.</li> <li>- Wefin Pte. Ltd.</li> <li>- Asian Accounts Receivable Exchange Pte. Ltd. (formerly known as Accounts Receivable Exchange Pte. Ltd.)</li> </ul>	<p><u>Past:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Loyz Energy Limited (now known as CapAllianz Holdings Limited)</li> <li>- DLF Holdings Limited (now known as OIO Holdings Limited)</li> <li>- PSL Holdings Limited</li> <li>- Ascendent Technologies Pte. Ltd.</li> <li>- Fral Ballistics Pte. Ltd.</li> </ul>	<p><u>Past:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Dagon Capital Private Limited</li> </ul> <p>Other Principal Commitments:</p> <p>Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>	<p><u>Past:</u></p> <p>Directorships:</p> <p>Nil</p> <p>Other Principal Commitments:</p> <p>Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>

# CORPORATE GOVERNANCE REPORT

HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<p><u>Present:</u></p> <p>Directorships:</p> <p>Within the Group:</p> <ul style="list-style-type: none"> <li>- KHL Marketing Asia-Pacific Pte Ltd (subsidiary)</li> <li>- OOWAY Technology Pte. Ltd. (associated company)</li> <li>- OOWAY Data Technology (Beijing) Co., Ltd. (大路数据科技(北京)有限公司) (associated company)</li> <li>- Firefly Technology Pte. Ltd. (associated company)</li> </ul> <p>Outside the Group:</p> <ul style="list-style-type: none"> <li>- OOWAY Group Ltd.</li> <li>- OOWAY Holding Ltd.</li> <li>- OOWAY Big Data Pte. Ltd.</li> <li>- OOWAY International Pte. Ltd.</li> <li>- CEE Tech and Management Pte. Ltd.</li> <li>- CEE (China) Technology Co., Ltd. (时代嘉华(中国)科技有限公司)</li> </ul>	<p>Other Principal Commitments:</p> <p>Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p> <p><u>Present:</u></p> <p>Directorships:</p> <p>Within the Group:</p> <ul style="list-style-type: none"> <li>- KHL Marketing Asia-Pacific Pte Ltd (subsidiary)</li> <li>- KC Technologies Pte. Ltd. (subsidiary)</li> <li>- OOWAY Technology Pte. Ltd. (associated company)</li> <li>- Firefly Technology Pte. Ltd. (associated company)</li> </ul> <p>Outside the Group - Non-executive:</p> <ul style="list-style-type: none"> <li>- Asian Enterprise Research Center Pte. Ltd.</li> <li>- Asian Unicorn Club Pte. Ltd.</li> <li>- Carbondyne (Pte. Ltd.) City Tech Capital Management Pte. Limited</li> </ul>	<p><u>Present:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Wee Hur Holdings Ltd.</li> <li>- Datapulse Technology Limited</li> <li>- Axington Inc.</li> <li>- Zunhou Capital Pte. Ltd.</li> </ul> <p>Other Principal Commitments:</p> <p>Chairman of Seng Kang West Community Development and Welfare Fund <li>- Chairman of Ang Mo Kio Town Council Finance Committee</li> <li>- Patron of Anchorvale Community Club Management Committee</li> <li>- Patron of Seng Kang West Citizens' Consultative Committee</li> </p>	<p><u>Present:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- Stirling Coleman Capital Limited</li> </ul> <p>Other Principal Commitments:</p> <p>Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>	<p><u>Present:</u></p> <p>Directorships:</p> <ul style="list-style-type: none"> <li>- QOL Pte. Ltd.</li> </ul> <p>Other Principal Commitments:</p> <ul style="list-style-type: none"> <li>- myScarletWorm.com – Founder</li> <li>- Chen Su Lan Methodist Children's Home – Board Member</li> </ul>

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
	<ul style="list-style-type: none"> <li>- Beijing CEE Technology Co., Ltd. (北京时代嘉华网络科技有限公司)</li> <li>- Beijing CEE Environment Control Technology Co., Ltd. Shanghai Branch (北京时代嘉华环境控制科技有限公司上海分公司)</li> <li>- Beijing Wanhua Tongxin'er Technology Co., Ltd. (北京万花童信儿科技有限公司)</li> <li>- Asia Brand Capital Pte. Ltd.</li> <li>- Asian Enterprise Research Center Pte. Ltd.</li> <li>- Asian Unicorn Club Pte. Ltd.</li> <li>- Billion Celestial Capital Pte. Ltd.</li> <li>- Global Energy Environment Holdings Pte. Ltd.</li> <li>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</li> </ul>	<ul style="list-style-type: none"> <li>- Intelligence Wise Pte. Ltd.</li> <li>- Lead Tech Innovations Pte. Ltd.</li> <li>- Luxury Watch Assets International Pte. Ltd.</li> <li>- OOWAY Big Data Pte. Ltd.</li> <li>- OOWAY International Pte. Ltd.</li> <li>- Plends Tech Pte. Ltd.</li> <li>- Prochain Global Pte. Ltd.</li> <li>- Slee Holdings Sdn. Bhd.</li> <li>- Stone Mattered Holdings Pte. Ltd.</li> <li>- World Trading League Pte. Ltd.</li> <li>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</li> </ul>			

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Yes Mr William Teo served as an independent director in Hongwei Technologies Limited (“HTL”) from June 2011 to March 2012. HTL had, on 13 December 2011, presented a petition to the Supreme Court of Bermuda for, <i>inter alia</i> , the appointment of joint provisional liquidators with the objectives of securing and safeguarding the assets of HTL. HTL was eventually delisted from the SGX-ST on 3 January 2014.  Please refer to the attachment in the Company’s announcement dated 1 February 2019 for further information in relation to the above.	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No



# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
<p>(i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p>	No	No	<p>Yes</p> <p>Internal Review of Axington Inc. ("<b>Axington</b>")</p> <p>Mr Teo was appointed as an independent director of Axington with effect from 20 November 2020.</p> <p>Prior to Mr Teo's appointment, Axington had received a disclaimer of opinion by its independent auditors, Foo Kon Tan LLP, in its independent auditors' report dated 7 July 2021, as well as queries from the SGX-ST relating to certain transactions highlighted in the aforementioned independent auditors' report, including the non-receipt of proceeds from one of the placees under Axington's placement announced on 28 July 2020.</p>	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
			<p>The then reconstituted board of directors of Axington undertook a complete review of the affairs of Axington from Decembr 2020 to March 2021 (the <b>"Internal Review"</b>). Several key issues were identified during the course of the Internal Review and steps were taken by the board towards addressing such issues. Axington further announced that in light of potential breaches of the Catalyst Rules and in consultation with the SGX-ST, it would, <i>inter alia</i>, investigate further into the circumstances of the aforementioned non-receipt of proceeds under its placement exercise. Please refer to Axington's announcement dated 16 July 2021 for further information on the Internal Review.</p> <p>Mr Teo has informed that he was at no time a subject of the internal review.</p>		

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
			Please also refer to further disclosures set out in the attachment in the Company's announcement dated 1 February 2019 for further information.		
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	LINCOLN TEO	WILLIAM TEO	ANG LIAN KIAT	YAP SZE HON
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

# DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company for the financial year ended 30 June 2021 and the statement of financial position of the Company as at 30 June 2021.

In the opinion of the directors,

- (a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on the pages 79 to 139 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2021 and the changes in equity of the Company and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 2 of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Hao Dongting (Appointed on 14 April 2021)  
Lincoln Teo Choong Han (Appointed on 14 April 2021)  
Lim Wee Li  
William Teo Choon Kow  
Ang Lian Kiat (Appointed on 1 December 2020)  
Yap Sze Hon (Appointed on 1 December 2020)

## Arrangements to enable directors to acquire shares and debentures

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

## Directors' interests in shares or debentures

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

	Holdings registered in <u>name of director</u>		Holdings in which director is <u>deemed to have an interest</u>	
	<u>At</u> <u>30.06.2021</u>	<u>At</u> <u>01.07.2020</u>	<u>At</u> <u>30.06.2021</u>	<u>At</u> <u>01.07.2020</u>
<b>The Company</b>				
<u>(No. of ordinary shares)</u>				
Hao Dongting	-	-	90,000,000	-
Lim Wee Li	66,148,657	26,177,000	-	-
Lincoln Teo Choong Han	422,000	-	1,578,000	-
<b>Subsidiary Corporations</b>				
<b>- Kitchen Culture (Hong Kong) Limited</b>				
<u>(No. of ordinary shares)</u>				
Hao Dongting	-	-	7,000,000	-
Lim Wee Li	-	-	-	7,000,000

# DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

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

### - Kitchen Culture (Macau) Limited

(No. of ordinary shares)

Hao Dongting	-	-	17,500	-
Lim Wee Li	-	-	-	17,500

As at 30 June 2021, Madam Hao Dongting is deemed to be interested in 90,000,000 ordinary shares or 21.2% shareholding in the Company held by OOWAY Group Ltd.. OOWAY Holding Ltd. is deemed to be interested in all the ordinary shares in the capital of the Company held by OOWAY Group Ltd. as it holds 57.26% shareholding in OOWAY Group Ltd.. Madam Hao Dongting is also deemed to be interested in all the ordinary shares in the capital of the Company held by OOWAY Group Ltd. as she holds 100% shareholding in OOWAY Holding Ltd.. Madam Hao, who by virtue of her deemed interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiary corporations of the Company.

As at 30 June 2021, Mr Lim Wee Li holds 66,148,657 ordinary shares or 15.6% (2020: 26,177,000 ordinary shares or 21.7%) shareholding in the Company. As Mr Lim holds less than 20% of the issued capital of the Company, he is not deemed to have interests in the shares of all the subsidiary corporations of the Company as at 30 June 2021.

As at 30 June 2021, Mr Lincoln Teo Choong Han holds 422,000 ordinary shares or 0.1% shareholding in the Company, and is deemed to be interested in 1,578,000 ordinary shares or 0.4% shareholding in the Company held in the custodian nominee accounts.

The directors' interest in the ordinary shares of the Company as at 21 July 2021 were the same as those as at 30 June 2021.

## Share options

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

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

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

## Audit committee

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

Mr William Teo Choon Kow (Chairman)  
Mr Derek Loh Eu Tse (Resigned on 30 June 2021)  
Mr Ang Lian Kiat

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The Audit Committee has met 3 times during the financial year ended 30 June 2021 and has reviewed the following, where relevant, with the executive director and external and internal auditors of the Company:

- the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- the Company's and the Group's financial and operating results and accounting policies;



# DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

## **Audit committee** (cont'd)

- (c) the financial statements of the Group and external auditor's report on those financial statements before their submission to the directors of the Company;
- (d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Group's internal and external auditors; and
- (f) the re-appointment of the external auditors of the Group.

On behalf of the directors

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**Hao Dongting**  
Non-Executive Chairperson

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**Lincoln Teo Choong Han**  
Director

**3 March 2022**

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## **Report on the Audit of the Financial Statements**

### ***Disclaimer of Opinion***

We were engaged to audit the accompanying financial statements of Kitchen Culture Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 139.

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

### ***Basis for Disclaimer of Opinion***

- a. *Notice of Compliance ("NOC") issued by Singapore Exchange Regulation ("SGX RegCo" or the "Exchange")*

As disclosed in Note 30, SGX RegCo has issued two separate NOCs to the Company as follows:

The first NOC issued by SGX RegCo on 14 July 2021 requires the Company's Audit and Risk Committee ("ARC") to commission its Internal Auditor ("IA") to expand its scope of work (the "Additional Scope") to include, among others, looking into the circumstances that led to breaches and/or potential breaches of the Exchange's Catalyst Rules as well as internal control weaknesses as stated in the IA's draft interim report (the "Interim Report").

