



ANNUAL
REPORT
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GROWTH, SURE & STEADY



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This annual report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). This annual report has not been examined or approved by the 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.

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- SERVICE EXCELLENCE
- PRODUCT EXCELLENCE
- PARTNERING OUR CUSTOMERS!



- EVERY KITCHEN,
A Q'SON.

CORPORATE PROFILE

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



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

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

GREAT KITCHENS BY Q'SON

FY2022 has been a year of steady growth, making it one of the highest performing years since inception of the Group.

The Group's commitment to train, upskill and actively engage our staff continues to be a strategic move that not only boosted our business volume and the Group's credibility, but also enabled us to soundly position ourselves as a forerunner in this niche and yet competitive industry.

We are proud to present some of our featured projects and services in FY2022 which had successfully redefined great kitchens and won the support and trust from our customers.



**“GREAT KITCHENS. WE MAKE IT HAPPEN!”
HAD BEEN EMBEDDED INTO THE PSYCHE OF BOTH OUR STAFF
WHO ARE COMMITTED TO MAKE GREAT KITCHENS, AND OUR
CUSTOMERS WHO ARE ANTICIPATING THEIR NEXT GREAT
KITCHEN.**



GREAT KITCHENS BY Q'SON

With the synergetic efforts of our professional sales team, highly-skilled technical team and dedicated operations team, we believe that this will continue to drive the Group to win even more high-value projects in the coming years.



OUR BUSINESS



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



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



Urgent repairs, cleaning and degreasing of kitchen equipment



Growing service team; increasing operational fleet of 34 vehicles

FABRICATION AND DISTRIBUTION SEGMENT

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

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

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

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

MAINTENANCE AND SERVICING SEGMENT

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

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

OUR BUSINESS

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

HOUSE BRANDS



InnoFlame
(Chinese cooking range)



THIRD PARTY / OEM BRANDS

Distributor



Qoolux
(Industrial refrigeration products)



**Third Party
Kitchen Equipment**



CHAIRMAN & CEO'S STATEMENT



LIM CHEE SAN

CHAIRMAN & INDEPENDENT NON-EXECUTIVE DIRECTOR

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the Group's performance for the financial year ended 31 December 2022 ("FY2022").

FY2022 was a year of overcoming challenges and steady-growth. Despite the continued disruptions in the highly volatile operating environment, we persevered, supported by the dedication and concerted efforts of our management team and staff, and we managed to deliver a set of commendable results that exceeded our expectations.

During the year under review, though the impact of the COVID-19 pandemic continued to linger, global supply chain disruptions had gradually stabilised in the second quarter, easing the supply shortage in raw materials and components. Through strategic planning, we were able to secure and stock up the faster-moving materials required at lower costs to deliver our projects timely. To tackle the manpower crunch, our dedicated operations team also worked round the clock to ensure smooth delivery and every service call was promptly attended to.

To grow further and stronger, the Group will continue to tap on technological and robotic products to elevate and address the critical manpower need within the industry.

CHAIRMAN & CEO'S STATEMENT



CHUA CHWEE CHOO SALLY
EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

In FY2022, we also saw Singapore gradually returning to normalcy as restrictions were eased and borders were reopened. Human mobility had uplifted air travel and boosted tourism receipts exponentially. Many new cafes, bistros and restaurants were established, while public institutions and existing ones began to renovate and re-configure their kitchens, investing in new production and industrial kitchens, to set the momentum for business expansion.

GROWTH – SURELY & STEADY

Under this backdrop, the Group was able to drive revenue growth of 22.3% to S\$34.0 million in FY2022 as compared to S\$27.8 million in FY2021. This was the best year-on-year increase since the inception of Singapore Kitchen Equipment Limited (“SKE”) in 2013.

The significant increase in Group’s revenue was primarily due to higher sales generated from fabrication and distribution of kitchen equipment and servicing and maintenance of kitchen equipment, as the food and beverage (“F&B”) industry continues its recovery from the business disruptions caused

by the COVID-19 pandemic. Our cold room systems also contributed approximately S\$2.7 million in revenue in FY2022, a more-than-doubled surge from approximately S\$1 million the previous year.

Despite increase in freight and labour costs, the Group was able to improve gross profit margin from 31.2% in FY2021 to 33.2% in FY2022, achieving gross profit of S\$11.3 million as compared to S\$8.7 million in FY2021. This resulted in a better bottom line, recording a profit after tax of S\$0.8 million in contrast with S\$0.3 million in the preceding year.

During the year under review, the Group had successfully delivered several major projects for customers including but not limited to Pu Tien Services, YWM, SG Protein and SATS Food Catering. These projects contributed close to 11% in total sales. Besides leveraging on our Q’son brand which is synonymous with quality and reliability, the government’s push for adoption of automated kitchen equipment by giving out generous grants only for purchase of approved automated and efficient products, has further bolstered our ability to secure more projects of higher value.

CHAIRMAN & CEO'S STATEMENT



Another of our growth engine, our cold room business, has not only brought in financial gains during the financial year, but also enabled us to penetrate new markets such as the provision of cold storage in industrial and warehousing spaces. It was a clear, related diversion as they required similar products, skills and resources to ensure efficient and timely delivery. With this business contributing more than 5% of total sales volume in FY2022, it is set to become our next strong revenue driver.

In line with the higher sales revenue, our fabrication plant in Johor Bahru, Malaysia was operating at full capacity throughout the year, periodically running on two shifts to meet the surge in demand. This was the synergetic efforts and commitment from each and every one in the SKE family.

Recognising the importance of our people, the Group constantly focused on their development to ensure that they are well-equipped with relevant technical skills and product knowledge, as this allowed us to constantly deliver quality products and services to our growing pool of valued customers.

To enrich the SKE journey, the Group adopts a different perspective on training. Besides regular product trainings and cross-trainings on technical knowledge, pastry-making, wine-tasting and food hygiene were some of the supplementary courses offered to all staff. These training sessions provided an enrichment dimension and created interesting bonding opportunities across different departments and levels. To-date, 60% of our staff had registered for courses such as Wine Tasting, Food Handling, Food Hygiene, Bakery & Dough Making, Zi Char, First Aid, Beauty & Make-Up etc.

We believe that through constant development of our talents and strengthening our core competencies and sharpening our competitive edge, we can continue to drive greater growth and deliver sustainable value for our stakeholders.

FUTURE – BRIGHTER & GREATER

Looking ahead, the Group's operations are expected to face headwinds in an increasingly uncertain and complex economy and operating climate, especially with the tight labour market and manpower crunch being a huge pain point for us. Expansion will be hampered by short supply of semi-skilled and skilled technical manpower. We believe that this concern is not unique to us, but across the entire F&B industry. We foresee that this situation will persist in the near-term.

To grow further and stronger, the Group will continue to tap on technological and robotic products to elevate and address the critical manpower need within the industry. During the year, the Group was designated as a Master Dealer of acclaimed robots for local sales and support. This will strengthen our ability to provide a more holistic suite of solutions that can cater to the industry's needs.

In addition, our efforts towards attracting talents and developing our people will never cease. We constantly strive to provide them with exciting opportunities to upskill and upgrade themselves to stay relevant in this fast-changing environment and achieve personal growth. We will also nurture a strong SKE culture to inculcate sense of belonging and the determination to deliver, so as to build a bigger and stronger SKE family.

CHAIRMAN & CEO'S STATEMENT



To tackle the escalating costs, we will continue to leverage on our effective cost strategy of having inventory stocks delivered in container loads through sea freight, which had proven to save up to 20% in costs as compared to having goods coming in piecemeal. We will strategically plan for shipment to ensure that we stock up the right fast-moving inventories to optimise cost control without compromising on the quality and timeliness of project deliveries.

Furthermore, we will continue to expand our product range and offerings to increase our market share and explore any potential to extend to new markets. Our capability to supply cold rooms for kitchens was expanded to include cold rooms for production and industrial kitchens. We are already seeing increasing take-ups and foresee a healthy book order for our cold room systems.

In view of the return to normalcy from COVID-19 restrictions, we expect businesses to bounce back with increasing demand for services in the maintenance and servicing sector as well as more new kitchen equipment projects. The Group will strive to manage costs, increase productivity and maximise the capabilities and potential of our labour force in the tight labour market.

PROPOSED DIVIDEND

Our success today could not be achieved without the unwavering trust and faith from our shareholders. In recognition, the Board is pleased to propose a final dividend of 0.25 Singapore cents per share for the financial year ended 31 December 2022. This is subject to the approval of shareholders during the upcoming Annual General Meeting.

OUR APPRECIATION

At this juncture, we would like to express our heartfelt appreciation for our fellow Directors and Senior Management for their commitment and support, as well as our valued customers, business associates and shareholders for your trust and confidence in us. We also wish to extend our deepest gratitude to our dedicated staff for constantly pushing their limits to deliver and exceed expectations.

Despite the challenges ahead, we stay determined and resilient. As we enter the post-pandemic era, we believe that we are poised to unleash greater potential of growth. With your continued support, we can overcome any obstacles, and unlock many more milestones together.

MR LIM CHEE SAN

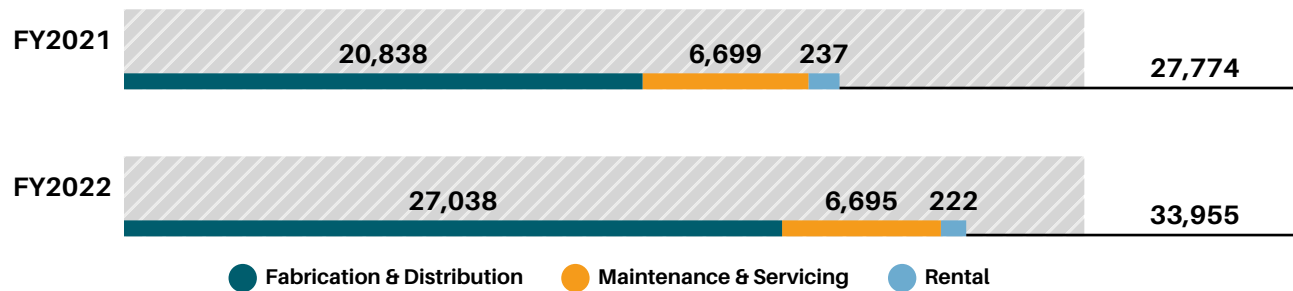
Chairman & Independent Non-Executive Director

MS CHUA CHWEE CHOO SALLY

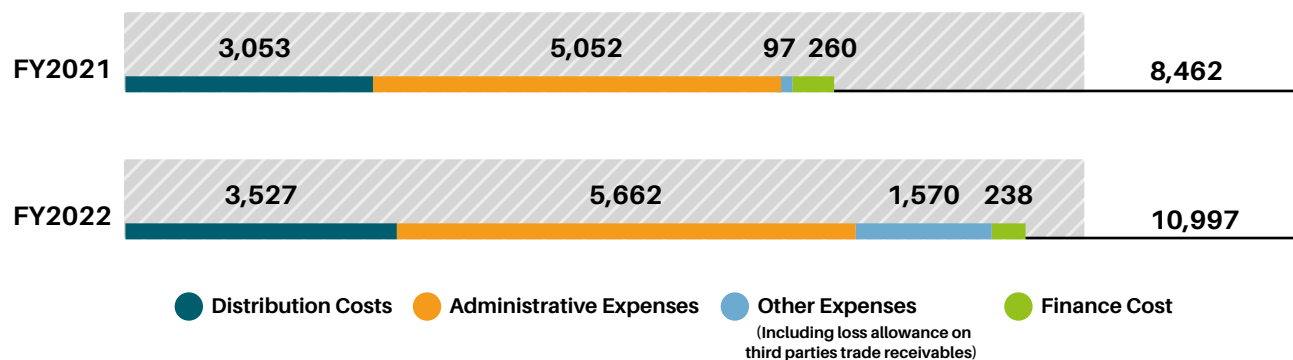
Executive Director & Chief Executive Officer

FINANCIAL HIGHLIGHTS

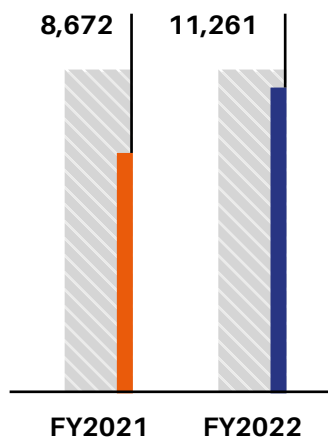
REVENUE (\$\$'000)



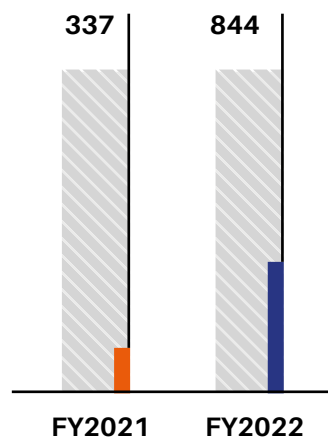
TOTAL EXPENSES (\$\$'000)



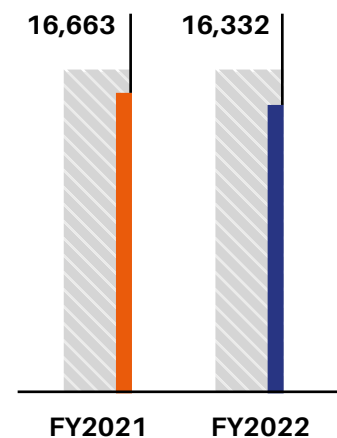
GROSS PROFIT (\$\$'000)



NET PROFIT (\$\$'000)



TOTAL SHAREHOLDERS' EQUITY (\$\$'000)



OPERATIONS AND FINANCIAL REVIEW

A YEAR OF STEADY GROWTH

FY2022 was a year testament to our resilience, strategic adaptability and determination to conquer challenges ahead of us. Though global supply chain disruptions had eased with the reopening of borders for most parts of the world, the tight labour market and escalating costs continued to be a major concern due to shortage in supply of skilled labour during the financial year.