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## Report on the Audit of the Financial Statements (continued)

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

- a. *Notice of Compliance ("NOC") issued by Singapore Exchange Regulation ("SGX RegCo" or the "Exchange") (continued)*

The second NOC issued by SGX RegCo on 19 August 2021 directs the Company to appoint a suitable independent special auditor ("Special Auditor") as recommended by the Company's continuing sponsor and approved by SGX RegCo. The second NOC supersedes the instruction in the first NOC. The Special Audit must cover the following:

- Review the matters raised in the first NOC;
- Review the circumstances surrounding the payroll matter as disclosed in Note 30, including but not limited to whether the payments were made in accordance with the respective employment contracts and whether proper approvals had been obtained for such payments;
- Review the circumstances surrounding the unauthorised transactions and assess if there were other unauthorised transactions in the past one (1) year;
- Review the Group's internal controls, processes and procedures in relation to due diligence performed on acquisitions and disposals in the past one (1) year;
- Review the Group's whistleblowing policies, processes and procedures and advise on whether such policies, processes and procedures are adequate and effective. In addition, the Special Auditor must review all whistleblowing reports received by the Company and/or its directors, assess whether internal policies, processes and procedures have been adhered to, whether issues brought up by the whistleblower(s) have been robustly investigated into by non-conflicted persons and addressed in the process;
- Where internal control weaknesses are noted by the IA (in its Interim Report prior to the issue of the second NOC) and the Special Auditor, the Special Auditor must make recommendations on enhancements to ensure adequacy and effectiveness of the internal controls going forward; and
- Where breaches/potential breaches of the Exchange's Catalist Rules, laws or regulations are noted, the Special Auditor must set out clearly the circumstances that led to the breaches and / or potential breaches as well as the parties responsible.

The Special Auditor reports only and directly to SGX RegCo and the Company's continuing sponsor.

In December 2021, the ARC has also mandated the IA to perform the following:

- (a) Review the implementation status of the remedial steps taken by management to address the internal control weaknesses and potential lapses as stated in the Interim Report ("Follow-up Review"); and
- (b) Perform certain agreed upon procedures ("AUP") for the utilisation of proceeds up to 30 November 2021.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## **Report on the Audit of the Financial Statements (continued)**

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

- a. *Notice of Compliance ("NOC") issued by Singapore Exchange Regulation ("SGX RegCo" or the "Exchange") (continued)*

At the date of our report, the IA and the Special Auditor are currently performing their mandated audit works as described above.

Accordingly, we are unable to ascertain whether the IA's Follow-up Review and AUP and the Special Audit, the outcome of which are still unknown, would have an impact on the Group's business operations. We are also unable to ascertain the extent of pervasiveness and/or significance of any adjustments that may arise from the IA's Follow-up Review and AUP and the Special Audit, if any, on the financial statements of the Company.

- b. *Investment in associated company*

The Company did not perform a valuation and purchase price allocation ("PPA") on its 12 October 2020 acquisition of 30% interest in an associated company, OOWAY Technology Pte. Ltd. ("OOWAY"), which involves the determination of the fair value of the investment acquired and the recognition of goodwill or bargain purchase, if any, as at acquisition date. Accordingly, the acquisition cost of \$23,922,000 was not properly allocated to the fair value of the investment acquired and no goodwill or bargain purchase was recognised on acquisition date.

The carrying amount of investment in associated company as at 30 June 2021 on the Group's consolidated statement of financial position represents the original acquisition cost of \$23,922,000 less share in net loss of associated company for the period of \$909,642 and impairment charge of \$2,200,000. On the Company's statement of financial position, the carrying amount represents the original acquisition cost less impairment charge.

In the absence of a PPA exercise as at acquisition date, we are unable to determine whether adjustments, or disclosures in the financial statements, are required on the carrying amount of investment in associated company as at 30 June 2021 in the Group's and the Company's statements of financial position and whether goodwill or bargain purchase is required to be recognised or disclosed.

We were also unable to obtain sufficient appropriate audit evidence over the share in net loss of OOWAY of \$909,642 for the current financial year. Accordingly, we were unable to quantify the possible adjustments, if any, and related information that may be required to be disclosed, which could have significant impact on the current year's financial statements.

Additionally, for purposes of impairment assessment of the carrying value of the investment in OOWAY as at 30 June 2021, management engaged an independent professional firm to perform a fair valuation of the Company's 27.65% equity interest in OOWAY. We were unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions in the valuation assessment, primarily management's estimates of projected transaction volume and revenue growth over the relevant periods. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the carrying value of the investment in OOWAY, including any disclosures that may be required. Accordingly, we were unable to quantify the impairment adjustments, if any, that would be required, which could have significant impact on the current year's financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## Report on the Audit of the Financial Statements (continued)

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

#### *c. Receipt of bank confirmations*

Bank confirmations in respect of bank balances amounting to \$11,005 have not been received by us. There were no other satisfactory audit procedures that we could perform to obtain sufficient appropriate audit evidence regarding the carrying amount and the completeness of bank balances, bank transactions and banking facilities for the financial year ended 30 June 2021. Accordingly, we were unable to quantify the possible adjustments, if any, and related information that may be required to be disclosed, which could have significant impact on the current year's financial statements.

#### *d. Going concern*

The Group has suffered recurring losses and negative operating cash flows. For the financial year ended 30 June 2021, the Group reported a net loss of \$11,509,433 (2020: \$4,645,159) and negative operating cash flows of \$6,585,234 (2020: \$4,997,326). As at 30 June 2021, the Group's current assets exceeded its current liabilities by \$4.9 million (2020: current liabilities exceeded current assets by \$8.0 million).

Furthermore, certain events that have occurred after the financial year-end as disclosed in Note 30 may have significant financial and operational impact on the Group and the Company, including, *inter alia*, the following:

- Former Chief Executive Officer's legal actions against the interim CEO and certain independent directors of the Company, to which the Company has provided indemnity letters to the said individuals;
- Former Chief Executive Officer's legal actions against the Company;
- A subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd, receiving a statutory demand in relation to alleged outstanding rental arrears, followed by a winding up application filed against the subsidiary corporation by a certain creditor; and
- The subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd, filing an application before the General Division of the High Court for an order to place itself under judicial management ("JM Application").

As the above-mentioned matters are still on-going, the possible effects on the Group's operations of the potential winding up of the subsidiary corporation and the potential liabilities, both constructive and contingent, of the Group and the Company cannot be determined.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## **Report on the Audit of the Financial Statements (continued)**

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

#### *d. Going concern (continued)*

The above events and conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. As disclosed in Note 2 to the financial statements, in preparing the financial statements, the Board of Directors has considered the operations of the Group and the Company as going concerns, notwithstanding the recurring net losses and negative cash flows and uncertainties brought about by the on-going legal proceedings, and concluded that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2021 is still appropriate after taking into consideration the following factors:

- a) the net losses incurred by the Group included certain one-time charges;
- b) the Group is still in a net current assets position of \$4.9 million;
- c) the Company has commenced a corporate restructuring of subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd, which contributed the bulk of the Group's operating losses in previous years, by its JM Application; and
- d) the Company is evaluating various options to raise additional working capital.

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the positive outcome of the measures and assumptions disclosed above which cannot be determined at present. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these measures and assumptions. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Company is appropriate.

Because of the significance of the uncertainties and potential misstatements arising from the matters described above, we are unable to express an opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## **Report on the Audit of the Financial Statements (continued)**

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Kitchen Culture Holdings Ltd.

## **Report on Other Legal and Regulatory Requirements**

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

The engagement director on the audit resulting in this independent auditor's report is Loh Ji Kin.

**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Singapore**

**3 March 2022**



# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	Group		Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Assets</b>					
Cash and cash equivalents	5	5,535,483	6,403,022	4,269,106	5,938,263
Trade receivables	6	5,223,650	7,827,846	-	-
Other receivables	7	2,857,970	1,265,885	4,465,757	5,560,376
Contract assets	21	569,756	352,932	-	-
Inventories	8	2,104,291	4,853,956	-	-
Tax recoverable		-	3,316	-	-
<b>Current assets</b>		<u>16,291,150</u>	<u>20,706,957</u>	<u>8,734,863</u>	<u>11,498,639</u>
Property, plant and equipment	9	3,580,922	1,609,108	1,330,849	-
Investment property	11	207,671	220,448	-	-
Trade receivables	6	857,486	307,754	-	-
Investments in subsidiary corporations	12	-	-	2,200,002	100,002
Investment in associated companies	13	20,812,358	-	21,722,000	-
Deferred tax assets	14	79,486	82,497	-	-
<b>Non-current assets</b>		<u>25,537,923</u>	<u>2,219,807</u>	<u>25,252,851</u>	<u>100,002</u>
<b>Total assets</b>		<u>41,829,073</u>	<u>22,926,764</u>	<u>33,987,714</u>	<u>11,598,641</u>
<b>Liabilities</b>					
Trade payables	15	2,300,602	1,953,657	-	-
Other payables	16	3,228,599	13,649,532	2,546,536	7,594,038
Contract liabilities	21	4,392,293	3,186,234	-	-
Lease liabilities	17	1,447,697	1,092,483	628,738	-
Borrowings	18	-	8,802,729	-	6,957,500
Income tax payable		-	4,429	-	-
<b>Current liabilities</b>		<u>11,369,191</u>	<u>28,689,064</u>	<u>3,175,274</u>	<u>14,551,538</u>
Lease liabilities	17	1,726,630	337,066	539,246	-
<b>Non-current liabilities</b>		<u>1,726,630</u>	<u>337,066</u>	<u>539,246</u>	<u>-</u>
<b>Total liabilities</b>		<u>13,095,821</u>	<u>29,026,130</u>	<u>3,714,520</u>	<u>14,551,538</u>
<b>Equity</b>					
Share capital	19	58,948,250	12,707,823	58,948,250	12,707,823
Translation reserve	20	291,066	200,067	-	-
Accumulated losses		<u>(30,231,512)</u>	<u>(18,717,395)</u>	<u>(28,675,056)</u>	<u>(15,660,720)</u>
<b>Capital and reserves attributable to equity holders of the Company</b>		<u>29,007,804</u>	<u>(5,809,505)</u>	<u>30,273,194</u>	<u>(2,952,897)</u>
Non-controlling interests		<u>(274,552)</u>	<u>(289,861)</u>	<u>-</u>	<u>-</u>
<b>Total capital surplus/(deficit)</b>		<u>28,733,252</u>	<u>(6,099,366)</u>	<u>30,273,194</u>	<u>(2,952,897)</u>
<b>Total liabilities and equity</b>		<u>41,829,073</u>	<u>22,926,764</u>	<u>33,987,714</u>	<u>11,598,641</u>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	21	11,932,465	15,222,365
Cost of sales		<u>(8,187,231)</u>	<u>(10,256,499)</u>
<b>Gross profit</b>		3,745,234	4,965,866
Other income	22	820,385	534,161
Gain on disposal of subsidiary corporation	5	-	1,140,586
Selling and distribution expenses		(1,788,926)	(1,842,704)
Other operating expenses		(2,729,803)	(1,387,247)
General and administrative expenses		<u>(8,359,374)</u>	<u>(6,038,529)</u>
<b>Loss from operations</b>		(8,312,484)	(2,627,867)
Finance cost	23	(87,307)	(2,098,799)
Share of results of associated company	13	(909,642)	-
Impairment loss on investment in associated company	13	<u>(2,200,000)</u>	<u>-</u>
<b>Loss before income tax</b>		(11,509,433)	(4,726,666)
Income tax credit	25	-	81,507
<b>Net loss</b>		<u><u>(11,509,433)</u></u>	<u><u>(4,645,159)</u></u>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>101,624</u>	<u>(103,346)</u>
<b>Other comprehensive income/(loss), net of tax</b>		<u>101,624</u>	<u>(103,346)</u>
<b>Total comprehensive loss</b>		<u><u>(11,407,809)</u></u>	<u><u>(4,748,505)</u></u>
<b>Net (loss)/profit attributable to:</b>			
Equity holders of the Company		(11,514,117)	(4,770,859)
Non-controlling interests		<u>4,684</u>	<u>125,700</u>
		<u><u>(11,509,433)</u></u>	<u><u>(4,645,159)</u></u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		(11,423,118)	(4,859,753)
Non-controlling interests		<u>15,309</u>	<u>111,248</u>
		<u><u>(11,407,809)</u></u>	<u><u>(4,748,505)</u></u>
<b>Loss per share attributable to equity holders of the Company (cents per share)</b>			
Basic loss per share	26	<u>(3.0)</u>	<u>(3.5)</u>
Diluted loss per share	26	<u>(3.0)</u>	<u>(3.5)</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

Group	← Attributable to equity holders of the Company →					Total equity/ (capital deficit)
	Share capital	Currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
<b>Beginning of financial year</b>	12,707,823	200,067	(18,717,395)	(5,809,505)	(289,861)	(6,099,366)
(Loss)/profit for the year	-	-	(11,514,117)	(11,514,117)	4,684	(11,509,433)
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations	-	90,999	-	90,999	10,625	101,624
<b>Total comprehensive income/(loss) for the year</b>	-	90,999	(11,514,117)	(11,423,118)	15,309	(11,407,809)
Issuance of new ordinary shares (Note 19)	46,240,427	-	-	46,240,427	-	46,240,427
<b>End of financial year</b>	58,948,250	291,066	(30,231,512)	29,007,804	(274,552)	28,733,252
<b>2020</b>						
<b>Beginning of financial year</b>	8,731,259	288,961	(13,946,536)	(4,926,316)	(401,109)	(5,327,425)
(Loss)/profit for the year	-	-	(4,770,859)	(4,770,859)	125,700	(4,644,159)
<b>Other comprehensive (loss)/income</b>						
Exchange differences on translation of foreign operations	-	(88,894)	-	(88,894)	(14,452)	(103,346)
<b>Total comprehensive (loss)/income for the year</b>	-	(88,894)	(4,770,859)	(4,859,753)	111,248	(4,748,505)
Issuance of new ordinary shares (Note 19)	3,976,564	-	-	3,976,564	-	3,976,564
<b>End of financial year</b>	12,707,823	200,067	(18,717,395)	(5,809,505)	(289,861)	(6,099,366)

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

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

Company	Share capital \$	Accumulated losses \$	Total \$
<b>2021</b>			
<b>Beginning of financial year</b>	12,707,823	(15,660,720)	(2,952,897)
Issuance of new ordinary shares (Note 19)	46,240,427	-	46,240,427
Total comprehensive loss for the year	-	(13,014,336)	(13,014,336)
<b>End of financial year</b>	<u>58,948,250</u>	<u>(28,675,056)</u>	<u>30,273,194</u>
<b>2020</b>			
<b>Beginning of financial year</b>	8,731,259	(8,719,101)	12,158
Issuance of new ordinary shares (Note 19)	3,976,564	-	3,976,564
Total comprehensive loss for the year	-	(6,941,619)	(6,941,619)
<b>End of financial year</b>	<u>12,707,823</u>	<u>(15,660,720)</u>	<u>(2,952,897)</u>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Loss after tax		(11,509,433)	(4,645,159)
Adjustments for:			
- Income tax credit	25	-	(81,507)
- Depreciation of property, plant and equipment	24	1,634,574	1,579,000
- Amortisation of investment property	24	12,777	12,777
- Loss/(Gain) on disposal of property, plant and equipment	24	254,824	(7,220)
- Gain on disposal of a subsidiary corporation	5	-	(1,140,586)
- Gain on derecognition of lease liability		(264,578)	-
- Property, plant and equipment written off	24	26,888	1,569
- Impairment loss on investment in associated companies	13	2,200,000	-
- Share of results of associated companies	13	909,642	-
- Interest expense	23	72,894	2,098,799
- Interest income	22	(30,068)	(2,297)
- Unrealised foreign exchange differences, net		154,562	(87,290)
		<u>(6,537,918)</u>	<u>(2,271,914)</u>
Change in working capital, net of effect from disposal of a subsidiary corporation:			
- Inventories		2,749,665	1,207,063
- Trade and other receivables		462,378	(6,709,223)
- Contract assets		(216,824)	437,135
- Trade and other payables		(4,247,481)	3,365,298
- Contract liabilities		1,206,059	(1,026,337)
<b>Cash used in operations</b>		<u>(6,584,121)</u>	<u>(4,997,978)</u>
Income tax (paid)/refunded		<u>(1,113)</u>	<u>652</u>
<b>Net cash used in operating activities</b>		<u>(6,585,234)</u>	<u>(4,997,326)</u>
<b>Cash flows from investing activities</b>			
Interest received		30,068	2,297
Additions to property, plant and equipment		(473,029)	(400,867)
Disposal of property, plant and equipment		-	7,220
Disposal of a subsidiary corporation, net of cash disposed of	5	-	(88,880)
<b>Net cash used in investing activities</b>		<u>(442,961)</u>	<u>(480,230)</u>
<b>Cash flows from financing activities</b>			
Fixed deposit pledged to bank		-	52,082
Proceeds from issue of new shares	19	9,534,420	3,976,564
Principal payment of lease liabilities		(1,447,157)	(1,384,527)
Proceeds from advances from a director		-	2,515,170
Proceeds from convertible loan		-	6,050,000
Repayment of loan from shareholder		-	(804,771)
Interest paid		(72,894)	(390,798)
Proceeds from loan from a third party		-	3,160,900
Repayment of loan from a third party		-	(395,472)
Proceeds of term loan from external third parties		-	1,738,000
Repayment of term loan from external third parties		<u>(1,845,229)</u>	<u>(2,798,000)</u>
<b>Net cash provided by financing activities</b>		<u>6,169,140</u>	<u>11,719,148</u>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	Note	Group 2021 \$	2020 \$
<b>Net (decrease)/increase in cash and cash equivalents</b>		(859,055)	6,241,592
<b>Cash and cash equivalents</b>			
Beginning of financial year	5	6,403,022	183,559
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies		(8,484)	(22,129)
<b>End of financial year</b>	5	<u>5,535,483</u>	<u>6,403,022</u>

## Reconciliation of liabilities arising from financing activities

	Non-cash changes								30 June 2021 \$
	1 July 2020 \$	Principal and interest (payments) /receipts \$	Adoption of SFRS(I) 16 \$	Additions \$	Interest expense \$	Debt conversion \$	Derecognition of lease liability \$	Changes in foreign exchange \$	
Lease liabilities	1,429,549	(1,512,051)	-	3,435,001	64,894	-	(264,578)	21,512	3,174,327
Loan from a director	4,631,305	-	-	-	-	(4,630,439)	-	(32)	866
Convertible loan	6,957,500	-	-	-	-	(6,957,500)	-	-	-
Loan from shareholder	195,229	(195,229)	-	-	-	-	-	-	-
Loan from a third party	2,765,428	(2,765,428)	-	-	-	-	-	-	-
Loan from external third parties	1,650,000	(1,658,000)	-	-	8,000	-	-	-	-

	Non-cash changes								30 June 2020 \$
	1 July 2019 \$	Principal and interest (payments) /receipts \$	Adoption of SFRS(I) 16 \$	Additions \$	Interest expense \$	Accretion of interest \$	Changes in foreign exchange \$		
Lease liabilities	189,122	(1,450,257)	2,178,030	446,871	65,740	-	53	1,429,549	
Loan from a director	2,116,124	2,515,170	-	-	-	-	11	4,631,305	
Convertible loan	-	6,050,000	-	-	907,500	-	-	6,957,500	
Loan from shareholder	1,000,000	(804,771)	-	-	-	-	-	195,229	
Loan from a third party	-	2,765,428	-	-	-	-	-	2,765,428	
Loan from external third parties	2,710,000	(1,380,447)	-	-	624,011	(303,564)	-	1,650,000	

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

The financial statements of the Group for the financial year ended 30 June 2021 were authorised for issue in accordance with resolution of the Board of Directors of Kitchen Culture Holdings Ltd. on 3 March 2022.

## 1 General information

Kitchen Culture Holdings Ltd. (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 9 Raffles Place, #52-02, Republic Plaza, Singapore 048619.

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

### Impact of COVID-19

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

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

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

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are in Singapore, Hong Kong and Malaysia, all of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the year ended 30 June 2021:

- i. As disclosed in Note 2, the Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2021, border closures, production stoppages and workplace closures have resulted in periods where the Group’s operations were temporarily suspended to adhere to the respective governments’ movement control measures. These have negatively impacted business production and volume in 2021, resulting in a negative impact on the Group’s financial performance for FY2021.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 30 June 2021. The significant estimates and judgement applied on impairment of trade receivables and contract assets, valuation of inventories and construction contracts are disclosed in Note 4.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2022. If the situation persists beyond management’s current expectations, the Group’s assets may be subject to further write downs in the subsequent financial periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 2 Going concern

The Group incurred a net loss of \$11.5 million (2020: \$4.6 million) for the financial year ended 30 June 2021, and recorded a net operating cash outflow of \$6.6 million (2020: outflow of \$5.0 million). As at 30 June 2021, the Group's current assets exceeded its current liabilities by \$4.9 million (2020: current liabilities exceeded current assets by \$8.0 million).

In addition, there is ongoing uncertainty arising from, *inter alia*, the following:

- On 2 August 2021, Mr William Teo Choon Kow and Mr Ang Lian Kiat, Independent Directors of the Company, have each received a letter of demand from the lawyers of Mr Lim Wee Li (each a "ID Demand Letter"), in the discharge of their Directors' duties and each of them have accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 10 August 2021, the Company passed a Board Resolution (by way of majority votes) pursuant to Article 172 of the Company's Constitution that the Company shall indemnify each of Mr William Teo Choon Kow and Mr Ang Lian Kiat, out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which each of them may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the relevant ID Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the relevant ID Demand Letter.

The Board Resolution authorised Mr Lincoln Teo to do all things desirable, necessary or in connection with the foregoing.

- Announcements dated 10 August 2021, 17 September 2021, 28 October 2021 and 22 November 2021 in relation to the action commenced by the Company's subsidiary, KHL Marketing Asia-Pacific Pte Ltd ("KHLM"), against the Company's former Chief Executive Officer, Mr. Lim Wee Li, and two foreign nationals, Mr. Du Kun and Mr. Wang Yanchao, to recover the amount of S\$520,000 from the three defendants ("KHLM's Suit") and the action commenced by Mr. Lim Wee Li against the Company ("Mr Lim Wee Li's Suit");
- On 23 August 2021, Mr Lincoln Teo Choong Han, interim Chief Executive Officer ("CEO") of the Company, received a letter of demand from the lawyers of Mr Lim Wee Li ("Demand Letter"), in the discharge of his CEO and Director's duties and has accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 2 September 2021, the Company passed a Board Resolution (by way of majority votes), pursuant to Article 172 of the Company's Constitution that the Company shall indemnify Mr Lincoln Teo Choong Han out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which he may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the Demand Letter.

The Board Resolution authorised Madam Hao Dongting (the Chairperson of the Company) or Mr William Teo Choon Know (the ARC Chairman of the Company) to do all things desirable, necessary or in connection with the foregoing.

- Announcements dated 20 September 2021 and 14 January 2021 in relation to the special audit pursuant to the Notice of Compliance issued by the SGX RegCo on 19 August 2021;
- Announcements dated 19 October 2021 and 1 November 2021 in relation to the receipt of statutory demand by the Company's wholly-owned subsidiary, KHLM in relation to alleged outstanding rental arrears amounting to S\$1,770,126.57 ("Alleged Rental Arrears");



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 2 Going concern (cont'd)

- Announcement dated 23 December 2021 in relation to the winding up application that was filed on 13 December 2021 against KHLM (the “Winding Up Application”) due to the Alleged Rental Arrears; and
- Announcement dated 17 January 2022 in relation an application by KHLM for an order to place itself under judicial management (the “JM Application”).

The abovementioned matters indicate the existence of events or conditions which may adversely affect the Group’s and the Company’s ability to continue as going concerns and discharge their liabilities in the ordinary course of business.

Notwithstanding the above, the Board has considered the following factors in its going concern assessment:

- 1) the net losses incurred by the Group of \$11.5 million included the following one-time charges:
  - a. inventories write down of \$3.0 million;
  - b. impairment loss on investment in associated company of \$2.2 million.
- 2) the Group is still in a net current assets position of \$4.9 million;
- 3) An amount of \$3.3 million in the contract liabilities relates to sales deposits collected from customers for kitchen systems purchased, which will be recognised as revenue subsequently upon delivery of the kitchen systems to the customers and do not represent payment obligations of the Group;
- 4) the Company has commenced a corporate restructuring of KHLM, which contributed the bulk of the Group’s operating losses in previous years, by its JM Application; and
- 5) the Company is evaluating various options to raise additional working capital.