To tackle these challenges, we believe that driving innovation is vital for delivering value and product differentiation. During the year, the Group continued to leverage on technological and robotic products to elevate and address the critical manpower needs. We also enhanced our product development capabilities to help us stay relevant in the evolving operating environment of the F&B industry, which is primarily facing the same manpower crunch. These sharpened our leading edge, and fuelled our revenue growth and profitability.

In FY2022, the Group has three reportable operating segments as follows:

- Fabrication and distribution business:
- Maintenance and servicing business
- Rental income business

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

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

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

REVENUE

During the year under review, as the F&B industry continued its recovery from the business disruptions caused by the COVID-19 pandemic, the Group recorded higher revenue amounting to S\$34.0 million compared to S\$27.8 million in FY2021. The increase in Group's revenue was primarily due to higher sales generated from fabrication and distribution of kitchen equipment and servicing and maintenance of kitchen equipment. Our coldroom systems business also grew significantly, positing S\$2.7 million in revenue during the financial year, a more-than-doubled surge compared to S\$1.0 million in FY2021.

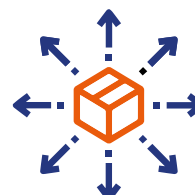
FY2022 REVENUE BY SEGMENTS

FABRICATION & DISTRIBUTION SEGMENT



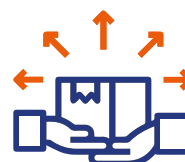
S\$27.0 million

MAINTENANCE & SERVICING SEGMENT



S\$6.7 million

RENTAL SEGMENT



S\$0.2 million

OPERATIONS AND FINANCIAL REVIEW

COST OF SALES & GROSS PROFIT

In tandem with the higher revenue, the Group's cost of sales increased by approximately S\$3.6 million from S\$19.1 million in FY2021 to S\$22.7 million in FY2022. This was mainly due to an increase of approximately S\$2.6 million from equipment cost of goods sold relative to the increase in revenue. The cost of goods sold also included a write-down of spare parts inventory of S\$0.1 million.

Despite increase in freight and labour costs, the Group managed to improve gross profit margin from 31.2% in FY2021 to 33.2% in FY2022. Gross profit increased 29.9% from S\$8.7 million in FY2021 to S\$11.3 million in FY2022.

OTHER INCOME

Other income remained constant at S\$0.5 million in FY2021 & FY2022.

OPERATING EXPENSES

Selling & Distribution Expenses

Selling and distribution expenses increased by approximately S\$0.4 million from S\$3.1 million in FY2021 to S\$3.5 million in FY2022. This was mainly due to higher bonuses and commission of S\$0.4 million paid to employees which is consistent with the increase in revenue.

Impairment Losses on Trade Receivables

Impairment losses on trade receivables increased by S\$1.4 million due to increase in expected credit loss computed in accordance with SFRS(I) 9 Financial Instruments.

Administrative Expenses

Similarly, administrative expenses increased by S\$0.6 million from S\$5.1 million in FY2021 to S\$5.7 million in FY2022, mainly due to higher depreciation expense of S\$0.4 million from the freehold building, donations of S\$0.1 million and long-service awards given out to employees of S\$0.1 million.



PROFIT FOR THE FINANCIAL YEAR

As a result, the Group reported a net profit after tax ("NPAT") of approximately S\$0.8 million in FY2022 which is higher compared to the NPAT of approximately S\$0.3 million in FY2021.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Similarly, the Group's non-current assets grew by S\$6.8 million to S\$8.6 million as at 31 December 2022 (31 December 2021: S\$1.8 million) mainly due to the purchase and renovation of a freehold property located at 207 Henderson Road, #01-01 Henderson Industrial Park, Singapore 159550.

Current assets

The Group's current assets decreased slightly to approximately S\$29.7 million as at 31 December 2022 (31 December 2021: S\$30.0 million).

The Group's inventories increased by S\$1.8 million from S\$3.4 million as at 31 December 2021 to S\$5.2 million as at 31 December 2022, mainly due to stocking up of inventories for projects in the pipeline and in anticipation of further increases in business activities and supply chain disruptions.

OPERATIONS AND FINANCIAL REVIEW



Separately, the decrease in cash and cash equivalents of S\$1.9 million was mainly due to cash used in investing activities amounting to S\$7.0 million, which was partially offset by cash generated from operating activities of S\$3.7 million. Cash used in investing activities mainly relate to purchase and renovation of the freehold property.

Current liabilities

On the other hand, the Group's current liabilities increased by S\$3.7 million from S\$11.3 million as at 31 December 2021 to S\$15.0 million as at 31 December 2022.

The increase in contract liabilities by approximately S\$1.0 million from S\$3.3 million as at 31 December 2021 to S\$4.3 million as at 31 December 2022 was mainly due to increase in advance payments by customers.

In addition, the increase in trade and other payables by approximately S\$2.8 million from S\$4.4 million as at 31 December 2021 to S\$7.2 million as at 31 December 2022 was mainly attributed to increase in purchases from our suppliers, which was required to support the increase in demand from the Group's customers.

Non-current liabilities

The increase in the Group's non-current liabilities of S\$3.2 million is mainly due to bank loan taken for purchase of freehold building.

Shareholders' equity

Shareholders' equity decreased to S\$16.3 million as at 31 December 2022 from S\$16.7 million as at 31 December 2021, as a result of the decrease in retained earnings of approximately S\$0.4 million due to dividends paid out, offset by profit for the year.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S\$12.5 million as at 31 December 2022, representing a decrease of approximately S\$2.3 million from the cash and cash equivalents balance of S\$14.8 million as at 31 December 2021.

Net cash generated from operating activities

The Group's net cash generated from the operating activities was approximately S\$3.7 million arising from the Group's positive operating activities for the year.

Net cash used in investing activities

Net cash used in investing activities during FY2022 amounted to approximately S\$7.0 million, mainly as a result of purchase and renovation of freehold property.

Net cash generated from financing activities

Net cash generated from financing activities during FY2022 was approximately S\$0.9 million mainly due to repayment of borrowings and lease liabilities and dividends paid during the year which was offset by proceeds from new borrowings in relation to the purchase of the freehold property.

Moving forward, despite the uncertainties and complexities of the overall business environment, the Group remains optimistic about the prospects of the F&B and hospitality industries. With borders reopening and COVID-19 restrictions eased, our order book remains strong and we expect business to rebound as the demand for our products and services continues its growth momentum.

BOARD OF DIRECTORS



LIM CHEE SAN

**Chairman and Independent
Non-Executive Director**

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

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

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

BOARD OF DIRECTORS



CHUA CHWEE CHOO

**Executive Director and
Chief Executive Officer**

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

BOARD OF DIRECTORS



LEE CHONG HOE

Executive Director

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

ANG CHIANG MENG

Independent Non-Executive Director

Ang Chiang Meng was appointed to our Board as Independent Non-Executive Director on 4 August 2021. Chiang Meng is a Managing Partner of Argile Partners, a regional management consultancy and turnaround firm, an executive director of R&O Corporate Services, which is a corporate and accounting services firm and an executive director of Axington Inc. He has strong experience in strategic and commercial management, management consultancy, corporate advisory and turnarounds, focusing on business transformations, new markets, change management, interim and crisis management, restructurings, capital raising and M&A.

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

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

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



BOARD OF DIRECTORS



CHOO KOK KIONG

Independent Non-Executive Director

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

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

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

KEY MANAGEMENT

KOH SAI ENG CHARLENE

Senior Manager

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

CHONG WUN LEONG SKY

Group Chief Finance Officer ("CFO") Chief Risk Officer

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

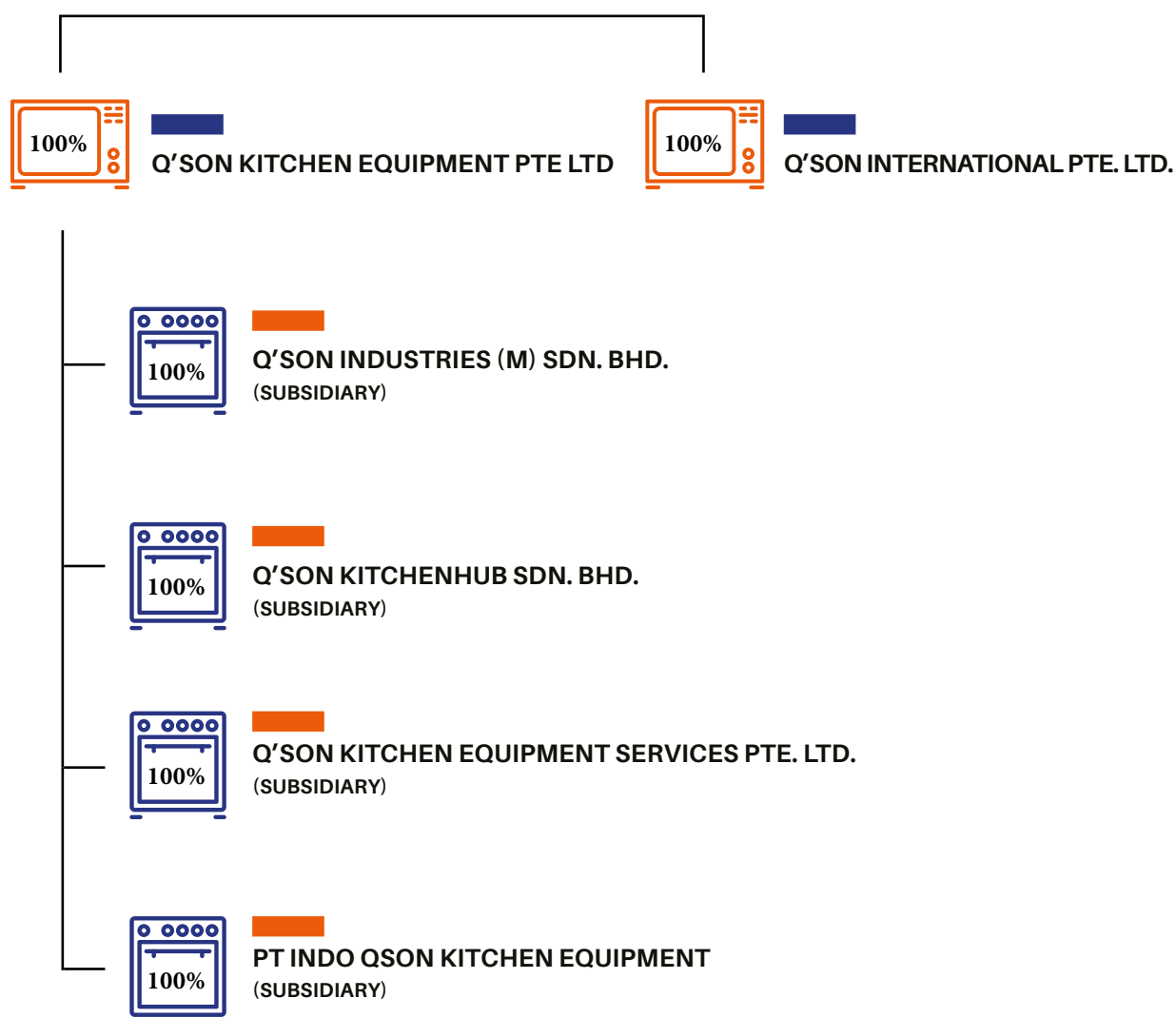
He is appointed as Chief Risk Officer effective 8 August 2022 and responsible to oversee the risk management of the Group and to report to the Audit and Risk Management Committee.

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

CORPORATE STRUCTURE



SINGAPORE KITCHEN EQUIPMENT LIMITED



SUSTAINABILITY REPORT

REMAIN RESILIENT IN WORKING TOWARDS A SUSTAINABLE ECONOMY

BOARD STATEMENT

Singapore Kitchen Equipment Limited (hereafter referred to as "SKE" or the "Group" or the "Company") would like to present the FY2022 Sustainability Report (the "Report"), which covers our Group's sustainability performance from 1 January 2022 to 31 December 2022 ("FY2022" or "Reporting Period").

This Report was prepared in accordance with the GRI standards: Core Option and covers the Group's key sustainability issues, the management's approach, and related performance.

For the Report, the Board of Directors (the "Board") has formed a steering committee spearheaded by Ms Charlene Koh, Senior Manager, with members comprising senior staff in our member companies. The report has been internally reviewed by Internal audit firm, Baker Tilly Consultancy (Singapore) Pte Ltd.

During this Reporting Period, the Board composition remains the same and continues to place significant emphasis on sustainability. Through annual reporting and feedback from our stakeholders, the Company continues to implement improvements in our business strategies, products, and service quality to achieve our targets.

While the COVID-19 situation in neighbouring countries and Singapore mostly came under control in 2022, economic conditions and business sentiments have not recovered to pre-COVID levels. Geopolitical tensions, such as the Russia-Ukraine war, have impacted energy prices and disrupted the commodities supply chain. Higher energy costs have resulted in significant inflation

globally. With rapid interest rate increases by Central Banks globally, businesses are burdened with higher cost. The operating environment remains challenging for the Group.

Notwithstanding the tough external environment, SKE remains committed to sustainability and continues to promote circular economy to our employees. Within the Group, it is the norm to promote electricity saving actions, and green products are rigorously adopted. We are pleased to observe that our employees have imbibed this value and actively suggest and initiate resource-saving methods in their work. Apart from benefiting the Company itself, SKE believes that the right mindset of our staff can influence their family and social circle, thereby bringing wider impactful results.

We continue to leverage our accumulated experience to overcome the challenges confronting us and to remain resilient in working towards a sustainable economy. In this regard, we are grateful for the continued dedication, hard work, and sacrifices of our employees and the support from our customers and partners.

In light of the challenges this year, the Board would like to express again its appreciation to all parties that embrace the circular economy and deliver achievements that have been complied in this Report. We continue to welcome stakeholders' feedback. Please send your comments and suggestions to Ms Charlene Koh at charlene@qson.com.sg.