Based on the above, the Board is of the view that the Group and the Company are still going concerns but this assessment is subject to the Company’s ability to successfully restructure its key operating subsidiary, satisfactorily address all matters raised in the Notice of Compliance and raise additional working capital.

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

## 3 Significant accounting policies

### 3.1 Basis of accounting

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (con'd)

### Interpretations and amendments to published standards effective in 2021

The Group has adopted the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time on 1 July 2020:

- Amendments to SFRS(I) 3: Business Combinations – Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material
- Amendments to Reference to Conceptual Framework in SFRS(I) Standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform
- Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions

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

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 30 June 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### 3.2 Basis of consolidation

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

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

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.3 Business combination

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

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

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.3 Business combination (cont'd)

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

### 3.4 Financial instruments

#### *Classification and measurement*

The Group classifies and measures its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

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

#### At subsequent measurement

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

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

#### Impairment

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

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

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

### 3.5 Offsetting arrangements

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is reassessed whenever facts and circumstances indicate there may be a change in any of these elements of control.

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

### 3.7 Associated companies

Associated companies are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Investments in associated companies are initially accounted for in the consolidated financial statements at cost, and subsequently accounted for using the equity method of accounting less impairment losses, if any.

Under the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company.

Unrealised profits on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated, but only to the extent there is no impairment.

### 3.8 Leases

*When the Group is the lessor:*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.8 Leases (cont'd)

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

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

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

*When the Group is the lessee:*

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.8 Leases (cont'd)

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

- Short term and low value leases

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

### 3.9 Construction contracts

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

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

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

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

### 3.10 Trade and other payables

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

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

### 3.11 Fair value estimation of financial assets and liabilities

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.12 Inventories

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

### 3.13 Property, plant and equipment

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

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

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

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

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

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

### 3.14 Investment property

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## **3 Significant accounting policies (cont'd)**

### **3.14 Investment property (cont'd)**

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

### **3.15 Investments in subsidiaries and associates**

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### **3.16 Impairment of tangible assets**

At the end of each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.16 Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Onerous contracts

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

#### Warranties

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

### 3.17 Government grants

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.18 Revenue recognition

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

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

#### Revenue from construction contracts – installation of kitchen appliances and system

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

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

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

#### Sale of goods – kitchen appliances

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

#### Rendering of services

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

#### Interest income

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

#### Rental income

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.19 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.20 Defined contribution plans

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

### 3.21 Employee leave entitlement

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

### 3.22 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary corporations operate by the end of the reporting date.

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiary corporations and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.22 Income tax (cont'd)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

### 3.23 Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.23 Foreign currency transactions and translation (cont'd)

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

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

### 3.24 Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 3 Significant accounting policies (cont'd)

### 3.25 Cash and cash equivalents

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

### 3.26 Share capital

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

## 4 Critical judgements and key sources of estimation uncertainty

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

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

### *Critical judgements in applying the entity's accounting policies*

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

### *Key sources of estimation uncertainty*

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

### Impairment of trade receivables and contract assets

As at 30 June 2021, the Group's trade receivables and contract assets amounted to \$6,081,136 (2020: \$8,135,600) (Note 6) and \$569,756 (2020: \$352,932) (Note 21) respectively, arising from the Group's different revenue segments.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of \$293,898 (2020: \$261,979) for trade receivables was recognised as at 30 June 2021.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and a write off or write down is recorded against the carrying amount of the inventory balance for any such obsolescence, excess and declines. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting date and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write off or write down include management's expectations for future sales and inventory management which may materially affect the carrying amount of inventories as at financial year end. Possible changes in these estimates could result in revisions to the stated value of the inventories but these changes would not arise from the assumptions or other sources of estimation uncertainty at the end of the financial year. As at 30 June 2021, management has written down and written off inventories of \$3,058,838 and \$6,744 (2020: \$1,266,224 and \$133,988) respectively during the year.

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

### Construction contracts

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

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

If the revenue on uncompleted contracts at the reporting date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by \$523,550 (2020: \$905,667) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by \$422,313 (2020: \$717,924) respectively.

## 5 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Bank balances	5,535,483	6,403,022	4,269,106	5,938,263

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 5 Cash and cash equivalents (cont'd)

### Disposal of subsidiary corporation

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

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

\* Less than \$1

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 6 Trade receivables

	Group	
	2021	2020
	\$	\$
<u>Current</u>		
Trade receivables	4,302,139	6,123,967
Accrued revenue	476,815	717,091
Retention sums	738,594	1,248,769
	<u>5,517,548</u>	<u>8,089,827</u>
Loss allowances (Note 27(c))	(293,898)	(261,979)
Net trade receivables, current	<u>5,223,650</u>	<u>7,827,846</u>
<u>Non-current</u>		
Retention sums	857,486	307,754
Net trade receivables, non-current	<u>857,486</u>	<u>307,754</u>

The average credit period on sale of goods is 60 days (2020: 60 days). No interest is charged on the trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

## 7 Other receivables

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deposits	1,307,871	613,489	172,125	-
Prepayments	159,336	87,438	63,941	38,785
Advances to suppliers	1,001,325	176,485	-	-
Other receivables				
– non-related parties	156,182	155,217	-	-
Amounts due from subsidiary corporations	-	-	21,243,992	15,089,360
Amounts due from associated company	233,256	233,256	233,256	233,256
	<u>2,857,970</u>	<u>1,265,885</u>	<u>21,713,314</u>	<u>15,361,401</u>
Loss allowances (Note 27(c))	-	-	(17,247,557)	(9,801,025)
	<u>2,857,970</u>	<u>1,265,885</u>	<u>4,465,757</u>	<u>5,560,376</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 8 Inventories

	Group	
	2021	2020
	\$	\$
Finished goods – at net realisable value	<u>2,104,291</u>	<u>4,853,956</u>

The cost of inventories recognised as an expense includes \$3,058,838 (2020: \$1,266,224) in respect of write-downs of inventory to net realisable value and \$6,744 (2020: \$133,988) in respect of inventory written off.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 9 Property, plant and equipment

Group	Premises \$	Renovations \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Operating equipment \$	Coffee making equipment and accessories \$	Total \$
<b>Cost</b>								
At 1 July 2019	-	1,722,390	344,530	772,294	556,321	15,525	-	3,411,060
Adoption of SFRS(I) 16 on 1 July 2019 (Note 3.1)	2,178,030	-	-	-	-	-	-	2,178,030
Additions	543,314	84,205	1,575	13,285	190,359	-	15,000	847,738
Disposal	-	-	-	-	(20,501)	-	-	(20,501)
Deconsolidated	-	(82,515)	(3,868)	(25,145)	(245,029)	-	-	(356,557)
Exchange differences	-	(1,587)	(925)	(1,712)	-	-	-	(4,224)
At 30 June 2020	<b>2,743,675</b>	<b>1,737,981</b>	<b>344,014</b>	<b>762,447</b>	<b>484,852</b>	<b>15,525</b>	<b>15,000</b>	<b>6,103,494</b>
Additions	3,066,258	8,778	8,625	8,937	815,432	-	-	3,908,030
Disposal	(680,960)	-	-	(2,554)	-	-	-	(683,514)
Written off	-	(52,674)	(5,794)	(6,833)	-	-	-	(65,302)
Exchange differences	(37,747)	(15,672)	(2,681)	(4,192)	(4,067)	-	-	(64,358)
At 30 June 2021	<b>5,091,226</b>	<b>1,678,413</b>	<b>344,164</b>	<b>757,805</b>	<b>1,296,217</b>	<b>15,525</b>	<b>15,000</b>	<b>9,198,350</b>
<b>Accumulated depreciation</b>								
At 1 July 2019	-	1,609,822	339,181	708,832	340,212	7,523	-	3,005,570
Depreciation for the year	1,389,520	52,291	4,228	37,871	90,250	2,198	2,642	1,579,000
Disposal	-	-	-	-	(20,501)	-	-	(20,501)
Written off	-	(958)	(775)	(922)	-	-	-	(2,655)
Deconsolidated	-	(20,853)	(3,068)	(13,177)	(63,109)	-	-	(100,207)
Exchange differences	3,748	19,348	2,685	3,536	3,862	-	-	33,179
At 30 June 2020	<b>1,393,268</b>	<b>1,659,650</b>	<b>342,251</b>	<b>736,140</b>	<b>350,714</b>	<b>9,721</b>	<b>2,642</b>	<b>4,494,386</b>
Depreciation for the year	1,399,599	29,741	914	12,440	187,982	1,648	2,250	1,634,574
Disposal	(427,157)	-	-	(2,088)	-	-	-	(429,245)
Written off	-	(30,782)	(3,506)	(4,126)	-	-	-	(38,414)
Exchange differences	(19,744)	(13,907)	(2,687)	(4,023)	(4,067)	-	-	(44,428)
At 30 June 2021	<b>2,345,966</b>	<b>1,644,702</b>	<b>336,972</b>	<b>738,899</b>	<b>534,629</b>	<b>11,369</b>	<b>4,892</b>	<b>6,641,047</b>
<b>Carrying amount</b>								
At 30 June 2020	<b>1,350,407</b>	<b>78,331</b>	<b>1,763</b>	<b>26,307</b>	<b>134,138</b>	<b>5,804</b>	<b>12,358</b>	<b>1,609,108</b>
At 30 June 2021	<b>2,745,260</b>	<b>33,711</b>	<b>7,192</b>	<b>18,907</b>	<b>761,588</b>	<b>4,156</b>	<b>10,108</b>	<b>3,580,922</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 9 Property, plant and equipment (cont'd)

Company	Premises \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Total \$
<b>Cost</b>					
At 1 July 2020	-	-	-	-	-
Additions	1,243,587	7,887	4,672	270,000	1,526,146
At 30 June 2021	<b>1,243,587</b>	<b>7,887</b>	<b>4,672</b>	<b>270,000</b>	<b>1,526,146</b>
<b>Accumulated depreciation</b>					
At 1 July 2020	-	-	-	-	-
Depreciation for the year	149,230	444	623	45,000	195,297
At 30 June 2021	<b>149,230</b>	<b>444</b>	<b>623</b>	<b>45,000</b>	<b>195,297</b>
<b>Carrying amount</b>					
At 30 June 2020	-	-	-	-	-
At 30 June 2021	<b>1,094,357</b>	<b>7,443</b>	<b>4,049</b>	<b>225,000</b>	<b>1,330,849</b>

During the financial year ended 30 June 2021, the Group acquired motor vehicles under finance lease amounting to \$545,432 (2020: \$190,359) and the carrying amounts of all motor vehicles under finance leases arrangements amounted to \$536,583 (2020: \$134,133).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 10 Leases

### Nature of the Group's leasing activities

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

#### (a) Carrying amounts of ROU asset

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Premises	2,745,260	1,350,407
Motor vehicles	536,583	134,133
End of financial year	<u>3,281,843</u>	<u>1,485,540</u>

#### (b) Depreciation charge during the year

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Premises	1,399,599	1,389,520
Motor vehicles	142,982	67,540
End of financial year	<u>1,542,581</u>	<u>1,457,060</u>

#### (c) Interest expense

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest expense on lease liabilities (Note 23)	<u>64,894</u>	<u>65,740</u>

#### (d) Lease expense not capitalised in lease liabilities

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Lease expense – low value leases (Note 24)	<u>138,190</u>	<u>316,661</u>

(e) Total cash outflow for all leases in 2021 was \$1,512,051 (2020: \$1,766,928).

(f) Addition of right-of-use assets during the financial year 2021 was \$3,611,690 (2020: \$543,314).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 11 Investment property

	Group	
	2021	2020
	\$	\$
Beginning of financial year	220,448	233,225
Amortisation charge for the year (Note 24)	<u>(12,777)</u>	<u>(12,777)</u>
End of financial year	<u>207,671</u>	<u>220,448</u>

The Group's investment property is held for capital appreciation and/or to earn rental and is expected to be recovered through sale. The Group has recognised rental income amounting to \$Nil (2020: \$3,894) in profit and loss. There are no significant direct operating expenses (including repairs and maintenance) incurred on the investment property.