BOARD OF DIRECTORS

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Our Group has always focused on creating sustainable value for our stakeholders. We have actively engaged them through the following channels:

Stakeholders	Engagement Platforms	Frequency	Key Concerns
Shareholders & Investors	Annual General Meeting	Annually	Profitability and Sustainability
	Annual Report	Annually	
	Financial Results Announcements	Quarterly	
	Corporate Announcements	Regularly	
Customers & Consumers	Corporate Website	Timely corporate news release	Prompt service support
	Events & Functions	Annually	
	Email Queries	Daily	
	Hotline	Daily	
	Customer Surveys	Annually	
Employees	Morning Briefing Sessions	Daily	Manpower, Skill Sets, Staff incentives and welfare
	Departmental meetings	Weekly	
	HOD Coordinating Meetings	Monthly	
	Work Plans	Annually	
	Staff Seasonal Parties	On festive days	
	Seminars and Talks	Quarterly	
	Special Skills Trainings	As and when required	
Suppliers & Service Providers	Emails at all levels	Daily	Prompt Delivery and Payment
	Face to Face meetings	Monthly	
	Review and feedback	Quarterly	
Government & Regulators	SGX	4-6 times annually	Compliance, News Updating, Economic Growth and Announcement
	ACRA	Half Yearly	
	Trade / Industry Events	Quarterly	
	Government Agencies	Monthly	
Local Community	Year End Dinner Party	Annually	Willingness in CSR and Voluntarism
	Donations	Annually	
	Participating in Social & Charitable Activities	Twice a Year	
	Seminars and Talks	As and when	

Figure 1 How we engaged our Stakeholders

SUSTAINABILITY REPORT

MATERIAL FACTORS

Our materiality assessment process for FY2022 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders. This is to ensure that our resources are better deployed to create sustainable value for our stakeholders. The content below shows 10 key factors that are prioritised by the working committee:

- | | |
|--|--|
| 1. Sustainable Business Performance (Economic) | 6. Strategy and Analysis regarding Sustainability (Economic) |
| 2. Product Quality & Satisfaction (Economic & Environmental) | 7. Business Continuity Management (ESG) |
| 3. Occupation Health and Safety (Social) | 8. Robust Corporate Governance Framework and Compliance (Governance) |
| 4. Business Ethics, Anti-Corruption (Governance) | 9. Labour and Industrial Relations (Social) |
| 5. Inclusive Workplace and Talent Development (Social)/Equal Opportunity in Promotion (Social) | 10. Community Engagement (Social) |

Other Factors that are less significant to the Group at the moment include:

- | | |
|---|--|
| 1. Waste Management (Environmental) | 5. Indirect Economic Impact (Economic) |
| 2. Electricity & Water Conservation (Environmental) | 6. Succession Planning (Social) |
| 3. Emissions (Environmental) | 7. Innovation & Technology Leadership (Economic) |
| 4. Human Rights (Social) | |

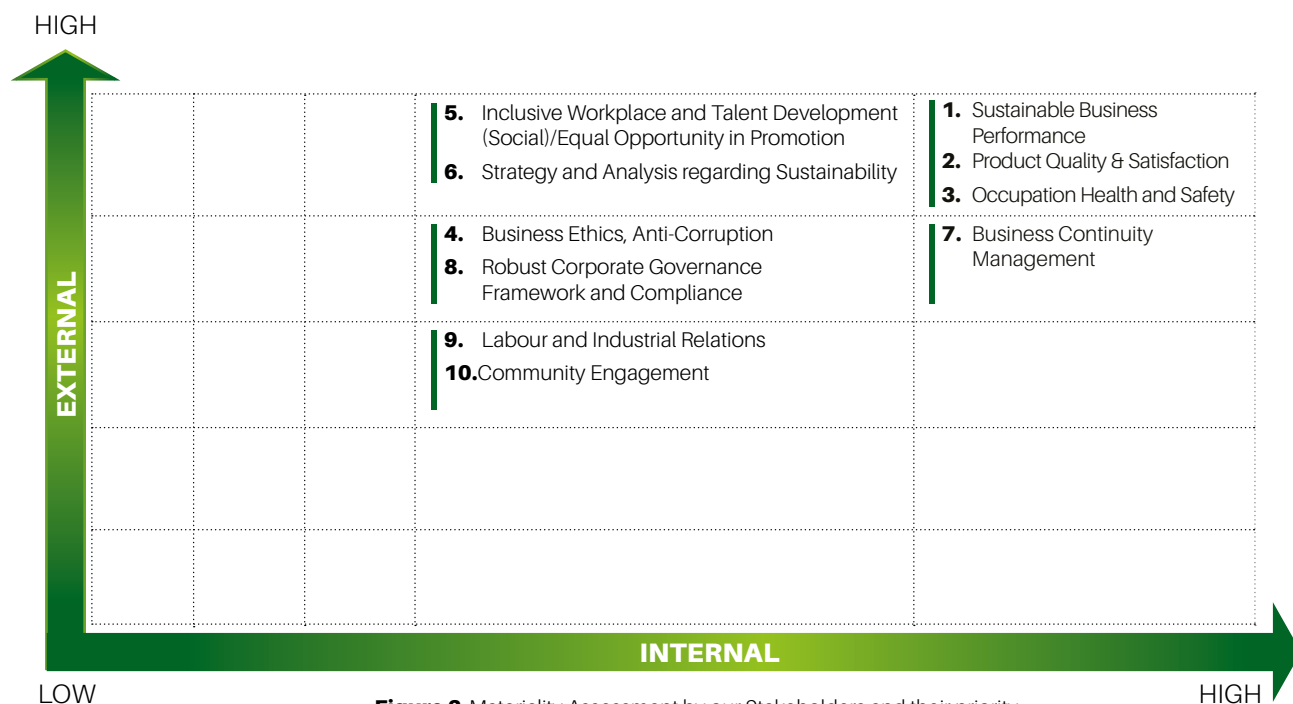


Figure 2 Materiality Assessment by our Stakeholders and their priority

Each of these topics was discussed among the selective groups separately and collectively in some subjects which are elaborated.

SUSTAINABILITY REPORT

OUR BUSINESS

Singapore Kitchen Equipment Limited ("SKE"), operating under trade name Q'son, is one Singapore's leading one-stop commercial and industrial kitchen solution providers for the F&B and hospitality industries. Listed on the Catalist Board of SGX since 22 July 2013, SKE specialises in design and consultancy, equipment fabrication, installation and distribution and after-sales service support. The Group also has maintenance and servicing teams to provide integrated and ad hoc repair services, regardless of model, brand, type, and source of purchase for our customers.

Today, SKE is a brand name that is synonymous with quality, efficiency, and reliability. Some of our customers for the year include SFI Manufacturing Pte Ltd, Fei Siong Food Management Pte Ltd, Boustead Projects E&C Pte. Ltd., Commonwealth Concepts Pte. Ltd., Dim Sum Pte. Ltd., Dian Xiao Er Group Pte. Ltd., Vista F&B Services Pte. Ltd., Alexandra Hospital, Kong Meng San Phor Kark See Monastery, and Far Ocean (2015) Pte. Ltd.

We manage two house brands namely InnoFlame (a spectrum of Chinese, gas-powered cooking ranges) and Qoolux (a range of industrial refrigeration products). Over the years, we have also worked with third-party kitchen equipment manufacturers and OEM brands to secure distribution rights to better serve our plethora of clients from different industries.



Economic Performance

We achieved a revenue of \$33.7 million for FY2022, improving 21.5% from \$27.2 million for FY2021. Our net profit more than doubled from \$338,000 for FY2021 to \$798,000 for FY2022, an increase of 136.1%.

Below is a summary of our financial performance over the last five years:

Income Statement	2018	2019 (restated)	2020	2021	2022
Revenues (S\$'000)	33,561	33,106	22,019	27,774	33,733
Profit/(loss) after tax (S\$'000)	680	(143)	964	338	798
Earnings/(loss) per share (Cents)-diluted	0.45	(0.08)	0.62	0.22	0.51
Dividend per share (Cents)	0.75	NA	NA	NA	0.75
Staff head count (In Numbers)	248	259	152	164	184
Productivity per employee (S\$)	135,327	127,824	144,862	169,354	183,332

Figure 3 Financial Performance for FY2018 to FY2022

Industrial Standards

We have been awarded with certificates from various governmental agencies such as LGSW (Licensed Gas Service Workers from City Gas), OHSAS - bizSAFE Star (Occupational Health and Safety Assessment Series), ISO 45001 (WHS-Work, Health & Safety), Confined Space Assessor, Building and Construction Safety Supervisor level, Work At Height Supervisor level and Safety Officer level. All employees operating in our factory in Malaysia are full-time staff who are on permanent contracts. We also constantly invest in research and development through our hardware research team, enabling us to scale up business to new heights.



SUSTAINABILITY REPORT

ENVIRONMENTAL

Electricity And Water Conservation

We have guidelines in place to ensure efficient use of electricity by installing power-saving Light-Emitting Diode ("LED") lights at our factories and offices. Employees will consciously turn off all power switches not in use during lunch and tea breaks. Air-conditioning temperature is also maintained at 24 degrees Celsius at all times. These measures help to control the wastage of energy when it is not in use.

Tables 1 & 2 below show the total actual energy consumption in Malaysian Ringgit ("MYR") and the emissions intensity per metric ton in our Malaysia factory.

Year	Actual Consumption (KWh) of the Plant	Turnover (MYR)	(KWh/MYR)
2018	135,710	8,662,017	0.0157
2019	149,850	9,304,023	0.0161
2020	99,812	4,736,181	0.0211
2021	123,498	8,829,970	0.0140
2022	116,177	10,167,419	0.0114
Average	125,009	8,339,922	0.0150

Table 1 KWh Consumption vs the Revenue (KWh/MYR represents energy consumed per monetary unit of sales)

Year	Total direct CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Turnover (MYR)	Emissions Intensity (MT/MYR'000)
2018	NA	96.0	8,662,017	0.0111
2019	NA	106.0	9,304,023	0.0113
2020	NA	70.6	4,736,181	0.0149
2021	NA	53.4	8,829,970	0.0061
2022	NA	50.3	10,167,419	0.0049

Table 2 Emissions Intensity (<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>)

SUSTAINABILITY REPORT

In our commitment to electricity and water conservation, we adopted the following measures and initiatives:

- Installing sensor water taps in toilets to prevent water wastage.
- Switching off office lights in the common areas and offices when not in use.
- Putting up signages at light switches as a reminder to switch off the lights when not in use.
- Using and deploying water-efficient tap filters on all our taps in the building to cut down water usage.
- Maintaining the air-conditioning temperature at 24 degrees Celsius when it is operating.
- Ensuring air-conditioners and lightings are turned off after office hours.

In Singapore, the Group shifted to a new premises at Henderson Road in June 2022. From June to December 2022, the electricity usage and water usage of this Henderson premises are 75,717 kWh and 471.6 cubic meters respectively. We target to reduce electric consumption by 5% in 2023 by installing motion sensors at suitable locations to turn on lamps only when there is human presence.

Work Place Air and Environment

Our production plants do not cause any health hazards or air pollution. Nonetheless, we had installed heavy duty exhaust fans to ensure that the air circulation is maintained at fresh and healthy levels. We encourage our employees to go for annual medical check-ups to ensure that they remain healthy at work. Our offices in Singapore and Malaysia have been installed with 6 and 3 units of air purifier systems respectively to decarbonise and improve air quality.

Waste Management

To ensure environmental-friendly processes are strictly carried out, we engage licensed companies to dispose of our waste, including scraps and discharges. We inform our customers that certain parts of our products must be properly disposed or decommissioned after use. Clear instructions are always attached to the manual of our products for easy reference.

Supply Chain

We are very stringent in selecting and in engaging with our suppliers. We ensure that proper evaluation procedures are reported in our assessment checklist which include their business conduct, labour practices, safety & health and environmental management. These practices enable us to conduct smoother supply and quality control as well as management of cash flow and cost-savings.

Ongoing geopolitical uncertainties in some regions have disrupted the global supply chain. In anticipation of supply chain challenges, the Group applied a revised stocking strategy that mitigated most of the disruption. The Group conducted early purchases to lock-in when prices were acceptable so as to maintain a healthy inventory. We were able to supply, install and service without much disruption.

Compliance

We are not aware of any violations to laws and regulations pertaining to the environmental aspects. Our Malaysia factory has satisfied inspections by the relevant authorities, Jabatan Keselamatan Dan Kesihatan Pekerjaan Johor ("JKKP"). Policies and standard operating procedures are put in place to ensure environmental compliance such as:

- Making sure suppliers have obtained the required environmental certifications;
- Informing employees the policies and procedures in the event of contamination;
- Labelling applicable environmental requirements on products;
- Using materials within limit of environmental requirements;
- Using environmentally-friendly equipment; and
- Applying precautionary principles to reduce or avoid negative impact on the environment.

SGX has announced a phased approach for mandatory climate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The initial phase applies to all issuers with the financial year commencing between 1 January 2022 and 31 December 2023 on a 'comply or explain' basis. Climate reporting will then become mandatory for issuers in the financial, energy, agriculture, food, and forest products industries in the following year. Thereafter it will apply to issuers in the materials and buildings, and transportation industries.

SUSTAINABILITY REPORT

While SKE is not included in the range of industries required to perform mandatory reporting in the coming years, we are cognisant of the growing importance and global drive to fight climate change.

The Board and steering committee continue to explore avenues to do our part in fighting climate change.

To ensure our sustainability effort is conducted and reported to an acceptable industry standard, all Board Directors who are involved in sustainability reporting have enrolled in essential training in sustainability and completed the course in FY2022.

Occupational Health and Safety

SKE is ISO 9001:2008 certified. Staff safety and health is of paramount importance to us and we have zero tolerance policy for injuries and our goal is to maintain an accident-free environment. We conduct daily morning meetings to keep workplace health and safety practices top of mind among our staff. Key measures adopted to manage health and safety in the workplace environment are as follows:

- Setting in place safety rules and regulations;
- Establishing safety committee;
- Perform safety inspections regularly;
- Organising regular briefings and talks on occupational safety; and
- Tracking and monitoring accidents.

In FY2022, there were 6 incidents of minor injuries. The causes of injury are:

- Cut by stainless steel shreds;
- Fainting spell due to sight of blood when cut by loose steel shreds; and
- Irritation due to dust in the eye.

The affected staff sought immediate medical attention and were given medical/hospitalisation leave of between 2 days to 20 days.

SOCIAL

Inclusive Workplace and Talent Development

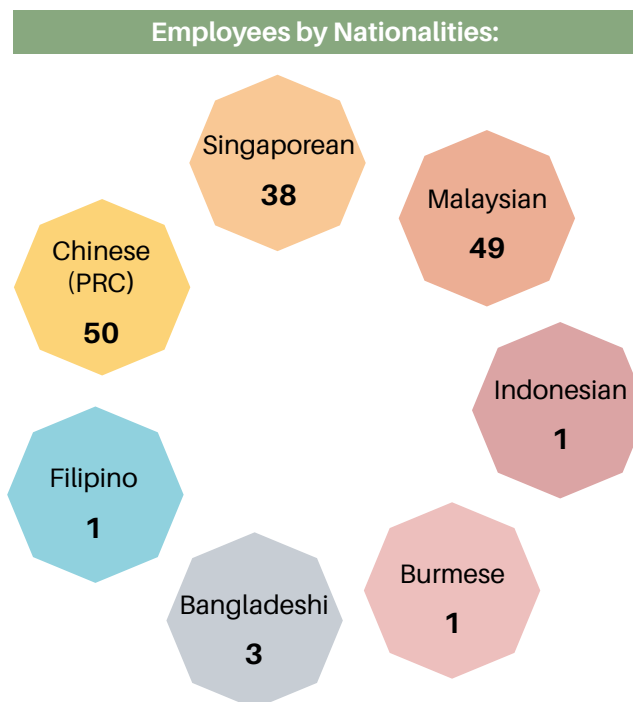
- SKE is non-discriminatory, practising and providing equal opportunities for all employees.
- We believe in talent retention and rewarding our employees at all levels. SKE provides competitive remuneration based on merits.
- We ensure a safe and healthy working environment for all our employees. We are OHSAS and ISO 45001 certified.
- SKE continually provides a non-discriminatory environment for staff to upskill and upgrade themselves through Company sponsored courses like the Licenced Electric Worker Cert (LEW), Licensed Gas Service Worker (LGSW), Safety Officer, Electrical Technology, Mechanical Technology and skills development courses like welding and plumbing. Other industry courses like Work At Height (WAH), Confined Space Assessor (CSA) and Scaffolding Work (SW) under MOM's the Workplace Safety & Health (WSH) act. Our staff understands the significance of these accreditations which will translate to higher safety, skill and remuneration.
- We support human rights and against all forms of forced and child labour and prejudice, and all employees are engaged full-time and trained for their roles and responsibilities.
- We believe in continual training and career development for all staff. Our employees are provided with skill and technical training at our Malaysia plant (3 to 4 hours per month).
- We cultivate an inclusive culture where employees are motivated, engaged and connected via our monthly and quarterly company activities. We welcome employees of all nationalities and we currently have employees from 8 different countries.
- We encourage our employees to exercise their rights of freedom of association though we do not have a collective bargain agreement. Our employees are given at least one month's notice prior to any substantial operational changes affecting them.
- We support the TAFEP (Tripartite Alliance for Fair & Progressive Employment Practices) guidelines in reemployment of senior workers as we value their loyalty, experience and long service.
- We encourage more females to join our workforce though we are operating in a relatively brute labour-intensive industry. Currently, 24% of our employees are female.

SUSTAINABILITY REPORT

OUR WORK FORCE STATISTICS (QKE+QI)

Work Force (Group)	2021	2022
Senior Management	4	4
Sales & Marketing	13	13
Procurement	6	3
Service & Maintenance	58	69
Administration	9	11
Finance	12	11
Project & Production	55	27
Design	4	6
General Support	3	1
Monthly training hour per staff	4 hours	4 hours
Monthly training hour per worker		
1. Singaporean	35	38
2. Malaysian	62	49
3. Indonesian	2	1
4. Burmese	6	1
5. Bangladeshi	14	3
6. Filipino	2	1
7. Vietnamese	2	0
8. Chinese (PRC)	41	50
Most commonly-used language - English	40%	40%
Most commonly-used language - Chinese	60%	60%
Frequency of social gatherings per year - Casual	-	-
Frequency of social gatherings per year - Formal	-	-
Frequency of social gatherings per year - Charitable	-	-
Entry-level Employee's Wages (Local)	S\$2,200	S\$2,400
Entry-level Employee's Wages (Foreign workers)	S\$1,100	S\$1,200

Workers Ratio		
MALE		
2021: 125		
2022: 108		
FEMALE		
2021: 39		
2022: 37		
	2021	2022
Age - below 40	116	101
Age - above 40	48	44



Staff Statistics for
- QKE – Q'son Kitchen Equipment Pte Ltd (Singapore) - QI – Q'son International Pte Ltd (Singapore) - QIM – Q'son Industries Sdn Bhd (Malaysia)

SUSTAINABILITY REPORT

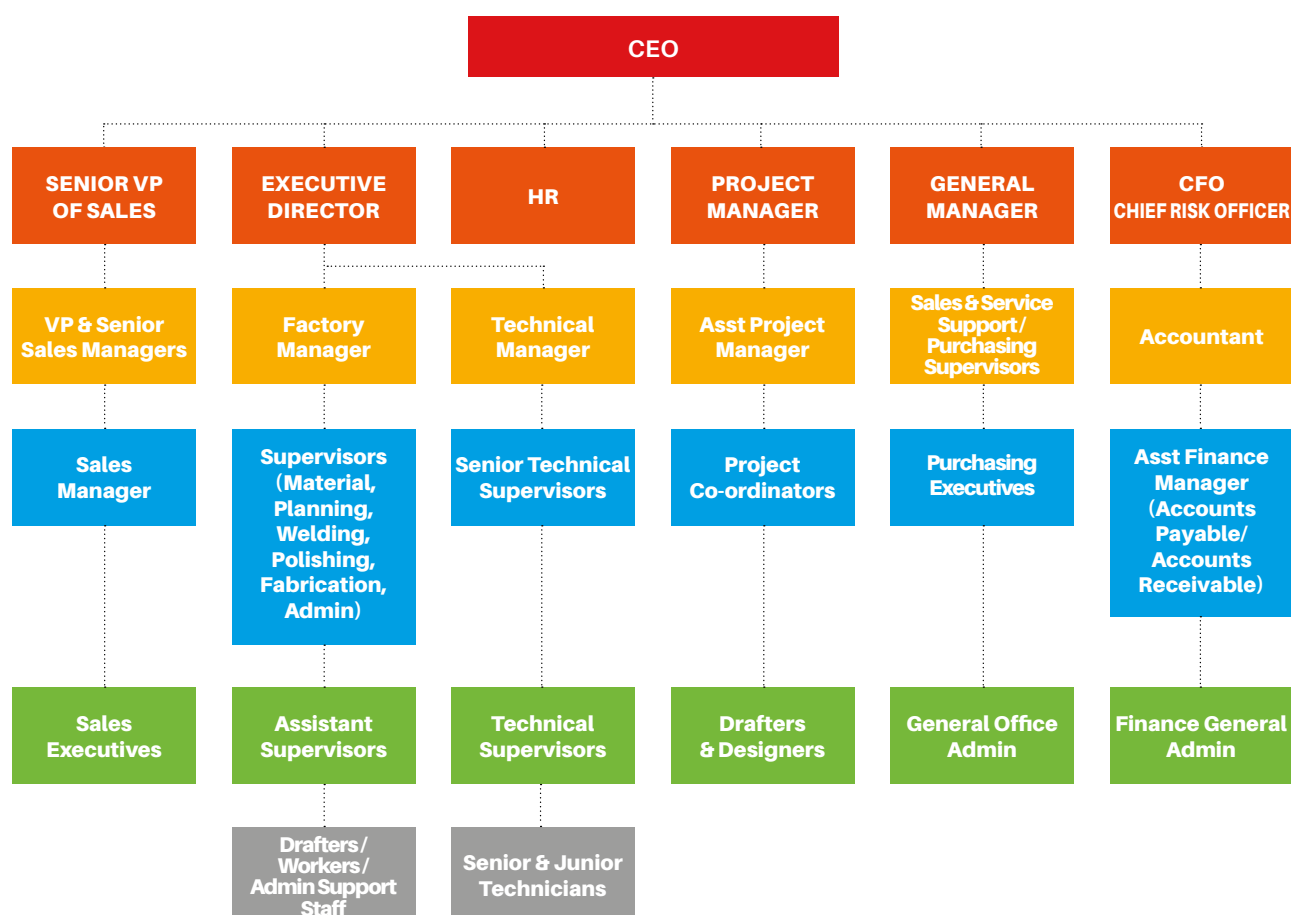
For QKE	By Gender		By Age Group					TOTAL
	Male	Female	age 20 and below	age 21-30	age 31-40	age 41-50	age 50 and above	
FY2022 New Hires	35	13	2	26	10	5	5	48
FY2022 Resignees	18	14	0	13	8	5	6	32
FY2022 Average Training Hours	3000	1400						4400

For QI	By Gender		By Age Group					TOTAL
	Male	Female	age 20 and below	age 21-30	age 31-40	age 41-50	age 50 and above	
FY2022 New Hires	2	0	0	1	1	0	0	2
FY2022 Resignees	0	0	0	0	0	0	0	0
FY2022 Average Training Hours	200	20						220

For QIM	By Gender		By Age Group					TOTAL
	Male	Female	age 20 and below	age 21-30	age 31-40	age 41-50	age 50 and above	
FY2022 New Hires	4	1	0	1	2	2	0	5
FY2022 Resignees	5	1	0	2	2	2	0	6
FY2022 Average Training Hours	1500	60						1560

SUSTAINABILITY REPORT

STAFF ORGANISATION CHART OF SKE GROUP



Our Labour Force (Malaysia Plant)

Our kitchen equipment products are mostly manufactured in Johor Bahru (Plentong), Malaysia, a 30-minute drive from the Singapore Causeway. Our approximately 25,000 sq ft factory has laser bending machines, CNC machines, milling machines and related automated production equipment. Headed by a factory manager, 5 supervisors, 20 local production workers and 15 foreign production workers from 3 countries, the daily operation in two shifts include the planning, fabricating, welding and polishing processes. The Japanese Kaizen management system is practised at our factory. Every completed part is documented and placed orderly at the designated locations for the next production process. Finished products are packed and transported by trucks and lorries to the Singapore warehouse on a twice-weekly basis.

Not all our workers have a technical background. All unskilled workers will be trained and coached by a senior technician before working on a particular job independently. Each worker is required to go for 4 hours' training monthly on their job-related courses. 80% of them are below the age of 40. They speak their mother tongue, English, Mandarin and Malay. The factory manager organises activities monthly to build cohesiveness and team spirit. The morale of the workers at the plant is high. Based on orders and designs from Singapore HQ, the factory runs independently with excellent cost control measures. Due to Malaysian tariff increase on the imported steel sheets from China, the key material procurement has been directed to Malaysian local suppliers.

SUSTAINABILITY REPORT

Labour Force (Malaysia Plant)

All Employees

	2021	2022
Management Staff	5	5
Production Workers	37	35

Age

Below 40 years old	33	32
Above 40 years old	9	9

Diversity/Nationality of all Employees

Malaysian	24	24
Vietnamese	2	2
Bangladeshi	10	9
Burmese	5	4
Chinese (PRC)	1	1

Most commonly-used languages

Mandarin	20	18
Malay	22	22

Production Workers

Skilled	35	38
Semi-Skilled	2	2
Unskilled	0	0

Production Worker Ratio

Male	39	37
Female	3	3

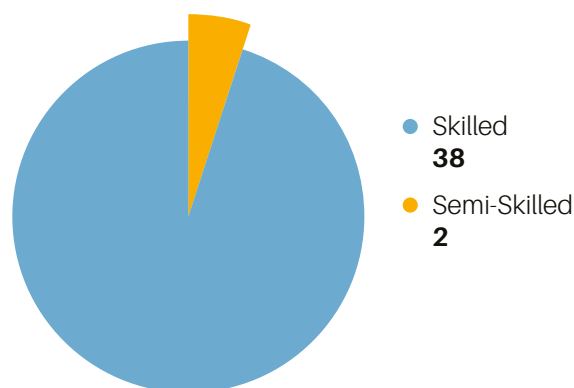
Job Functions

Supervisors	6	9
Equipment Fabrication Workers	3	2
Material Planning	10	10
Office Workers	5	5
Polishing Workers	6	2
Welding Workers	12	12