The investment property held by the Group is as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Unit 91, Montigo Resorts, Nongsa, Batam, Riau Island	Holiday resort	Leasehold	16 years

### Fair value measurement of the Group's investment property

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

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

### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 30 June 2021, the fair values of the properties have been determined by Roma Appraisals Limited and is valued to be approximately \$500,000 (2020: \$500,000).

There were no transfers between fair value hierarchies.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 12 Investments in subsidiary corporations

	Company	
	2021	2020
	\$	\$
<i>Equity investment at cost</i>		
Beginning of financial year	100,002	1,500,005
Add: Addition	2,100,000	100,000
Less: Allowance for impairment	-	(265,652)
Less: Disposal	-	(740,611)
Less: Reclassified to investment in associated company (Note 13)	-	(493,740)
End of financial year	<u>2,200,002</u>	<u>100,002</u>

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

	Company	
	2021	2020
	\$	\$
Beginning of financial year	265,652	1,500,003
Disposal	-	(740,611)
Reclassified to investment in associated company (Note 13)	-	(493,740)
End of financial year	<u>265,652</u>	<u>265,652</u>

Details of significant subsidiary corporations are as follows:

<u>Name</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Proportion of ordinary shares held by the Group</u>		<u>Proportion of ordinary shares held by non- controlling interests</u>	
			2021	2020	2021	2020
			%	%	%	%
<u>Held by the Company</u>						
KHL Marketing Asia-Pacific Pte Ltd ("KHLM")	Sales and distribution of kitchen system and appliances, wardrobe system, household furniture and appliances	Singapore	100	100	-	-
Kitchen Culture (China) Limited <sup>(i)</sup>	Dormant	Hong Kong	100	100	-	-
KHL (Hong Kong) Limited <sup>(i)</sup>	Investment holding	Hong Kong	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 12 Investments in subsidiary corporations (cont'd)

<u>Name</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Proportion of ordinary shares held by the Group</u>		<u>Proportion of ordinary shares held by non-controlling interests</u>	
			2021 %	2020 %	2021 %	2020 %
<u>Held by the Company (cont'd)</u>						
Beef Up Global Pte. Ltd. <sup>(v)</sup>	Dormant	Singapore	100	100	-	-
KC Medical Supplies Pte. Ltd. <sup>(v)(vi)</sup>	Trading in specialist medical equipment and related supplies	Singapore	100	-	-	-
3L Asia Capital Pte Ltd. <sup>(v)(vi)</sup>	Dormant	Singapore	100	-	-	-
KC Technologies Pte. Ltd. <sup>(v)(vi)</sup>	To provide credit risk management services through the use of artificial intelligence tools	Singapore	100	-	-	-
<u>Held by KHL Marketing Asia-Pacific Pte Ltd</u>						
Kitchen Culture Sdn. Bhd. <sup>(ii)</sup>	Trading in furniture and fittings, kitchen equipment and related products	Malaysia	100	100	-	-
Kitchen Culture Pte. Ltd. <sup>(v)</sup>	Dormant	Singapore	100	100	-	-
Haus Furnishings and Interiors Pte. Ltd.	Provision of labour services	Singapore	100	100	-	-
KCube Pte. Ltd.	Trading in mid-range kitchen equipment and related products	Singapore	100	100	-	-
KCROOM Pte. Ltd. <sup>(v)</sup>	Dormant	Singapore	100	100	-	-
<u>Held by KHL (Hong Kong) Limited</u>						
Kitchen Culture (Macau) Limited <sup>(iv)</sup>	Dormant	Macau	70	70	30	30
Kitchen Culture (Hong Kong) Limited <sup>(i)</sup>	Sales and distribution of kitchen system, kitchen appliances, wardrobe system, household furniture and appliances	Hong Kong	70	70	30	30

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 12 Investments in subsidiary corporations (cont'd)

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

- (i) Audited by Fan, Chan & Co, Hong Kong ("FC"), a member firm of "Nexia International" network
- (ii) Audited by ST & Partners PLT, Malaysia ("ST")
- (iii) Audited by Grant Thornton LLP, China ("GT")
- (iv) Audited by Keng Ou CPAs, Macau ("KOCPA")
- (v) Not required to be audited
- (vi) Incorporated during the year
- (vii) On 18 June 2020, the Group completed the disposal of its 60% equity interest in Kitchen Culture (Sichuan) Co., Ltd. ("KCSC") which resulted in a loss of control in KCSC. In consequence of the loss of control but significant influence retained, the Group has deconsolidated KCSC and reclassified the investment as an associated company (Notes 5 and 13).

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

	<b>Non-controlling interests</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
Kitchen Culture (Hong Kong) Limited	<u>(274,551)</u>	<u>(283,580)</u>

### *Summarised financial information of subsidiaries with material non-controlling interests*

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

#### (i) Summarised balance sheet

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Current</b>		
Assets	3,246,607	6,924,939
Liabilities	<u>(4,844,780)</u>	<u>(8,468,742)</u>
Total current net liabilities	<u>(1,598,173)</u>	<u>(1,543,803)</u>
<b>Non-current</b>		
Assets	707,613	607,368
Liabilities	-	<u>(8,832)</u>
Total non-current net assets	<u>707,613</u>	<u>598,536</u>
Net liabilities	<u>(890,560)</u>	<u>(945,267)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 12 Investments in subsidiary corporations (cont'd)

### (ii) Summarised income statement

	2021	2020
	\$	\$
Revenue	5,628,778	10,277,853
Profit before income tax	20,232	341,987
Income tax credit	-	81,750
<b>Post tax profit from continuing operations</b>	<u>20,232</u>	<u>423,737</u>
Total comprehensive income	<u>20,232</u>	<u>423,737</u>
<b>Total comprehensive income allocated to non-controlling interests</b>	<u>6,070</u>	<u>127,121</u>

### (iii) Summarised cash flows

	2021	2020
	\$	\$
Net cash generated from/(used in) operating activities	<u>2,923,903</u>	<u>(2,179,174)</u>
Net cash used in investing activities	<u>(6,763)</u>	<u>(2,389)</u>
Net cash (used in)/generated from financing activities	<u>(3,118,057)</u>	<u>2,169,959</u>

There were no material transactions with non-controlling interests for the financial year ended 30 June 2021 and 2020.

## 13 Investment in associated companies

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Equity investment at cost:</i>				
Beginning of financial year	-	-	-	-
Reclassified from investments in subsidiary corporations (Note 12)	*	*	-	-
Acquisition consideration	23,922,000		23,922,000	
Impairment loss on investment in associated companies	(2,200,000)	-	(2,200,000)	
Share of results of associated company	(909,642)	-	-	-
End of financial year	<u>20,812,358</u>	<u>-</u>	<u>21,722,000</u>	<u>-</u>

\*Less than \$1

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 13 Investment in associated companies (cont'd)

Set out below are the associated companies of the Group:

Name	Principal activities	Country of business/ incorporation	% of ownership interest	% of ownership interest
			FY2021 %	FY2020 %
<u>Held by Kitchen Culture Holdings Ltd.</u>				
OOWAY Technology Pte. Ltd. <sup>(i)</sup>	Holding company and provision of management consultancy services	Republic of Singapore	27.65	-
<u>Held by KHL Marketing Asia-Pacific Pte Ltd</u>				
Kitchen Culture (Sichuan) Co., Ltd.	Sales and distribution of kitchen systems and appliances, wardrobe system, household furniture and appliances	The People's Republic of China	40.00	40.00

(i) Not audited as it was acquired in FY2021

## 14 Deferred income taxes

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

	Property, plant and equipment \$	Total \$
<b>Group</b>		
1 July 2019	-	-
Recognition of deferred tax assets	(81,750)	(81,750)
Exchange differences	(747)	(747)
At 30 June 2020	(82,497)	(82,497)
Exchange differences	3,011	3,011
At 30 June 2021	(79,486)	(79,486)

Subject to the agreement by the tax authorities, at the end of the reporting date, the Group has unutilised tax losses of \$18,264,675 (2020: \$17,610,335) available for offset against future profits. Unutilised tax losses may be carried forward indefinitely subject to the conditions imposed by the tax authorities including the retention of majority shareholders as defined.

## 15 Trade payables

	Group	
	2021	2020
	\$	\$
Trade payables – non-related parties	2,300,602	1,953,657

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 16 Other payables

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Other payables – non-related parties	2,409,154	3,859,633	396,036	611,110
Amount due to subsidiary corporations	-	-	2,000,000	2,268,697
Loan from a director	866	4,631,305	-	4,630,406
Loan from a shareholder of a subsidiary corporation	408,205	382,447	-	-
Loan from a third party	-	2,765,428	-	-
Deferred grant income	20,093	113,495	-	-
Accrued operating expenses	390,281	1,897,224	150,500	83,825
	<u>3,228,599</u>	<u>13,649,532</u>	<u>2,546,536</u>	<u>7,594,038</u>

The loan from a director and shareholder of a subsidiary corporation are unsecured, interest-free and repayable on demand except for an amount of \$408,205 (2020: \$382,447) relating to loan from a shareholder of a subsidiary corporation which bears interest of 10% (2020: 10%) per annum.

## 17 Lease liabilities

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

	Group		Company	
	2021	2020	2021	2020
Maturity analysis:				
Year 1	1,534,419	1,143,285	656,460	-
Year 2	1,261,161	255,856	547,050	-
Year 3	381,441	37,020	-	-
Year 4	54,725	33,661	-	-
Year 5	41,945	11,823	-	-
Year 6	40,416	-	-	-
Year 7	6,724	-	-	-
	<u>3,320,831</u>	<u>1,481,645</u>	<u>1,203,510</u>	<u>-</u>
Less: Future interest charges	(146,504)	(52,096)	(35,526)	-
	<u>3,174,327</u>	<u>1,429,549</u>	<u>1,167,984</u>	<u>-</u>
Analysed as:				
Current	1,447,697	1,092,483	628,738	-
Non-current	1,726,630	337,066	539,246	-
	<u>3,174,327</u>	<u>1,429,549</u>	<u>1,167,984</u>	<u>-</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 18 Borrowings

	Year of maturity	Group		Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Borrowings from non-financial institutions</b>					
Loan from shareholder	2021	-	195,229	-	-
Loan from other third parties	2021	-	1,650,000	-	-
Loan from other third parties (convertible loan)	-	-	6,957,500	-	6,957,500
		-	8,802,729	-	6,957,500
		-	8,802,729	-	6,957,500

### Borrowings from non-financial institutions

The loans from shareholder and other third parties bear interest at 10% fixed rate per annum and is repayable after next 12 months.