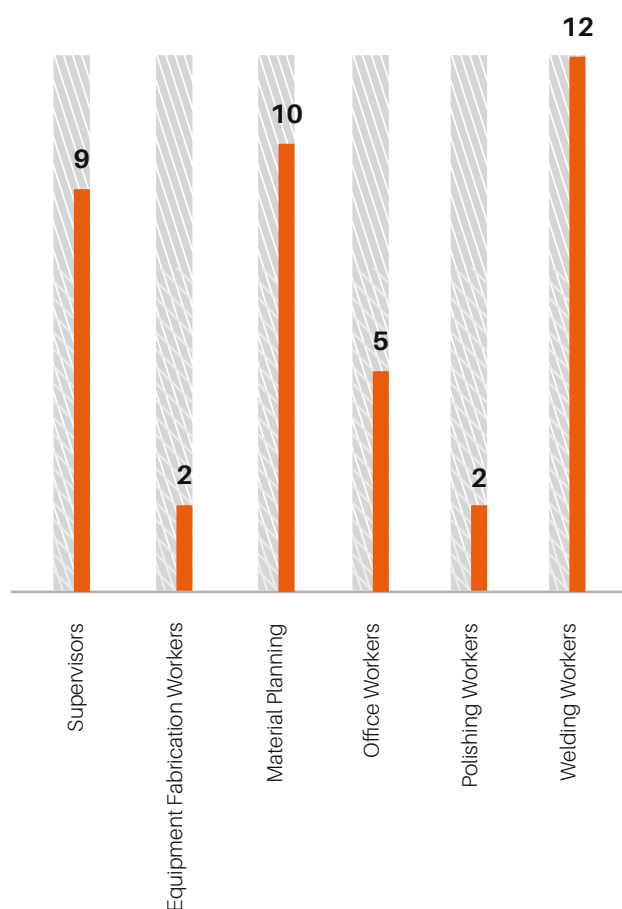
Employee Entry Wages

Malaysian Locals	RM1,500	RM1,800
Foreign Workers	RM1,200	RM1,400

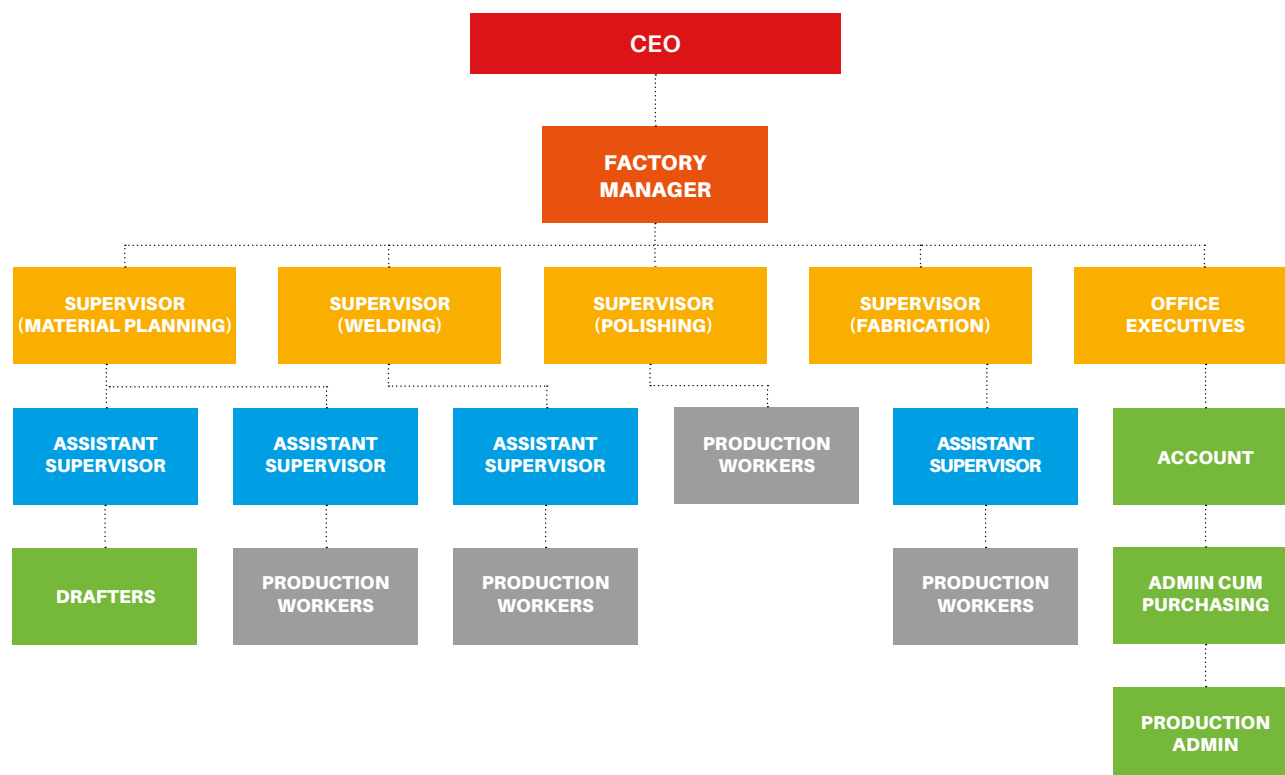
Production Workers @ Malaysia Plant 2022



Job Functions of Production Workers 2022



Q'SON INDUSTRIES (M) SDN. BHD. STAFF ORGANISATION CHART



Employees' Entry Wages

We adhere to the wage laws of Singapore and Malaysia. In Singapore, the entry wages are S\$2,200 for local and S\$1,100 for foreign workers. In Malaysia, the entry wages are Malaysian RM1,800 for local and RM1,400 for foreign workers. On average, we paid higher entry wages than the required minimum to attract and retain employees. Our staff turnover is generally low and replacement is prompt. We strictly abide by the manpower laws and regulations. All new employees will receive their lawful benefits upon meeting the national labour law requirements. For the year under review, employee wages were largely unchanged.

Diversity In The Workforce

We embrace diversity and have employees from different backgrounds and is not gender or age biased. We have representation from different nationalities in Singapore and Malaysia. Besides Singaporeans and Malaysians, there are 6 other nationalities in our Group including Indonesian, Vietnamese, Chinese, Bangladeshi, Filipinos and Burmese. The most common languages used are Chinese, English and Malay. This

diversity in the workforce allows our organisation to be more vibrant and innovative with each employee offering different experiences and background.

Employees' Benefits

We have in place programmes to encourage healthy workforce through sports, social and health education talks and activities. Our employees' welfare benefits include fully paid outpatient medical treatments, hospitalisation and insurance coverage, workmen compensation insurance as well as medical and hospitalisation leave. Our Group supports government pro-family policies and follows statutory regulations in both Singapore and Malaysia with regards to parental and childcare leave.

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

SUSTAINABILITY REPORT

For FY2022, employee benefits remained unchanged.

For some backend support teams which work remotely, the Company uses digitised systems of resource and manpower planning, customer engagement to monitoring these projects remotely. In this regard, the Company continually strengthens cybersecurity and data protection so as to assure our customers on the safety of their data and at same time, reduced our downtime in carrying out our work. The Company will continue to upgrade and improve our network system to manage emerging and new threats.

Training And Education

We believe that our greatest assets are our people and that the skill sets and knowledge of our staff is the crux of our success. Therefore, we invest in training, learning initiatives and development to expand our staff competencies. On average, our workers received 20 hours of training a year depending on their job requirements. In the coming years, we plan to increase average training hours gradually based on the recommendations of each department's needs.

For FY2022, training hours averaged 95 hours for eight of our staff that were designated. This excludes one of our staff whose Licensed Electrical Worker ("LEW") is still ongoing and on track to graduate by the end of 2023.

Our technical staff are trained inhouse by senior supervisors and by manufacturers' service managers, strengthening their expertise in gas/electric, hot/cold equipment, cold room/production/industrial equipment and installation & troubleshooting. This will enable them to swiftly step up to customer needs.

Corporate Social Responsibility

Giving back to the community continues to be a key focus for the Group and we believe in giving back via community service projects and/or donations to the needy, especially to the youth community in Singapore.

The Group has been supporting disadvantaged youths, in particular, in the area in education since 2015. The Group contributed a bursary of \$5000 each for 5 students from Singapore Institute of Technical Education in their academic year 2022. This bursary defrayed their tuition fees, thus saving them time spent to hold down a part-time job to pay for their tuition fees. In addition, on a case-by-case basis, the Group provided financial aid to deserving students for their overseas student exchange program, usually for a period of 3 months.

In FY2022, the Group also donated a one-time \$100,000 cash contribution to the Straits Times Pocket Money Fund ("STPMF"). The Group recognised and is aligned to the STPMF's mission of making sure that our under-privileged students will be provided with the resources to do well in school.



SUSTAINABILITY REPORT



GOVERNANCE

Corporate Governance

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interests and maximising long-term value.

Whistle-Blowing and Anti-Corruption Policy

The Group has in place a Whistle-Blowing Policy that provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. Our stakeholders and public can contact us at a dedicated line 64723049 or email to whistle@qson.com.sg to raise any concerns.

The Group has implemented an anti-corruption policy and adheres to the Singapore Code of Corporate Governance. Through risk assessment, we understand the operations that may potentially be exposed to risks related to corruption. All our staff have been briefed at least once a year on anti-corruption through the regularly meetings.

In April 2022, the Accounting and Corporate Regulatory Authority ("ACRA") informed the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Companies Act 1967 and requested the Company provide to the ACRA a copy of the finalised report entitled Report on Potential Irregularities relating to Certain Accounting Records of Q'son Kitchen Equipment Pte. Ltd, a wholly owned subsidiary of Singapore Kitchen Equipment Limited prepared by Rajah & Tann Singapore ("R&T"). The Company cooperated fully with the ACRA's request and provided ACRA a copy of the finalised R&T Report.

SUSTAINABILITY REPORT

In July 2022, the Group had announced that it has been ordered by the Commercial Affairs Department ("CAD") to assist with an investigation into an offence. The Group will continue to provide update on this investigation as mandated in the SGX listing regulations.

Anti-corruption training for employees

We take anti-corruption seriously; reminders and discussion on anti-corruption are part and parcel of our regular meetings:

- During the daily toolbox meetings of Project Managers with project team, reminders on anti-corruption and work safety are always mentioned.
- During the monthly sales meetings, the agenda include discussion on anti-corruption by the Senior Manager.
- During the quarterly meetings of Senior Supervisors with the technical teams, the Company policy on anti-corruption is reiterated.

Risk Management

The Group outsourced its internal audit functions to a well-established accounting firm. On an annual basis, the internal auditors prepare the internal audit plan for the Audit and Risk Management Committee ("ARMC") approval. These audits are conducted to assess the adequacy and effectiveness of the Group's risk management and the internal control systems, including financial, operational, compliance and information technology controls. Concerted efforts were made to rectify lapses and non-compliance issues reported by the internal auditors.

We have engaged Baker Till Consultancy (Singapore) Pte Ltd as our internal auditor. The ARMC will review the findings of the internal auditor and will ensure that the Group follows up on the internal auditor's recommendations raised during the audit process.

Investor Relations

We welcome all stakeholders to approach us and support the sustainability of our business. Investors can reach us via our Company website at www.singaporekitchenequipmentltd.com, read our Company's latest information at www.sgx.com or actively participate at the Annual General Meeting ("AGM").

Board independence

For FY2022, the ratio of independent directors to non-independent directors is 3:2 as follows:

- number of independent directors: 3
- number of non-independent directors: 2

Women on Board

For FY2022, the ratio of male directors to female directors is 4:1 as follows:

- number of male directors: 4
- number of female directors: 1

For FY2022, there are 6 women in managerial roles in the Group.

Alignment with frameworks and disclosure practices

We strive to provide accurate disclosures on sustainability to our stakeholders to report on our overall Environmental, Social and Governance ("ESG") performance. Our reporting is primarily aligned with the practices and standards provided by the Global Reporting Initiative ("GRI") and also the Task Force on Climate Related Financial Disclosures. These standards are the globally adopted standards for sustainability reporting. We strive to align to these global standards to keep our reporting relevant and to meet ESG reporting expectations.

Assurance of sustainability report

There is currently no external assurance for this report. The data in this report is reported to the best of our knowledge and have gone through rigorous internal review and approval.

MEASURES AND TARGETS FOR 2022/2023

Sustainability Concerns	Issues	Policies, Measures & Targets
Environmental / Economic / Governance /	Welding jobs, which constitutes a vast majority of our new equipment fabrication and servicing jobs in the market, can be tedious, hazardous and has restrictive outputs.	- The Group has acquired a state-of-the-art automatic laser machine. The machine has been in operation since the first quarter of 2021 and contributed notably to improving work efficiency. - We will continue to identify new tools and means to build a safer and more efficient working environment.
Social (Talents)	With the growth of the company and the rising number of projects, experienced project or site supervisors are much needed. Currently, project supervisors are handling 7 to 8 projects at the same time as compared to the normal capacity of 5 to 6 projects.	- We tap on the current pool of technicians to become project coordinators. The HR department actively seeks to fill both positions and continual training is given. Technicians are easier to recruit than project coordinators. - Referrals or recommendations from staff are highly encouraged and incentivised. For each successful referral having worked for 1 year, the company will pay a referral fee of S\$1,000 to the referrer.
	Salespersons are difficult to recruit from the open market and new sales personnel will take time to acquire the necessary skills even when training is provided. While our performance has improved for FY2022, we continue to recognise the need for experienced salespersons to continue driving long term growth.	The HR department will source for talents from the related industries by offering better incentives and better promotion opportunities to persons with good track records.
	As economy picks up post-COVID, manpower poaching is becoming more prevalent.	- Talent retention strategies include: - Upskilling of staff - Cross-training to enable staff to be deployed across departments and typically will increase their remuneration package. - Increase staff welfare and benefits to include annual vacations (pending Group profitability) - Provide flexi-work arrangements for staff who require it

SUSTAINABILITY REPORT

Sustainability Concerns	Issues	Policies, Measures & Targets
	The market is expected to become more competitive as economy picks up especially for F&B and hospitality industries. Margins also risk being squeezed by rising inflation and a and higher volume sales will be required to meet the bottom line.	We need to review our existing suppliers and vendors and appoint new ones for better cost management.
Social (Supply Chain)	Ongoing geopolitical uncertainties has disrupted global supply chain, causing inflation and a general rise in prices of commodities.	- We aim to stabilise the supply chain and control cost by: - Looking out for greater diversity of suppliers to ensure quality suppliers and fair prices - Checking out for relevant government incentives - Monitoring macroeconomic developments and maintain high inventory to overcome supply chain limitations - Target –The purchasing team will source for at least three suppliers for the affected materials

PERFORMANCE TRACKING AND REPORTING

Within the Group, we will track our progress on these material factors by systematically identifying relevant information and data, while conducting Gap Analysis to ensure the expectations of our stakeholders match the Company's. In addition, we will set performance targets to align our strategies, ensuring that we maintain the right course in our path to sustainability.

GRI STANDARDS CONTENT INDEX

GRI Standards 2016	General Disclosures	Section Reference
Organisation Profile		
102-1	Name of the organisation	Singapore Kitchen Equipment Limited
102-2	Activities, brands, products, and services	Corporate Website, Page 1 to 5
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore & Malaysia
102-5	Ownership and legal form	Page 40
102-6	Markets served	Corporate Website, Page 4
102-7	Scale of the organisation	Pages 1 to 5
102-8	Information on employees and other workers	Pages 26 to 31
102-9	Supply chain	Page 25
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary principle or approach	SKE does not specifically address this issue
102-12	External initiatives	Page 32
102-13	Membership of associations	Singapore Business Federation
Strategy		
102-14	Statement from senior decision-maker	Page 20
102-15	Key impacts, risks, and opportunities	Pages 20 to 21
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 25, Pages 33 to 34
102-17	Mechanisms for advice and concerns about ethics	Pages 33 to 34
Governance		
102-18	Governance structure	Page 42
102-19	Delegating authority	Page 42
102-20	Executive-level responsibility for economic, environmental	Page 42
102-21	Consulting stakeholders on economic, environmental and social topics	Page 21
102-22	Composition of the highest governance body and its committees	Page 42
102-23	Chair of the highest governance body	Page 42
102-24	Nominating and selecting the highest governance body	Page 42
102-25	Conflicts of interest	Page 42
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 42
102-27	Collective knowledge of highest governance body	Page 42

SUSTAINABILITY REPORT

GRI Standards 2016	General Disclosures	Section Reference
102-28	Evaluating the highest governance body's performance	Page 42
102-29	Identifying and managing economic, environmental and social impacts	Page 22
102-30	Effectiveness of risk management processes	Page 25, Pages 33 to 34, Page 42
102-31	Review of economic, environmental, and social topics	Pages 24 to 32
102-32	Highest governance body's role in sustainability reporting	Page 20
102-33	Communicating critical concerns	Page 21
102-34	Nature and total number of critical concerns	Page 22
102-35	Remuneration policies	Page 42
102-36	Process for determining remuneration	Page 42
102-37	Stakeholders' involvement in remuneration	NA
102-38	Annual total compensation ratio	NA
102-39	Percentage increase in annual total compensation ratio	NA
102-40	List of stakeholder groups	Page 21
102-41	Collective Bargaining Agreements	Page 26
102-42	Identifying and selecting stakeholders	Page 21
102-43	Approach to stakeholder engagement	Page 21
102-44	Key topics and concerns raised	Page 22
102-45	Entities included in the consolidated financial statements	Page 19
102-46	Defining report content and topic boundaries	Page 20
102-47	List of material topics	Page 22
102-48	Restatements of information	NA
102-49	Changes in reporting	NA
102-50	Reporting period	1 January to 31 December 2022
102-51	Date of most recent report	2021 Sustainability Report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Page 34
102-54	Claims of reporting in accordance with the GRI Standards	Page 20
102-55	GRI content index	Pages 37 to 39
102-56	External assurance	We may ask external assurance in the future
Economic		
201-1	Direct economic value generated and distributed	Page 23
201-4	Financial assistance received from government	Page 12
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 27

SUSTAINABILITY REPORT

GRI Standards 2016	General Disclosures	Section Reference
202-2	Proportion of senior management hired from the local community	Pages 27 to 29
205-1	Operations assessed for risks related to corruption	Pages 33 to 34
205-2	Communication and training about anti-corruption policies and procedures	Page 34
205-3	Confirmed incidents of corruption and actions taken	Page 33
Environmental		
302-1	Energy consumption within the organisation	Page 24
306-1	Water discharged by quality & destination	NA
307-1	Non-compliance with environmental laws and regulations	Nil
308-1	Percentage of new suppliers that were screened using environmental criteria	Page 25
308-2	Negative environmental impacts in the supply chain and actions taken	Nil
Social		
401-1	New employee hires and employee turnover	Pages 27 to 29
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Pages 31 to 32
401-3	Parental leave	Pages 31 to 32
403-1	Workers representation in formal joint managements worker	Page 27
403-2	Injury and incidents	Page 26
403-4	Health & safety topics covered in formal agreements with trade union	Page 26
404-1	Average hours of training per employee	Page 27, Page 32
404-2	Programs for upgrading employee skills and transition assistance programs	Page 32
404-3	Percentage of employees receiving regular performance and career development reviews	Yes, but did not disclose due to sensitivity
405-1	Diversity of governance bodies and employees	Pages 26 to 32
413-1	Operations with local community engagement, impact assessments, and development programs	Page 32
414-1	New suppliers screened using social criteria	Page 25
416-2	Negative social impacts in the supply chain and actions taken	Nil
419-1	Non-compliance with laws and regulations in the social and economic area	Nil

CORPORATE INFORMATION

Company Registration Number: 201312671M

BOARD OF DIRECTORS

Lim Chee San
*(Chairman and
Independent Non-Executive Director)*

Chua Chwee Choo
(Executive Director and Chief Executive Officer)

Lee Chong Hoe
(Executive Director)

Ang Chiang Meng
(Independent Non-Executive Director)

Choo Kok Kiong
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Ang Chiang Meng
(Chairman)

Lim Chee San
Choo Kok Kiong

NOMINATING COMMITTEE

Lim Chee San
(Chairman)

Choo Kok Kiong
Ang Chiang Meng

REMUNERATION COMMITTEE

Choo Kok Kiong
(Chairman)

Ang Chiang Meng
Lim Chee San

COMPANY SECRETARY

Wong Yoen Har

REGISTERED OFFICE

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

SHARE REGISTRAR

**Boardroom Corporate & Advisory Services
Pte. Ltd.**
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#14-07 Keppel Bay Tower,
Singapore 098632
Tel: (65) 6536 5355
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SPONSOR

RHT Capital Pte. Ltd.
36 Robinson Road, #10-06,
City House,
Singapore 068877

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
1 Raffles Place
#04-61/62 One Raffles Place, Tower 2
Singapore 048616

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

PRINCIPAL BANKERS

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



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CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

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

(A) BOARD MATTERS

Principle 1 - The Board’s Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

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

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

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

The Board’s roles are to:

- (a) Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets;
- (c) Review management performance;
- (d) Identify the key stakeholder groups and recognised that their perceptions affect the Group’s reputation;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

- (e) Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

- (a) Audit and Risk Management Committee ("ARMC");
- (b) Remuneration Committee ("RC");
- (c) Nominating Committee ("NC"); and
- (d) Singapore Kitchen Equipment Performance Share Plan Committee.

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

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

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

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2022 ("FY2022") and attendance of each Director are set out below:

Name of Directors	Board Meeting		Audit and Risk Management Committee		Remuneration Committee		Nominating Committee		Annual General Meeting
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	
Lim Chee San	4	4	5	5	1	1	1	1	1
Chua Chwee Choo	4	4	5	5*	1	1*	1	1*	1
Lee Chong Hoe	4	4	5	5*	1	1*	1	1*	1
Ang Chiang Meng	4	4	5	5	1	1	1	1	1
Choo Kok Kiong	4	4	5	5	1	1	1	1	1

* By invitation

CORPORATE GOVERNANCE REPORT

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

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

- (a) The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) The CEO and the key management personnel, including the Executive Director, Mr Lee Chong Hoe, confirmed, to their best knowledge, the adequacy and effectiveness of the Company's risk management and internal control systems.

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

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

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

In addition, during FY2022 all Directors have completed the mandated sustainability training course organised by SID and the Institute of Singapore Chartered Accountants ("ISCA") as required by the enhanced SGX sustainability reporting rules announced in December 2021.

Principle 2: Board Composition and Guidance

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

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

Name of Directors	Designation	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies
Lim Chee San	Chairman and Independent Non-Executive Director	28 August 2021	6 November 2021	Chemical Industries (Far East) Limited Blackgold Natural Resources Limited Gallant Venture Ltd	Hupsteel Limited Sky One Holdings Limited Soon Lian Holdings Limited Colex Holdings Limited
Chua Chwee Choo	Executive Director and Chief Executive Officer	9 May 2013	25 June 2020	-	-
Lee Chong Hoe	Executive Director	9 May 2013	29 July 2022	-	-
Ang Chiang Meng	Independent Non-Executive Director	4 August 2021	29 July 2022	Axington Inc	AgriTrade Resources Limited
Choo Kok Kiong	Independent Non-Executive Director	28 August 2021	6 November 2021	Gallant Venture Ltd QAF Limited	-

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

CORPORATE GOVERNANCE REPORT

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In recognition of the importance and value of gender diversity in the composition of the Board, the Company undertakes to have at least one representation of female director on the Board. The Board has one female director currently. Ms Chua Chwee Choo has been a member of the Board since May 2013.

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

In addition, the Board consists of directors with ages ranging from mid-30s to mid-70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

The NC has put in place a skills matrix which classifies into the following core competencies, skills, experiences and knowledge of Directors:

Balance and Diversity of the Board	Number of Directors	Proportion of the Board
Core Competencies		
Accounting & Finance	3	60%
Business and Management	5	100%
Industry	3	60%
Strategic Planning	5	100%
Customer-based and marketing	3	60%
Human Resource Management	1	20%
Legal and Regulatory	2	40%
Others (eg. Taxation, banking, manufacturing)	1	20%
Gender		
Male	4	80%
Female	1	20%
Age Group		
31 - 40	1	20%
51 - 60	2	40%
61 - 70	2	40%
Independence		
Independent directors	3	60%
Non-Independent directors	2	40%
Directors' Citizenship		
Singapore Citizen	5	100%

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

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

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

For FY2022, the relevant Independent Non-Executive Directors, namely, Mr Lim Chee San, Mr Ang Chiang Meng and Mr Choo Kok Kiong have confirmed their independence in accordance with the Code, its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules. The NC and the Board (save for the interested Independent Non-Executive Directors who abstained on their own review) have reviewed and are of the opinion that all Independent Non-Executive Directors are independent according to the Code and its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules.

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

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

To facilitate a more effective check on the management, the Independent Directors meet at least once a year, each with the Group's Internal and External Auditor without the presence of the management. Where necessary, the Company co-ordinates informal meeting sessions for Non-Executive Directors and Independent Directors to meet without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board, as appropriate.

Principle 3: Chairman and CEO

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

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

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

Mr Lim Chee San is the Independent and Non-Executive Chairman of the Board while Ms Chua Chwee Choo is the Executive Director and CEO of the Group. Ms Chua Chwee Choo is not related to Mr Lim Chee San.

The Chairman's duties include:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of openness and debate at the Board meetings;
- (d) ensuring that the directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encourage constructive relations within the Board and between the Board and management;
- (g) facilitating the effective contribution of non-executive directors in particular; and
- (h) promoting high standards of corporate governance;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The CEO's duties include:

- (a) overseeing the daily running of the Group's operations;
- (b) charting the corporate strategies for future growth with the support of the management; and
- (c) executing strategies and policies adopted by the Board.

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

- The Chairman and the CEO are not the same person;
- The Chairman and the CEO are not immediate family members;
- The Chairman is not part of the management team; and
- The Chairman is an independent director.

Principle 4: Board Membership

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

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

The NC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the NC during FY2022 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Lim Chee San	Chairman
Ang Chiang Meng	Member
Choo Kok Kiong	Member

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

- (a) Reviewing and suggest succession plans for directors, in particular for the Chairman of the Board and CEO to the Board;
- (b) Developing the performance evaluation framework and set the objective performance criteria for the Board, Board Committees and individual Directors;
- (c) Recommending to the Board on the training programmes for new Directors and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks;
- (d) Reviewing, assessing and making recommendations to the Board on appointment and re-appointment of Directors and senior management to the Company;

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

- (e) Reviewing, assessing and considering the competencies, commitment, contribution, performance and independence of the Directors before recommending Directors who are due to retire or re-appointment to be put forward to the shareholders for approval at the annual general meeting;
- (f) Determining, on an annual basis, the independence of the Directors in accordance with the Code and other salient factors; and
- (g) Deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, in particular, when he/she has multiple board representations.

The NC met once in FY2022 and below is a summary of the key activities undertaken by the NC in discharge of its duties:

- (a) Reviewed the Terms of Reference;
- (b) Examined the Board's size and satisfied that it is appropriate for effective decision making, taking into account the nature and scope of the Group's operations. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committees as well as to the management of the Company;
- (c) Reviewed the independence of the Independent Directors and satisfied that they are independent;
- (d) Conducted annual assessment of the Board, Board Committees and individual Directors; and
- (e) Determined Directors who are subject to re-election.

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

Summary procedures on appointing a new director:

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

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

The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board and Board Committee meetings for FY2022 as disclosed on page 44 of this Annual Report.

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

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

<u>Director</u>	<u>Designation</u>
Lim Chee San	Independent Non-Executive Chairman
Choo Kok Kiong	Independent Non-Executive Director

Please refer to pages 143 to 148 for information required under Appendix 7F of the Catalist Rules in relation to the Directors nominated for re-election at the forthcoming AGM.

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

Principle 5: Board Performance

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

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

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

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During the FY2022, the NC assessed the Board, Board Committees and individual Directors. The NC was satisfied with the outcome of the evaluations and both NC and the Board are of the view that the Board has met its performance objectives for FY2022. The NC was also satisfied that sufficient time and attention have been provided by the Directors to the Group. No external facilitator was engaged in the performance assessment.

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

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

The RC is responsible for recommending to the Board the remuneration principles and framework for members of the Board and senior management. The RC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The composition of members of the RC during FY2022 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Choo Kok Kiong	Chairman
Ang Chiang Meng	Member
Lim Chee San	Member

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

- (a) To recommend to the Board a general framework of remuneration policy for the Board, determine specific remuneration packages and terms of employment for each Executive Director, the CEO and key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;
- (b) To perform annual review of the remuneration of employees related to the Executive Directors, CEO and substantial or controlling shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include to review and approve any bonuses, pay increases and/or promotions for these employees;
- (c) To review and recommend to the Board the terms of renewal for Executive Directors and key management personnel whose employment contracts will expire or have expired to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous but ensure fairness and avoid rewarding poor performance; and
- (d) To function as the Committee referred to in the Singapore Kitchen Equipment Performance Share Plan.

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

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

Principle 7: Level and Mix of Remuneration

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

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

The remuneration policy is also structured to link rewards to corporate and individual's performance.

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

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

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

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

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The RC met once in FY2022 and below is a summary of the key activities undertaken by the RC in discharge of its duties:

- (a) Reviewed the Terms of Reference;
- (b) Reviewed the remuneration package of the Executive Directors and key management personnel;
- (c) Reviewed and recommended the Directors' Fees payable to the Independent Non-Executive Directors of the Company to the Board; and
- (d) Reviewed and set the key performance target for the Executive Directors and key management personnel.