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

## 19 Share capital

	Group and Company			
	No. of shares		Amount	
	2021	2020	2021	2020
			\$	\$
<b>Issued and paid-up</b>				
Beginning of financial year	176,750,000	118,477,000	12,707,823	8,731,259
Shares issued	247,915,283	58,273,000	46,240,427	3,976,564
End of financial year	424,665,283	176,750,000	58,948,250	12,707,823

### Details of changes in the Company's share capital

Date	No. of Shares Issued	\$	Details of Shares Issued
2, 6, 8, 9 & 13 July 2020	46,694,626	6,957,500	Conversion of loans from third parties and accrued interest thereon at \$0.149 per share.
30 July 2020	66,148,657	4,630,407	Conversion of loans from a director at \$0.07 per share.
6 & 12 August 2020	40,572,000	9,534,420	Issue of shares at \$0.235 per share for cash via a placement exercise.
13 October 2020	94,500,000	25,118,100	Issue of consideration shares and introducer shares in relation to acquisition of an associated company at \$0.2658 per share.
<b>Total</b>	<b>247,915,283</b>	<b>46,240,427</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 19 Share capital (cont'd)

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

The Company does not hold any treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

## 20 Translation reserve

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

## 21 Revenue from contracts with customers

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

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

	At a point in time \$	Over time \$	Total \$
<b>2021</b>			
Revenue from construction contracts			
- Singapore	-	4,079,637	4,079,637
- Hong Kong	-	2,581,035	2,581,035
	<u>-</u>	<u>6,660,672</u>	<u>6,660,672</u>
Sales of goods			
- Singapore	1,608,969	-	1,608,969
- Hong Kong	3,047,742	-	3,047,742
- Malaysia	615,082	-	615,082
	<u>5,271,793</u>	<u>-</u>	<u>5,271,793</u>
	<u>5,271,793</u>	<u>6,660,672</u>	<u>11,932,465</u>
<b>2020</b>			
Revenue from construction contracts			
- Singapore	-	2,453,822	2,453,822
- Hong Kong	-	7,133,522	7,133,522
	<u>-</u>	<u>9,587,344</u>	<u>9,587,344</u>
Sales of goods			
Singapore	2,018,323	-	2,018,323
- Hong Kong	3,144,331	-	3,144,331
- Malaysia	140,296	-	140,296
- China	332,071	-	332,071
	<u>5,635,021</u>	<u>-</u>	<u>5,635,021</u>
	<u>5,635,021</u>	<u>9,587,344</u>	<u>15,222,365</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 21 Revenue from contracts with customers (cont'd)

### (b) Contract assets and liabilities

	Group	
	2021	2020
	\$	\$
Over time:		
Contract assets – construction contracts	569,756	352,932
Over time:		
Contract liabilities – construction contracts	1,098,144	116,516
Point in time:		
Contract liabilities – sales of goods	3,294,149	3,069,718
	4,392,293	3,186,234

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

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

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

### (i) Revenue recognised in relation to contract liabilities

	Group	
	2021	2020
	\$	\$
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year		
- Construction contracts	116,516	13,703
- Sales of goods	1,460,847	899,582
	1,577,363	913,285

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

### (c) Assets recognised from costs to fulfil contracts

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

Based on the Group's assessment, the expected costs to complete the remaining construction contracts as at 30 June 2021 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial year ended 30 June 2021 (2020: \$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 22 Other income

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Government grants	533,767	272,254
Interest income on bank deposits	30,068	2,297
Service income	252,022	170,242
Sundry income	4,528	89,368
	<u>820,385</u>	<u>534,161</u>

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

## 23 Finance cost

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest expense on loans and bills payable	8,000	2,033,059
Interest expense on lease liabilities	64,894	65,740
Bank charges	14,413	-
	<u>87,307</u>	<u>2,098,799</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 24 Loss before income tax

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

	Group	
	2021	2020
	\$	\$
Allowance for doubtful receivables:		
- trade (third parties) (Note 27(c)(iv))	41,535	161,242
Allowance for doubtful receivables written back:		
- trade (third parties) (Note 27(c)(iv))	(6,669)	(39,383)
Amortisation of investment property (Note 11)	12,777	12,777
Audit fees paid to:		
- auditors of the Company	95,234	80,504
- other auditors	21,270	12,175
Bad debts written-off	28,741	505,248
Bad debts recovered	(148,672)	-
Cost of inventories recognised as an expense included in cost of sales	2,942,512	1,355,640
Depreciation of property, plant and equipment (Note 9)	1,634,574	1,579,000
Directors' fees	124,817	87,284
Gain on disposal of subsidiary corporation (Note 5)	-	(1,140,586)
Impairment loss on investment in associated company (Note 13)	2,200,000	-
Inventories written down (Note 8)	3,058,838	1,266,224
Inventories written off (Note 8)	6,744	133,988
Interest income on bank deposits	(30,068)	(2,297)
Interest expense on loans and bills payable	8,000	2,033,059
Interest expense on lease liabilities	64,894	65,740
Legal and professional fees	2,334,334	1,013,145
Net gain on foreign exchange differences	(31,668)	(150,349)
Net loss/(gain) on disposal of property, plant and equipment	254,824	(7,220)
Non-audit fees paid to:		
- auditors of the Company	-	11,000
Property, plant and equipment written off	26,888	1,569
Rental expense on operating lease	138,190	316,661
Salaries and related costs	4,206,530	3,051,494
Contributions to defined contribution plans	593,088	430,237

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 25 Income tax credit/(expense)

	Group	
	2021	2020
	\$	\$
Tax credit/(expense) attributable to profit is made up of:		
Current income tax	-	(243)
Deferred tax credit	-	81,750
	<u>-</u>	<u>81,507</u>

### **Reconciliation of effective tax rate**

Loss before income tax	<u>(11,509,433)</u>	<u>(4,726,666)</u>
Tax calculated using Singapore tax rate of 17% (2020: 17%)	(1,956,604)	(803,533)
Effect of different tax rates in other countries	25,052	69,777
Effects of unrecognised tax benefits	-	380,706
Expenses not deductible for tax purposes	2,053,842	670,083
Income not subjected to tax	(122,290)	(317,276)
Deferred tax credit	-	81,750
Income tax credit	<u>-</u>	<u>81,507</u>

## 26 Loss per share

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

	Group	
	2021	2020
(a) Basic loss per share		
Loss for the year attributable to equity holders of the Company (\$)	<u>(11,514,117)</u>	<u>(4,770,859)</u>
Weighted average number of ordinary shares in issue	<u>386,953,802</u>	<u>135,187,708</u>
Basic loss per share (cents per share)	<u>(3.0)</u>	<u>(3.5)</u>

### (b) Diluted loss per share

As the Group incurred net loss for the financial years ended 30 June 2021 and 2020, adjustments, if any, were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

Hence, the diluted loss per share for the financial years ended 30 June 2021 and 2020 were the same as the basic loss per share for both periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 27 Financial instruments, financial risks and capital management

### (a) Categories of financial instruments

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

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets, at amortised cost*	7,778,446	9,137,561	4,401,816	5,521,591
Cash and cash equivalents	5,535,483	6,403,022	4,269,106	5,938,263
	<u>13,313,928</u>	<u>15,540,583</u>	<u>8,670,922</u>	<u>11,459,854</u>
<b>Financial liabilities</b>				
Trade and other payables	5,509,108	15,489,694	2,546,536	7,594,038
Lease liabilities	3,174,327	1,429,549	1,167,984	-
Borrowings	-	8,802,729	-	-
	<u>8,683,435</u>	<u>25,721,972</u>	<u>3,814,521</u>	<u>7,594,038</u>

\* Excludes prepayments and advances to suppliers

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

### (c) Financial risk management policies and objectives

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

The Group does not hold nor issue derivative financial instruments.

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

#### (i) Foreign currency risk management

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

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

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

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Financial assets</b>				
HKD	1,362	1,410	1,362	1,410
SGD	50	11,139	-	-
EUR	10,712	10,552	-	-
RMB	-	11,126	-	-
USD	21,434	5,667	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial liabilities</b>				
EUR	111,438	95,296	-	-
RMB	121,868	143,546	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

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

##### Foreign currency sensitivity

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

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

	Group		Company	
	(Decrease)/increase in loss before tax		(Decrease)/increase in loss before tax	
	\$	\$	\$	\$
HKD	136	141	136	141
SGD	5	1,114	-	-
EUR	(10,072)	(8,474)	-	-
USD	(4,819)	567	-	-
RMB	(12,187)	(13,242)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

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

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

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

#### *Interest rate sensitivity*

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

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

#### *Fair value sensitivity analysis for fixed rate instruments*

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

#### (iii) Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group achieves this mainly by managing its working capital very tightly and maintaining an adequate level of cash and cash equivalents.

#### *Liquidity and interest risk analysis*

#### Non-derivative financial liabilities

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

#### (iii) Liquidity risk management (cont'd)

*Liquidity and interest risk analysis (cont'd)*

#### Non-derivative financial liabilities (cont'd)

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

	Less than 1 year \$	Between 1 and 5 years \$	Total \$
<b><u>Group</u></b>			
<b>2021</b>			
Trade payables	2,300,602	-	2,300,602
Other payables	3,228,599	-	3,228,599
Lease liabilities	1,394,637	1,779,690	3,174,327
<hr/>			
<b>2020</b>			
Trade payables	1,953,657	-	1,953,657
Other payables	13,536,037	-	13,536,037
Lease liabilities	1,143,285	338,360	1,481,645
Borrowings – fixed rate instruments	2,375,294	-	2,375,294
<hr/>			
<b><u>Company</u></b>			
<b>2021</b>			
Other payables	2,546,536	-	2,646,536
Lease liabilities	628,738	539,246	1,167,984
<hr/>			
<b>2020</b>			
Other payables	7,594,308	-	7,594,308
<hr/>			

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

#### (iv) Credit risk management

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

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

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

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

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

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

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

	2021	2020
	\$	\$
<b>Group</b>		
Singapore	6,469,704	3,645,799
Malaysia	167,630	478,124
Hong Kong	1,141,111	5,013,638
	<u>7,778,445</u>	<u>9,137,561</u>
<b>Company</b>		
Singapore	1,276,196	2,182,647
Hong Kong	2,892,364	3,100,523
Others	233,256	238,420
	<u>4,401,816</u>	<u>5,521,590</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

#### (iv) Credit risk management (cont'd)

##### *Trade receivables and contract assets*

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

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

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

At the end of the year, the Group has outstanding trade receivables from the top 3 (2020: 3) customers which represent 49% (2020: 76%) of total trade and other receivables balance at year end. Ongoing credit evaluation is performed on the financial condition of customers.

Movement in trade receivables credit loss allowances is as follows:

	2021 \$	2020 \$
<b>Group</b>		
Beginning of financial year	261,979	558,536
Loss allowances recognised in profit or loss during the year		
- Allowance recognised (Note 24)	41,535	161,242
- Written back (Note 24)	(6,669)	(39,383)
- Written off	(2,274)	(418,156)
Exchange differences	(673)	(260)
End of financial year	<u>293,898</u>	<u>261,979</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

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

#### (iv) Credit risk management (cont'd)

##### *Other receivables*

At the end of the year, the Company has outstanding net other receivables (excluding prepayments) of \$4,401,816 (2020: \$5,521,590) from its subsidiary corporations which represent 98% (2020: 99%) of its total other receivables. Ongoing credit evaluation is performed on the financial condition of its subsidiary corporations.

Movement in other receivables credit loss allowances is as follows:

	2021	2020
	\$	\$
<b><u>Company</u></b>		
Beginning of financial year	9,801,025	5,474,243
Loss allowances recognised in profit or loss during the year		
- Assets acquired	7,446,532	4,326,782
End of financial year	<u>17,247,557</u>	<u>9,801,025</u>

#### (v) Determination of fair values

##### *Non-current trade receivables*

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

##### *Other financial assets and financial liabilities*

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

### (d) Capital risk management policies and objectives

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## **28 Segment information**

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

Residential projects segment is involved in designing, assembling, installing, testing and inspection of various furniture and fittings, kitchen equipment and related products.

Distribution and retail segment is involved in selling and distributing of products through a network of authorised dealers and retailers.

Others are the investment holding, dormant and inactive companies.

Management monitors the operating results of its reportable segments separately for making decisions about allocation of resources and assessment of performances of each segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 28 Segment information (cont'd)

The segment information provided to Management for the reportable segments is as follows:

	Residential Projects		Distribution and Retail		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Reportable segment revenue	6,660,672	9,587,345	5,271,793	5,635,020	-	-	11,932,465	15,222,365
Reportable segment losses	(3,966,408)	(808,406)	(2,559,210)	(2,326,257)	(5,037,552)	(856,788)	(11,563,170)	(3,991,450)
Reportable segment assets	14,510,006	9,545,415	8,133,181	7,146,930	19,185,886	6,234,919	41,829,073	22,926,764
Segment liabilities	7,241,830	7,856,384	3,568,500	5,796,781	1,183,686	5,349,786	11,994,016	19,002,951
Capital expenditure	1,738,822	1,567,443	1,146,691	1,458,325	1,022,517	-	3,908,030	3,025,768
<b>Other material non-cash expenses</b>								
Depreciation of property, plant and equipment	(343,261)	(840,799)	(196,149)	(736,457)	(1,095,165)	(1,744)	(1,634,574)	(1,579,000)
Depreciation of investment property	(9,199)	(7,027)	3,578	(5,750)	-	-	(12,777)	(12,777)
Loss allowances, net	(25,104)	(67,022)	(9,762)	(54,837)	-	-	(34,866)	(121,859)
Property, plant and equipment written off	-	-	(26,888)	(1,569)	-	-	(26,888)	(1,569)
Inventories written down	(2,202,363)	(696,423)	(856,475)	(569,801)	-	-	(3,058,838)	(1,266,224)
Inventories written off	(4,856)	(73,693)	(1,888)	(60,295)	-	-	(6,744)	(133,988)
Bad debts written off	(20,694)	(277,886)	(8,047)	(227,362)	-	-	(28,741)	(505,248)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 28 Segment information (cont'd)

### *Segment results*

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the financial statements. Interest income, (loss)/gain on foreign exchange difference, interest on borrowings, and gain on disposal of subsidiary corporation are not allocated to segments as these are managed on a group basis.