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

Principle 8: Disclosure on Remuneration

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

A breakdown of the Directors' remuneration for FY2022 is as follows:

Directors' Remuneration FY2022

Name	Remuneration Band			Salary	Bonus	Other Benefits	Directors' Fees ⁺	Total
	Disclosable Amount Below S\$250,000	S\$250,000 to S\$500,000	Above S\$500,000					
	(S\$)	(S\$)	(S\$)	%	%	%	%	%
Chua Chwee Choo		✓		75.6	6.3	18.1		100
Lee Chong Hoe		✓		72.3	6.0	21.7		100
Lim Chee San	50,000						100	100
Ang Chiang Meng	45,000						100	100
Choo Kok Kiong	40,000						100	100

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

The annual aggregate amount of the total remuneration paid to the Directors of the Company in FY2022 is approximately S\$914,628.

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Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the key management personnel. A breakdown (in percentage terms) of remuneration of the top three (3) key management personnel (who are not Directors of the Company) for FY2022 is as follows:

Key Management Personnel Remuneration FY2022

Name	Remuneration Band			Salary	Bonus	Other Benefits	Directors' Fees ⁺	Total
	Below S\$250,000 ⁺	S\$250,000 to S\$500,000	Above S\$500,000					
	(S\$)	(S\$)	(S\$)	%	%	%	%	%
Chong Wun Leong Sky	✓			84.3	15.7			100
Yeo Ngen Huay Serine ⁽¹⁾	✓			100				100
Koh Sai Eng Charlene	✓			85.7	14.3			100

Note:

⁽¹⁾ Yeo Ngen Huay Serine has resigned as Group Chief Financial Officer on 18 February 2022.

The annual aggregate amount of the total remuneration paid to the top three (3) key management personnel in FY2022 is approximately S\$358,354.

The Company is of the view that its practices of disclosing the remuneration of directors and key management personnel in bands of S\$250,000 are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.

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

Ms Chua Chwee Choo, Executive Director and CEO of the Company is the wife of Mr Lee Chong Hoe, Executive Director of the Company and their individual remuneration have exceeded S\$100,000. Other than the above, no employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S\$100,000 during FY2022.

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

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

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

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

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

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

In FY2022, the internal auditors, Baker Tilly Consultancy (Singapore) Pte Ltd, had been engaged to perform Additional IA Work to ARMC. The Additional IA Work includes review on the business processes for inventories, purchases and cost of sales, trade receivables and revenue. The report presented a summary of issues identified, together with management recommendations.

On 30th January 2023, the IA (Baker Tilly) had completed its follow up review of the implementation of internal controls identified from the Additional IA Work and confirmed that all of the internal control measures have been implemented and all gaps had been remediated. Given that the company has adequately addressed the issues which resulted in the voluntary suspension of trading of its shares, the company has submitted a resumption of trading proposal on 31st January 2023 to seek the approval of the SGX-ST for the lifting of the suspension of trading of its shares.

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

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

For FY2022, notwithstanding the preliminary findings in respect of the 8 Payment Transactions, the Board had received assurance from the following:

- (a) The CEO and the CFO, confirmed, to the best of their knowledge, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) The CEO, Executive Director and the key management personnel confirmed, to their best knowledge, the adequacy and effectiveness of the Company's risk management and internal control systems.

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

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

Principle 10: Audit and Risk Management Committee ("ARMC") **The Board has an AC which discharges its duties objectively.**

The Audit Committee has been renamed to Audit and Risk Management Committee ("ARMC") with effect 8 August 2022 to better reflect the roles and responsibilities of the Audit Committee in assisting the Board in overseeing the risk management of the Company.

The ARMC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC during FY2022 and as at the date of this report are:

<u>Director</u>	<u>Designation</u>
Ang Chiang Meng	Chairman
Choo Kok Kiong	Member
Lim Chee San	Member

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

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

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

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

- (a) Review the significant financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board;
- (b) Review and report to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to the ARMC by the Board);

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- (c) Review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (d) Review the scope and results of the external audit, and the independence and objectivity of the EA. The ARMC shall then recommend to the Board the appointment, re-appointment and removal of the EA, and its remuneration and terms of engagement;
- (e) Review the Policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (f) Review Interested Person Transactions; and
- (g) Undertake such other functions and duties as may be required by the Board under the Code, Catalyst Rules and Companies Act 1967 of Singapore from time to time.

The ARMC met five times in FY2022 and below is a summary of the key activities undertaken by the ARMC in discharge of its duty:

- (a) Reviewed the Terms of Reference;
- (b) Reviewed with the EA the audit plan, their evaluation of the system of internal controls, their report, management letter and the management's response;
- (c) Reviewed the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and Catalyst Rules and any other relevant statutory or regulatory requirements;
- (d) Reviewed internal audit programmes and adequacy and effectiveness of the Group's internal audit function as well as to ensure coordination between the external auditor and internal auditor and management;
- (e) Reviewed and discussed with external auditor, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (f) Recommended the re-appointment of the EA and approve the remuneration and terms of engagement of the external auditors to the Board;
- (g) Reviewed non-audit services provided by EA to the Group, the nature, extent and cost effectiveness of such services to ensure that these services do not affect the independence and objectivity of the external auditor; and
- (h) Reviewed and deliberated on key audit matters and areas of emphasis highlighted by the EA.

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

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For the audit of the financial statements for FY2022, the following key audit matters were discussed by the ARMC:

Key Audit Matters	How the ARMC reviewed these
1. Revenue recognition	The Audit and Risk Management Committee considered the internal controls established and maintained by the Management over project management, costing and revenue recognition. The Audit and Risk Management Committee noted the periodic reviews conducted by the Management in respect of long-term projects where the Group satisfies its performance obligations over time, which include the assessment of reasonableness of the estimated total budgeted costs of each project, and whether any provision for onerous contracts is required. Revenue recognition over time was also an area of focus for the External Auditors. The External Auditors had included this item as a key audit matter in their report for FY2022. Please refer to page 72 of this Annual Report.
2. Net realisable value of inventories	The Audit and Risk Management Committee considered the approach and methodology in determining the estimated net realisable value of inventories, which is dependent upon the Group's expectations of future selling prices. In making its estimates of future selling prices, the Group takes into account the recently transacted prices and market conditions. Net realisable value of inventories was also an area of focus for the External Auditors. The External Auditors had included this item as a key audit matter in their report for FY2022. Please refer to page 73 of this Annual Report
3. Expected credit losses on trade receivables	The Audit and Risk Management Committee considered the approach and methodology in determining the estimated expected credit losses on trade receivables, which is dependent upon the Group's expectations the collectability of trade receivables. In making its estimates of collectability of trade receivables, the Group takes into account the historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. Expected credit losses on trade receivables was also an area of focus for the External Auditors. The External Auditors had included this item as a key audit matter in their report for FY2022. Please refer to page 73 of this Annual Report

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

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The aggregate amount of fees paid to the EA for audit and non-audit services for FY2022 are as follows:

Fees rendered for the services of	Amount
Audit	S\$140,000
Non-audit	S\$17,000
Total:	<u>S\$157,000</u>

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

In FY2022, the Company outsourced its internal audit function to Baker Tilly Consultancy (S) Pte Ltd, as internal auditors ("IA"), to review the key business processes of the Company and its key subsidiaries, adequacy and effectiveness of the Company's internal controls, financial, operational and compliance controls as well as risk management. The IA reports primarily to the Chairman of the ARMC, although the IA also reports administratively to the CEO. The ARMC approves the hiring, removal, evaluation and compensation of the IA. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the ARMC.

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

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

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

For FY2022, the ARMC met once with the EA and IA without the presence of the management.

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

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

WHISTLE-BLOWING POLICY

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

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

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

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

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

The AGM of the Company represents the primary platform for two-way interaction between the shareholders, the Board and management of the Group. In fostering effective participation and engagement with shareholders at the AGM, the Company held a physical annual general meeting on 29 July 2022 ("2022 AGM") with Directors and external auditors present at the 2022 AGM.

To encourage participation of the shareholders, the Company strives to hold general meeting at venues which are accessible to shareholders. Notice of general meeting, annual report and/or circulars were issued within the time notice period as prescribed by the relevant regulations to enable the shareholders to be well informed with the time frame given and allow them to have ample time in making necessary preparations to attend and participate effectively in person or by corporate representative, proxy or attorney. More importantly, it enabled the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Additional explanatory notes for relevant resolutions (where required) to be tabled at the general meeting will be provided to the shareholders. To enable the members to participate at the 2022 AGM and exercise their votes effectively, instructions on how to submit their questions in advance, submission of proxy form and etc relating to the 2022 AGM was published at the SGXNET and Company's website. All resolutions tabled at the 2022 AGM were conducted by poll pursuant to Rule 730A(2) of the Catalist Rules and counted by the Polling Agent as well as verified by the Scrutineer at the 2022 AGM. The poll results were announced by the Company via SGXNET on the same day for the benefit of all shareholders.

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

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

Minutes of general meetings with substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board and management are available to shareholders upon request. For the 2022 AGM, the minutes was published at the SGXNET and the Company's website within the prescribed timeline set by the SGX-ST and all questions received from the shareholders and answer were also published at the SGXNET and the Company's website ahead of the 2022 AGM.

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

Principle 12: Engagement with Shareholders

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

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

- Announcements and news releases via SGXNET;
- Annual Report prepared and issued to all shareholders with relevant information about the Group, future developments and disclosures required by the Companies Act 1967 of Singapore, Financial Reporting Standards and the Catalist Rules;
- Notices of general meetings are published in the local newspapers and announced via SGXNET; and
- Company's website for shareholders to access information pertaining to the Group.

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

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(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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

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

(F) DEALINGS IN SECURITIES

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

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

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

(G) INTERESTED PERSON TRANSACTIONS

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

There were no interested person transactions exceeding S\$100,000 conducted by the Group during FY2022.

(H) MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Executive Director, or controlling shareholder subsisting at the end of FY2022.

(I) NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, RHT Capital Pte. Ltd. during FY2022.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(J) USE OF PROCEEDS

(a) Initial Public Offer

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

As at the date of this report, approximately S\$4.0 million has been used for the purposes as stated in the Company's IPO Prospectus dated 12 July 2013. The details of the deployment are as follows:

	Allocation S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
Acquisition of additional fabrication equipment and machinery	700	319	381
Acquisition and renovation of the newly acquired property and other capital expenditures	1,600	1,355	245
For general working capital purposes of the Group	975	975	-
Expenses such as professional fees, under writing and placement commission and brokerage, and miscellaneous fees	1,325	1,325	-
Total	4,600	3,974	626

The above utilisation of the net proceeds is consistent with the intended use of proceeds as disclosed in the SGX announcement released on 21 January 2022.

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

(b) Placement

The Company refers to the net proceeds of approximately S\$1.0 million raised from the Placement on 13 December 2017. The net proceeds will be utilized as follows:

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

As at the date of this report, the proceeds have not yet been utilized. The Company has reallocated the placement proceeds from use for new business expansion or investments to general working capital purposes. The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed.

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

(K) TREASURY SHARES

There were no treasury shares at the end of FY2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

We submit this annual report to the members together with the audited consolidated financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") and statement of financial position of the Company for the financial year ended 31 December 2022.

In our opinion,

- (a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Names of directors

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

Lim Chee San (Chairman and Independent Director)
Chua Chwee Choo (Executive Director and Chief Executive Officer)
Lee Chong Hoe (Executive Director)
Ang Chiang Meng (Independent Director)
Choo Kok Kiong (Independent Director)

Arrangements to acquire shares or debentures

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director	As at 31.12.2022 and 21.1.2023 #	Holdings in which director is deemed to have an interest	As at 31.12.2022 and 21.1.2023 #
	As at 1.1.2022		As at 1.1.2022	
The Company - <u>Singapore Kitchen Equipment Limited</u>		<u>Number of ordinary shares</u>		
Chua Chwee Choo	995,000	995,000	122,491,500	122,491,500
Lee Chong Hoe	192,000	192,000	122,491,500	122,491,500
Holding company - <u>QKE Holdings Pte. Ltd.</u>		<u>Number of ordinary shares</u>		
Chua Chwee Choo	1	1	-	-
Lee Chong Hoe	1	1	-	-

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

Share options

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

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

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

Performance Share Plan

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

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Performance Share Plan (cont'd)

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

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

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

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

Audit and Risk Management Committee

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

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

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

- (i) reviewing the audit plan and results of the external audit;
- (ii) reviewing the audit plan and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;
- (iii) reviewing the Group's financial and operating results and accounting policies;
- (iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditor's report on those financial statements;
- (v) reviewing the half-yearly and annual announcements on the results of the Group and financial positions of the Group and the Company;
- (vi) ensuring the cooperation and assistance given by the management to the Group's internal and external auditors;
- (vii) making recommendation to the Board of Directors on the re-appointment of the Group's internal and external auditors; and
- (viii) reviewing the interested person transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Audit and Risk Management Committee (cont'd)

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

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

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

Independent auditor

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

On behalf of the Directors

.....
CHUA CHWEE CHOO

.....
LEE CHONG HOE

Dated: 7 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

Matters in respect of prior year's financial statements

We had issued a disclaimer of opinion on the financial statements for the year ended 31 December 2021 on 14 July 2022 in respect of opening balances and comparative information; inventories, purchases and cost of sales; trade receivables; revenue; and fact-finding review and investigations.

With regards to inventories, we were unable to obtain the relevant supporting documents to ascertain the cost and net realisable value of spare parts as at 31 December 2021. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's inventories as at 31 December 2021. In the absence of sufficient documentary evidence, we were also unable to ascertain the appropriateness of purchases, cost of sales and write-down on inventories recognised in profit or loss for the financial year ended 31 December 2021.