A reconciliation of segment loss to the loss before tax is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Segment losses	(11,563,170)	(3,991,450)
Gain on disposal of subsidiary corporation	-	1,140,586
Interest income	30,068	2,297
Gain on foreign exchange differences, net	31,668	150,349
Interest on borrowings	(8,000)	(2,028,448)
Loss before income tax	<u>(11,509,433)</u>	<u>(4,726,666)</u>
Total assets for reportable segments/consolidated total assets	<u>41,829,073</u>	<u>22,926,764</u>
Total liabilities for reportable segments	11,994,016	19,002,951
Other liabilities	1,101,805	10,023,179
Consolidated total liabilities	<u>13,095,821</u>	<u>29,026,130</u>

### *Segment assets*

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

### *Segment liabilities*

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and certain borrowings which are classified as unallocated liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 28 Segment information (cont'd)

### *Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Group</b>				
Singapore	5,688,606	4,472,145	23,857,231	1,260,235
Hong Kong	5,628,778	10,277,853	628,127	524,871
Malaysia	615,081	140,296	115,593	44,450
The People's Republic of China	-	332,071	-	-
	<u>11,932,465</u>	<u>15,222,365</u>	<u>24,600,951</u>	<u>1,829,556</u>

Non-current assets information presented above are non-current assets (excluding financial assets and deferred tax assets) as presented on the consolidated statement of financial position.

### *Information about major customer*

Revenue of approximately \$4,476,752 (2020: \$8,986,657) is derived from 3 (2020: 3) major external customers who individually contributed 10 percent or more of the Group's revenue, and is attributable to the residential project segment. The details are tabled below.

	Group	
	2021	2020
	\$	\$
Customer 1	1,773,468	4,513,186
Customer 2	1,469,094	3,153,601
Customer 3	<u>1,234,190</u>	<u>1,319,870</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 29 Related corporations and related parties transactions

Related corporations in these financial statements refer to members of the holding company's group of companies. Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest paid/payable		
- Shareholders	-	100,274
- Shareholder of a subsidiary corporation	-	335,603
	<u>          </u>	<u>          </u>

### *Compensation of executive directors and key management personnel*

The remuneration of executive directors and other members of key management during the year are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries, bonuses and short term benefits	994,033	952,935
Employer's contribution to defined contribution plans including Central Provident Fund	49,801	39,485
	<u>1,043,834</u>	<u>992,420</u>
Comprised amounts paid to:		
Executive Chairman and Chief Executive Officer of the Company	432,240	432,240
Executive Directors of the Company	286,841	75,957
Directors of subsidiary corporations	42,213	297,300
Other key management personnel	282,540	186,923
	<u>1,043,834</u>	<u>992,420</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 30 Events occurring after the reporting date

- (a) On 12 July 2021, the Company voluntarily suspended its shares trading as the Board was unable to confirm that all relevant material information has been announced, pending, *inter alia*, the completion of the additional agreed-upon-procedures or a special audit then being considered by the Audit and Risk Committee (“ARC”). Please refer to the Company’s announcement dated 12 July 2021 for further details.
- (b) The Company has on 14 July 2021 and 19 August 2021 received notices of compliance from the Singapore Exchange Regulation (“SGX RegCo”):
- (i) The first NOC issued by SGX RegCo on 14 July 2021 requires the Company’s ARC to commission its Internal Auditor (“IA”) to expand its scope of work (the “Additional Scope”) to include, among others, looking into the circumstances that led to breaches and/or potential breaches of the Exchange’s Catalist Rules as well as internal control weaknesses as stated in the IA’s draft interim report (the “Interim Report”) which was mentioned in the Company’s announcement dated 12 July 2021.
- (ii) The second NOC issued by SGX RegCo on 19 August 2021 directs the Company to appoint a suitable independent special auditor (“Special Auditor”) as recommended by the Company’s continuing sponsor and approved by SGX RegCo. The second NOC supersedes the instruction in the first NOC. The Special Audit must cover the following:
- Review the matters raised in the First NOC;
  - Review the circumstances surrounding the payroll matter as disclosed below, including but not limited to whether the payments were made in accordance with the respective employment contracts and whether proper approvals had been obtained for such payments;
  - Review the circumstances surrounding the unauthorised transactions and assess if there were other unauthorised transactions in the past one (1) year;
  - Review the Group’s internal controls, processes and procedures in relation to due diligence performed on acquisitions and disposals in the past one (1) year;
  - Review the Group’s whistleblowing policies, processes and procedures and advise on whether such policies, processes and procedures are adequate and effective. In addition, the Special Auditor must review all whistleblowing reports received by the Company and/or its directors, assess whether internal policies, processes and procedures have been adhered to, whether issues brought up by the whistleblower(s) have been robustly investigated into by non-conflicted persons and addressed in the process;
  - Where internal control weaknesses are noted by the IA (in its Interim Report prior to the issue of the second NOC) and the Special Auditor, the Special Auditor must make recommendations on enhancements to ensure adequacy and effectiveness of the internal controls going forward; and
  - Where breaches/potential breaches of the Exchange’s Catalist Rules, laws or regulations are noted, the Special Auditor must set out clearly the circumstances that led to the breaches and/or potential breaches as well as the parties responsible.

The Special Auditor reports only and directly to SGX RegCo and the Company’s continuing sponsor.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 30 Events occurring after the reporting date (cont'd)

In December 2021, the ARC (by way of majority votes) has also mandated the IA to perform the following:

- (i) Review the implementation status of the remedial steps taken by management to address the internal control weaknesses and potential lapses as stated in the Interim Report ("Follow-up Review"); and
  - (ii) Perform certain agreed upon procedures ("AUP") for the utilisation of proceeds up to 30 November 2021.
- (c) On 31 July 2021, the Company announced that it has, through its legal counsel, lodged a police report with the Commercial Affairs Department of the Singapore Police Force in relation to suspected payroll irregularities of \$520,000 arising from the past employment of two foreign nationals by its subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd ("Payroll Matter").
- (d) On 2 August 2021, Mr William Teo Choon Kow and Mr Ang Lian Kiat, Independent Directors of the Company, have each received a letter of demand from the lawyers of Mr Lim Wee Li (each a "ID Demand Letter"), in the discharge of their Directors' duties and each of them have accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 10 August 2021, the Company passed a Board Resolution (by way of majority votes) pursuant to Article 172 of the Company's Constitution that the Company shall indemnify each of Mr William Teo Choon Kow and Mr Ang Lian Kiat, out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which each of them may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the relevant ID Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the relevant ID Demand Letter.

The Board Resolution authorised Mr Lincoln Teo to do all things desirable, necessary or in connection with the foregoing.

- (e) On 10 August 2021, the Company announced that its subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd has taken legal actions against the Company's former Chief Executive Officer and two foreign nationals to recover the amount of \$520,000 from the three defendants pursuant to the Payroll Matter. The legal proceeding is currently ongoing.
- (f) On 23 August 2021, Mr Lincoln Teo Choong Han, interim Chief Executive Officer ("CEO") of the Company, received a letter of demand from the lawyers of Mr Lim Wee Li ("Demand Letter"), in the discharge of his CEO and Director's duties and has accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 2 September 2021, the Company passed a Board Resolution (by way of majority votes), pursuant to Article 172 of the Company's Constitution, the Company shall indemnify Mr Lincoln Teo Choong Han out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which he may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the Demand Letter.

The Board Resolution authorised Madam Hao Dongting (the Chairperson of the Company) or Mr William Teo Choon Know (the ARC Chairman of the Company) to do all things desirable, necessary or in connection with the foregoing.

- (g) On 17 September 2021, the Company announced that its former Chief Executive Officer, Mr Lim Wee Li, has taken legal actions against the Company in relation to, among others, wrongful termination of his appointment as Chief Executive Officer of the Company, breach of obligation of mutual trust and confidence owed to him and release of defamatory statements referring to him. The legal proceeding is currently ongoing.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 30 Events occurring after the reporting date (cont'd)

- (h) On 29 September 2021, the Company announced that the Company was informed of a police report lodged with the Commercial Affairs Department of the Singapore Police Force by Mr Lim Wee Li against the Company's interim Chief Executive Officer in relation to a transfer of the Company's fund of US\$480,010 carried out by the interim Chief Executive Officer without the requisite approval of the Board. In connection with the foregoing, the Company has on 14 October 2021 announced that it had recovered and received a net amount of US\$492,259.97 pursuant to the termination of the transaction.
- (i) On 19 October 2021, the Company announced that its subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd received a statutory demand from Kim Hup Lee & Co. (Private) Limited ("Kim Hup Lee") ("Statutory Demand"), in relation to alleged outstanding rental arrears for the 1st, 2nd and 3rd floors of 25 New Industrial Road Singapore 536211 ("Premises") between 2016 and 2018 amounting to S\$1,770,126.57 ("Alleged Rental Arrears").
- (j) On 23 December 2021, the Company announced that its subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd on 16 December 2021 received a letter from Kim Hup Lee's solicitors, LVM Law Chambers LLC, dated 15 December 2021 (together with a copy of the originating summons and supporting affidavit) in relation to a winding up application filed by Kim Hup Lee in the General Division of the High Court of the Republic of Singapore on 13 December 2021 to wind up KHLM ("Winding Up Application"). The hearing for the Winding Up Application is currently fixed on 16 March 2022.
- (k) On 17 January 2022, the Company announced that its subsidiary corporation, KHL Marketing Asia-Pacific Pte Ltd on 13 January 2022 filed an application before the General Division of the High Court under section 91 of the Insolvency, Restructuring and Dissolution Act 2018 for an order to place itself under judicial management (the "JM Application"). The hearing for the JM Application is currently fixed on 16 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

## 31 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2021 and which the Group has not early adopted:

### Effective for annual periods beginning on or after 1 January 2021

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

### Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- SFRS(I) 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use

### Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates

### Effective date: to be determined\*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

# STATISTICS OF SHAREHOLDINGS

As at 28 February 2022

## SHARE CAPITAL

Issued and fully paid capital	-	S\$59,317,003.33 <sup>#</sup>
Class of shares	-	Ordinary shares
Total number of shares in issue	-	424,665,283
Voting rights	-	1 vote per share
Number of treasury shares	-	Nil
Number of subsidiary holdings held	-	Nil
% of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares in issue (excluding treasury shares and subsidiary holdings)	-	Nil

### Note:

<sup>#</sup> Being the issued and paid-up share capital of the Company extracted from the records of the Accounting and Corporate Regulatory Authority Singapore.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 57.1% of the total number of issued ordinary shares of the Company were held in the hands of the public as at 28 February 2022 and therefore Rule 723 of the Catalist Rules is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	4	0.59	229	0.00
100 - 1,000	16	2.37	9,765	0.00
1,001 - 10,000	81	11.98	571,600	0.13
10,001 - 1,000,000	528	78.11	77,820,212	18.33
1,000,001 and above	47	6.95	346,263,477	81.54
<b>TOTAL</b>	<b>676</b>	<b>100.00</b>	<b>424,665,283</b>	<b>100.00</b>

# STATISTICS OF SHAREHOLDINGS

As at 28 February 2022

## TWENTY LARGEST SHAREHOLDERS

S/N	Name	Number of Shares	%
1	OOWAY GROUP LTD.	90,000,000	21.19
2	LIM WEE LI	66,148,657	15.58
3	CHEE TUCK HONG	23,859,060	5.62
4	CITIBANK NOMINEES SINGAPORE PTE LTD	14,695,260	3.46
5	DBS NOMINEES (PRIVATE) LIMITED	14,560,700	3.43
6	RAFFLES NOMINEES (PTE.) LIMITED	13,412,000	3.16
7	OCBC SECURITIES PRIVATE LIMITED	9,451,200	2.23
8	PHILLIP SECURITIES PTE LTD	7,103,400	1.67
9	LIN SONGXIAN	6,740,700	1.59
10	IFAST FINANCIAL PTE. LTD.	6,530,100	1.54
11	HSBC (SINGAPORE) NOMINEES PTE LTD.	6,147,200	1.45
12	CHIANG SIEW KAY	5,521,000	1.30
13	MAYBANK SECURITIES PTE. LTD.	5,176,600	1.22
14	ONG SOON LIONG @ ONG SOON CHONG	4,900,000	1.15
15	UOB KAY HIAN PRIVATE LIMITED	4,822,736	1.14
16	WONG HONG ENG	4,603,308	1.08
17	CHEE TAI CHIEW	4,508,200	1.06
18	POON POH MUI OR NG TZE KIONG	4,300,000	1.01
19	YANG XIANZHENG	3,859,060	0.91
20	PAMELA RACHEL KWAN KA FOONG	3,659,060	0.86
<b>TOTAL</b>		<b>299,998,241</b>	<b>70.65</b>

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
OOWAY Group Ltd.	90,000,000	21.19	-	-
OOWAY Holding Ltd. <sup>(1)</sup>	-	-	90,000,000	21.19
Hao Dongting <sup>(1)</sup>	-	-	90,000,000	21.19
Lim Wee Li	66,148,657	15.58	-	-
Chee Tuck Hong	23,859,060	5.62	-	-

### Note:

- (1) OOWAY Holding Ltd. is deemed to be interested in all the ordinary shares in the capital of the Company held by OOWAY Group Ltd. under Section 7 of the Companies Act (Chapter 50) of Singapore ("Companies Act") and Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("SFA"), as it holds 57.26% shareholding in OOWAY Group Ltd.. Mdm Hao Dongting is also deemed to be interested in all the shares held by OOWAY Group Ltd. under Section 7 of the Companies Act and Section 4 of the SFA as she holds 100% shareholding in OOWAY Holding Ltd..

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of KITCHEN CULTURE HOLDINGS LTD. (the “**Company**”) will be held by way of electronic means on Friday, 18 March 2022 at 11.00 a.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2021 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$176,000 for the financial year ending 30 June 2022, payable quarterly in arrears (Financial year ended 30 June 2021: S\$142,000). **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$88,000 for the half year ending 31 December 2022, payable quarterly in arrears. *(see explanatory note 1)* **(Resolution 3)**
4. To re-elect Mdm Hao Dongting, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 2)* **(Resolution 4)**
5. To re-elect Mr Lincoln Teo Choong Han, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 3)* **(Resolution 5)**
6. To re-elect Mr Ang Lian Kiat, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 4)* **(Resolution 6)**
7. To re-elect Mr Yap Sze Hon, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 5)* **(Resolution 7)**
8. To re-elect Mr William Teo Choon Kow, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. *(see explanatory note 6)* **(Resolution 8)**
9. To note that Nexia TS Public Accounting Corporation will not be seeking re-appointment as auditor of the Company. *(see explanatory note 7)*

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:

10. That pursuant to Section 161 of the Companies Act 1967 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), the Directors be authorised and empowered to:
  - (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may at their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,



# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing members of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

*(see explanatory note 8)*

11. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong  
Company Secretary

3 March 2022  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Ordinary Resolution 3 proposed in item 3 above is to facilitate and ensure the timely payment of Directors' fees during the half year ending 31 December 2022 ("HY2023"), quarterly in arrears, notwithstanding the date on which the next AGM of the Company is held.  
  
The proposed fees have been calculated based on a pro-rated amount of the proposed Directors' fees under Ordinary Resolution 2, and is based on the assumption that all the present Directors will hold office until and during HY2023. Notwithstanding this Ordinary Resolution 3, the Board will seek shareholders' approval for the proposed aggregate amount of Directors' fees for the financial year ending 30 June 2023 at the next AGM of the Company.
2. Mdm Hao Dongting will, upon re-election as a Director, remain as the Non-Executive Chairperson of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
3. Mr Lincoln Teo Choong Han will, upon re-election as a Director, remain as the Executive Director and Interim Chief Executive Officer of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
4. Mr Ang Lian Kiat will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee ("NC"), and a member of the Audit and Risk Committee ("ARC") and Remuneration Committee ("RC") of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
5. Mr Yap Sze Hon will, upon re-election as a Director, remain as an Independent Director, Chairman of the RC, and a member of the ARC and NC of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
6. Mr William Teo Choon Kow will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the ARC, and a member of the NC and RC of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
7. Nexia TS Public Accounting Corporation has expressed that it will not be seeking re-appointment as auditor of the Company ("Auditor"). The Company is in the midst of identifying a suitable auditing firm and will make further announcement(s) when the new Auditor has been identified and convene an extraordinary general meeting to obtain shareholders' approval for the appointment of new Auditor in due course.
8. Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law and the Catalist Rules to be held or the date on which such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a *pro rata* basis to existing members of the Company.

## Notes:

To minimise physical interactions and COVID-19 transmission risks, the AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company will not accept any physical attendance by members and any member seeking to attend the AGM physically in person will be turned away.

Printed copies of this notice and the accompanying Annual Report and Proxy Form will NOT be sent to members. Instead, these documents will be made available to members solely by electronic means via publication on the Company's website at the URL <https://www.kcholdings.com.sg/announcements> and on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Alternative arrangements relating to members' participation in the AGM are:

- (a) observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings ("**Live AGM Webcast**" and "**Live AGM Audio Feed**", respectively);
- (b) submitting questions in advance in relation to the resolutions set out in the Notice of AGM; and
- (c) appointing the Chairman of the AGM as proxy to attend and vote on their behalf at the AGM.

Members will be able to participate in the AGM in the manner set out in the paragraphs below.

# NOTICE OF ANNUAL GENERAL MEETING

## Live AGM Webcast and Live AGM Audio Feed:

The Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Friday, 18 March 2022 at 11.00 a.m. in place of the physical AGM. Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via mobile phone, tablet, computer or any such electronic device.

In order to do so, members, including investors who buy Shares using SRS monies (“**SRS Investors**”) must pre-register online at the URL <https://conveneagm.com/sg/kitchenculture> by 11.00 a.m. on Wednesday, 16 March 2022 (the “**Registration Deadline**”) (being not less than 48 hours before the time appointed for holding the AGM) to enable the Company to verify their members’ status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live AGM Webcast and the Live AGM Audio Feed of the AGM proceedings by 11.00 a.m. on 17 March 2022 (being 24 hours before the time appointed for the holding of the AGM).

Members are reminded that the AGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 11.00 a.m. on 17 March 2022 may contact the Company’s technical support by email at [support@conveneagm.com](mailto:support@conveneagm.com) for assistance, with the following details included:

- (i) member’s full name;
- (ii) his/her/its identification/company registration number; and
- (iii) the manner in which the Shares are held (e.g. via CDP or SRS).

Persons who hold Shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act) (excluding SRS Investors) and who wish to participate in the AGM should contact their respective relevant intermediaries through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

## Submission of Questions in Advance:

Please note that members will not be able to raise questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed. Members may submit questions relating to the items on the resolutions set out in the Notice of AGM in advance:

- (a) by post to the registered office of the Company at 9 Raffles Place #52-02 Republic Plaza Singapore 048619;
- (b) by email to [Kch\\_agm\\_fy2021@khlmtg.com](mailto:Kch_agm_fy2021@khlmtg.com);
- (c) via the member’s account following registration at URL <https://conveneagm.com/sg/kitchenculture>

All questions must be submitted by 6.00 p.m. on 10 March 2022 (the “**Cut-off Time**”).

Members, including SRS Investors, who wish to submit their questions are required to indicate their full names (for individuals)/ company names (for corporates), NRIC/passport number/company registration numbers, contact numbers, shareholding types and number of Shares held together with their submission of questions.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (excluding SRS Investors) should contact their respective relevant intermediaries through which they hold such Shares to submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

The responses to questions from members will be posted on the SGXNet and the Company’s website soonest possible and in any case, not later than 48 hours before the closing date and time for the lodgement of proxy forms. Any subsequent clarifications sought by the members after the Cut-off Time will be addressed at the AGM. The minutes of the AGM will be published on the SGXNet and the Company’s website within one (1) month after the date of the AGM.

## Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the AGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to their manner of voting, or abstention from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Chairman of the AGM, as proxy, need not be a member of the Company.

The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

# NOTICE OF ANNUAL GENERAL MEETING

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

- (a) by post to the registered office of the Company at 9 Raffles Place #52-02 Republic Plaza Singapore 048619;
- (b) by email to [Kch\\_agm\\_fy2021@khlmktg.com](mailto:Kch_agm_fy2021@khlmktg.com);
- (c) via the member's account following registration at the URL <https://conveneagm.com/sg/kitchenculture>

in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 11.00 a.m. on 16 March 2022. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS Operators) through which they hold such Shares in order to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 9 March 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 11.00 a.m. on 16 March 2022.

The Company shall be entitled to reject the Proxy Form appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one Proxy Form).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

**IMPORTANT NOTICE:** Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check the SGXNet regularly for updates on the AGM.

## Personal Data Privacy:

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and, if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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*This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.*

*The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*

# KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)  
(Incorporated in the Republic of Singapore)

## Important

- (a) To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members (whether individual or corporate) must appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM.
- (b) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM dated 3 March 2022.
- (c) SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 11.00 a.m. on 9 March 2022 (being seven (7) working days before the AGM).

## PROXY FORM

I/We\*, \_\_\_\_\_ (Name) (NRIC/Passport/Registration number\* \_\_\_\_\_)

of \_\_\_\_\_ (Address)

being a member/members\* of **KITCHEN CULTURE HOLDINGS LTD.** (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our\* proxy to attend and vote for me/us\* on my/our\* behalf at the AGM of the Company to be held by electronic means on Friday, 18 March 2022 at 11.00 a.m. and at any adjournment thereof to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**

NO.	RESOLUTIONS	FOR**	AGAINST**	ABSTAIN**
	<b>ORDINARY BUSINESS</b>			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021 together with the Independent Auditor's Report thereon			
2.	To approve the payment of Directors' fees of S\$176,000 for the financial year ending 30 June 2022, payable quarterly in arrears.			
3.	To approve the payment of Directors' fees of S\$88,000 for the half year ending 31 December 2022, payable quarterly in arrears.			
4.	To re-elect Mdm Hao Dongting as a Director of the Company			
5.	To re-elect Mr Lincoln Teo Choong Han as a Director of the Company			
6.	To re-elect Mr Ang Lian Kiat as a Director of the Company			
7.	To re-elect Mr Yap Sze Hon as a Director of the Company			
8.	To re-elect Mr William Teo Choon Kow as a Director of the Company			
	<b>SPECIAL BUSINESS</b>			
9.	To authorise the Directors to allot and issue shares and convertible securities			

\* Delete accordingly

\*\* If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick [v] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members (whether individual or corporate) must appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM. Where members (whether individual or corporate) appoint the Chairman of the AGM as their proxy, they must give specific instructions as to their manner of voting, or abstention from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the AGM, being a proxy, need not be a member of the Company.
4. This Proxy Form, duly executed, must be submitted (a) by post to at the registered office of the Company at 9 Raffles Place #52-02 Republic Plaza Singapore 048619; (b) by email to Kch\_agm\_fy2021@khlmktg.com; or (c) via such member's account following registration at the URL <https://conveneagm.com/sg/kitchenculture> in each case, not less than 48 hours before the time appointed for holding the AGM, i.e. by 11.00 a.m. on 16 March 2022.
5. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
8. Persons who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore, including investors under the Supplementary Retirement Scheme ("**SRS Investors**"), who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries, including SRS Operators, to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 9 March 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by 11.00 a.m. on 16 March 2022.
9. The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting this Proxy Form, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 3 March 2022.



**KITCHEN CULTURE HOLDINGS LTD.**

[www.kcholdings.com.sg](http://www.kcholdings.com.sg)

**cre8**  
Tel: (65) 63278398