In relation to trade receivables, we were unable to obtain sufficient appropriate audit evidence, such as details of subsequent collections and historical loss rates adjusted with forward-looking information, to ascertain the recoverability of the outstanding amounts and the expected credit losses on trade receivables. In addition, we were unable to ascertain the cut-off of revenue for the financial year ended 31 December 2021. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's trade receivables as at 31 December 2021.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Basis for Qualified Opinion (Cont'd)

Matters in respect of prior year's financial statements (cont'd)

In respect of revenue, we were unable to obtain sufficient documentary evidence to determine that revenue is recorded in the correct accounting period. We were also unable to obtain supporting details to ascertain the appropriateness of revenue recognised over time. In addition, we were unable to obtain sufficient information to assess the classification of rental of kitchen equipment as operating lease or finance lease. Consequently, we were unable to ascertain the existence, completeness and accuracy of revenue recognised by the Group for the financial year ended 31 December 2021.

With regards to fact-finding review and investigations, as disclosed in Note 32 to the financial statements, the Company received a letter dated 30 March 2022 from the Accounting and Corporate Regulatory Authority ("ACRA") informing the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Act and has requested the Company to provide to the ACRA a copy of the report from the legal firm in respect of the fact-finding review. On 25 April 2022, the Company announced that it has provided to the ACRA a copy of the finalised report from the legal firm. The Company also received an order dated 29 June 2022 to produce various categories of documents to the Commercial Affairs Department ("CAD") to assist with an investigation into an offence under the Penal Code. There have been no significant developments from the investigations by the ACRA and CAD.

In view of the matters above, we are unable to determine whether the opening balances of the assets and liabilities of the Group and the Company as at 1 January 2022 are appropriately stated. Accordingly, any adjustments found to be necessary may significantly affect the Group's financial performance and cash flows for the year ended 31 December 2022 and the related disclosures in the notes to the financial statements for the year ended 31 December 2022. In addition, there is a possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition (refer to Note 18 to the financial statements)

For the financial year ended 31 December 2022, revenue amounted to S\$33,954,628 which included revenue recognised over time in respect of the installation and construction of kitchen facilities of S\$4,190,762. For the long-term projects where the Group satisfies its performance obligations over time, the Group has determined that a cost input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred on the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects.

The level of total expected costs to be incurred on each contract is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include variations in contract work, claims and incentive payments, and forecasts in relation to future costs including labour and materials which are not yet contractually agreed. As such, we have determined that this is a key audit matter.

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition policies as detailed in Note 2(d) to the financial statements in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. We obtained an understanding of the revenue recognition processes, performed a walkthrough of the significant classes of transactions and evaluated the design of the relevant internal controls for effectiveness. We tested revenue transactions on a sampling basis by assessing the recognition and measurement criteria based on SFRS(I) 15 and verifying to the relevant supporting documents. We also tested the cut-off of revenue as at 31 December 2022.

In respect of the installation and construction of kitchen facilities, we inspected the terms of significant sales contracts to assess whether they were consistent with the detailed calculations being considered. We agreed amounts recognised to contract sums and any variation orders. When assessing the stage of completion on contracts, we agreed amounts recognised to documentary evidence on a sampling basis, such as actual costs incurred to invoices and other supporting documents, and assessed any judgements applied in the projection of total contract costs through consideration of the Group's historical experience of costs on similar contracts. In addition, we examined customers' acceptances of the work performed. Our audit procedures included reviewing for any variation orders and enquiring of key personnel regarding any adjustments for job costings and any expected losses from onerous contracts. We also considered the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Key Audit Matters (Cont'd)

Net realisable value of inventories (refer to Note 8 to the financial statements)

As at 31 December 2022, the Group had inventories of S\$5,197,129 which included an allowance for slow-moving and obsolete inventories of S\$420,736. Inventories comprise spare parts, raw materials, work in progress and finished goods. The determination of write-down on inventories requires management to exercise significant judgement in identifying slow-moving and obsolete inventories and make estimates of net realisable values to determine an appropriate level of allowance required. As such, we have determined that this is a key audit matter.

As part of our audit procedures, we evaluated the assessments made by management in the estimation of write-down on inventories, based on the expected demand of inventories, identification of slow-moving and obsolete inventories, and assessment of net realisable values of inventories. We tested the net realisable values of inventories on a sampling basis by comparing the carrying amounts of the inventories to the latest selling prices. We attended and observed management's physical stock count process, including identification of slow-moving and obsolete inventories. In addition, we assessed the adequacy of disclosures in the financial statements.

Expected credit losses on trade receivables (refer to Note 9 to the financial statements)

As at 31 December 2022, the Group's trade receivables from third parties amounted to S\$7,780,468 and constituted 20% of the Group's total assets. Included in this amount is a loss allowance of S\$1,836,599. The Group determines the impairment of trade receivables by making debtor-specific assessment of expected credit losses ("ECLs") and uses a provision matrix for the remaining group of debtors that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Due to the significant judgements and estimates applied by management in the measurement of ECLs, we have determined this area to be a key audit matter.

As part of our audit procedures, we evaluated the assessments made by management in the estimation of ECLs on trade receivables, and considered the ageing of trade receivables to identify collection risks. We requested for confirmations from debtors and checked for evidence of receipts subsequent to the end of the financial year on a sampling basis. We discussed with management about the status of long outstanding trade receivable balances and management's consideration of debtors' specific profiles and credit risks. We also evaluated management's inputs used in the computation of historical loss rates and assessed the reasonableness of management's assumptions used in establishing the forward-looking adjustments. In addition, we assessed the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we are unable to determine whether the opening balances of the assets and liabilities of the Group and the Company as at 1 January 2022 are appropriately stated. Accordingly, any adjustments found to be necessary may significantly affect the Group's financial performance and cash flows for the year ended 31 December 2022 and the related disclosures in the notes to the financial statements for the year ended 31 December 2022. In addition, there is a possible effect of these matters on the comparability of the current year's figures and the corresponding figures. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of the report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 S\$	2021 S\$	2022 S\$	2021 S\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	7,750,757	842,497	1,786	3,735
Intangible assets	4	24,467	25,545	-	-
Right-of-use assets	5	626,995	904,656	-	-
Subsidiaries	6	-	-	10,000	10,000
Finance lease receivables	7	205,814	-	-	-
		8,608,033	1,772,698	11,786	13,735
Current Assets					
Finance lease receivables	7	109,669	-	-	-
Inventories	8	5,197,129	3,357,521	-	-
Trade and other receivables	9	9,735,327	10,058,282	2,732,673	2,781,883
Prepayments		93,718	91,661	2,970	900
Cash and bank deposits	10	14,535,172	16,436,718	96,259	1,162,483
		29,671,015	29,944,182	2,831,902	3,945,266
Total assets		38,279,048	31,716,880	2,843,688	3,959,001
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	5,124,790	5,124,790	5,124,790	5,124,790
Reserves	12	11,207,341	11,538,711	(2,384,302)	(1,319,564)
Total equity		16,332,131	16,663,501	2,740,488	3,805,226
Non-Current Liabilities					
Borrowings	13	6,371,988	2,902,083	-	-
Lease liabilities	14	488,273	784,967	-	-
Deferred tax liabilities	15	34,104	62,145	-	-
		6,894,365	3,749,195	-	-
Current Liabilities					
Borrowings	13	2,730,007	2,511,435	-	-
Lease liabilities	14	694,950	676,989	-	-
Contract liabilities	16	4,307,855	3,271,694	-	-
Trade and other payables	17	7,176,990	4,357,471	103,200	153,775
Current tax payable		142,750	486,595	-	-
		15,052,552	11,304,184	103,200	153,775
Total liabilities		21,946,917	15,053,379	103,200	153,775
Total equity and liabilities		38,279,048	31,716,880	2,843,688	3,959,001

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
Revenue	18	33,954,628	27,774,185
Cost of sales		(22,693,651)	(19,101,285)
Gross profit		11,260,977	8,672,900
Other income	19	519,411	528,241
Impairment losses on trade receivables	9	(1,471,342)	(76,022)
Selling and distribution expenses		(3,527,421)	(3,053,539)
Administrative expenses		(5,662,241)	(5,052,489)
Other operating expenses	20	(99,052)	(21,343)
Finance costs	21	(237,926)	(260,104)
Profit before taxation	22	782,406	737,644
Taxation	23	61,291	(400,257)
Profit for the year		843,697	337,387
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences on consolidation		(12,567)	(42,217)
Other comprehensive loss for the year, net of tax of nil		(12,567)	(42,217)
Total comprehensive income for the year attributable to owners of the Company		831,130	295,170
Earnings per share attributable to owners of the Company (Singapore cent)			
- Basic and diluted	24	0.54	0.22

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital S\$	Foreign currency translation reserve S\$	Merger reserve S\$	Retained earnings S\$	Total equity S\$
Balance at 1 January 2021					
Profit for the year	5,124,790	(93,738)	1,310,753	10,026,526	16,368,331
Other comprehensive loss for the year	-	-	-	337,387	337,387
- Foreign currency translation differences	-	(42,217)	-	-	(42,217)
Total comprehensive (loss)/Income for the year	-	(42,217)	-	337,387	295,170
Balance at 31 December 2021	5,124,790	(135,955)	1,310,753	10,363,913	16,663,501
Balance at 1 January 2022					
Profit for the year	5,124,790	(135,955)	1,310,753	10,363,913	16,663,501
Other comprehensive loss for the year	-	-	-	843,697	843,697
- Foreign currency translation differences	-	(12,567)	-	-	(12,567)
Total comprehensive (loss)/Income for the year	-	(12,567)	-	843,697	831,130
Contributions by and distributions to owners					
- Dividends (Note 33)	-	-	-	(1,162,500)	(1,162,500)
Transactions with owners in their capacity as owners					
-	-	-	-	(1,162,500)	(1,162,500)
Balance at 31 December 2022	5,124,790	(148,522)	1,310,753	10,045,110	16,332,131

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
Cash Flows from Operating Activities			
Profit before taxation		782,406	737,644
Adjustments for:			
Amortisation of intangible assets	4	27,379	24,288
Depreciation of property, plant and equipment	3	335,978	242,381
Depreciation of right-of-use assets	5	941,707	1,040,499
Finance costs	21	237,926	260,104
Finance income on net investments in finance leases	19	(5,344)	-
Gain on lease termination	19	(23,502)	-
Impairment losses on trade receivables	9	1,471,342	76,022
Interest income on fixed deposits	19	(15,813)	(24,199)
Inventories written off	8	186,688	-
Property, plant and equipment written off	3	47,355	23,841
Selling profit for finance leases	7	(194,322)	-
Write-down on inventories (reversed)/made	8	(77,558)	240,409
Operating profit before working capital changes		3,714,242	2,620,989
Changes in inventories		(1,935,324)	39,241
Changes in trade and other receivables		(1,646,161)	442,863
Changes in prepayments		(94)	42,148
Changes in contract liabilities		1,036,161	1,971,682
Changes in trade and other payables		2,853,755	(602,502)
Cash generated from operations		4,022,579	4,514,421
Income taxes paid		(302,143)	(329,318)
Net cash generated from operating activities		3,720,436	4,185,103
Cash Flows from Investing Activities			
Interest received from fixed deposits		15,813	24,199
Payments for intangible assets	4	(26,301)	(7,834)
Payments for right-of-use assets	5	-	(5,681)
Proceeds from finance lease receivables		134,890	-
Purchase of property, plant and equipment	3	(7,075,653)	(363,242)
Net cash used in investing activities		(6,951,251)	(352,558)
Cash Flows from Financing Activities			
Bank deposits pledged or with maturity of more than three months		(420,314)	(738,991)
Dividends paid	33	(1,162,500)	-
Interest paid		(237,926)	(260,104)
Proceeds from borrowings		12,477,177	6,799,103
Repayment of borrowings		(8,788,700)	(8,505,720)
Repayment of lease liabilities		(919,277)	(935,398)
Net cash generated from/(used in) financing activities		948,460	(3,641,110)
Net (decrease)/increase in cash and cash equivalents		(2,282,355)	191,435
Cash and cash equivalents at beginning of the year		14,819,529	14,629,869
Exchange differences on translation of cash and cash equivalents		(39,505)	(1,775)
Cash and cash equivalents at end of the year	10	12,497,669	14,819,529

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of movements of (assets)/liabilities to cash flows arising from financing activities

The Group	Note	At 1 January S\$	Cash outflows			Non-cash changes				At 31 December S\$
			Cash inflows S\$	Principal paid S\$	Interest paid S\$	New leases S\$	Lease modification S\$	Interest expense S\$	Exchange difference on translation S\$	
2022										
<i>Assets</i>										
Bank deposits pledged	10	(1,459,707)	108,647	-	-	-	-	-	-	(1,351,060)
Fixed deposits with maturity of more than three months	10	(157,482)	-	(528,961)	-	-	-	-	-	(686,443)
		(1,617,189)	108,647	(528,961)	-	-	-	-	-	(2,037,503)
<i>Liabilities</i>										
Borrowings	13	5,413,518	12,477,177	(8,788,700)	(184,424)	-	-	184,424	-	9,101,995
Lease liabilities	14	1,461,956	-	(919,277)	(53,271)	705,900	(65,356)	53,271	-	1,183,223
		6,875,474	12,477,177	(9,707,977)	(237,696)	705,900	(65,356)	237,696	-	10,285,218
		5,258,285	12,586,824	(10,236,938)	(237,696)	705,900	(65,356)	237,696	-	8,247,715

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of movements of (assets)/liabilities to cash flows arising from financing activities (cont'd)

The Group	Note	At 1 January	Cash outflows			Non-cash changes				Exchange difference on translation	At 31 December
		S\$	Cash inflows	Principal paid	Interest paid	New leases	Lease modification	Interest expense	S\$		S\$
2021											
Assets											
Bank deposits											
pledged	10	(878,198)	-	(581,509)	-	-	-	-	-	-	(1,459,707)
Fixed deposits with maturity of more than three months	10	-	-	(157,482)	-	-	-	-	-	-	(157,482)
		(878,198)	-	(738,991)	-	-	-	-	-	-	(1,617,189)
Liabilities											
Borrowings	13	7,120,135	6,799,103	(8,505,720)	(161,233)	-	-	161,233	-	-	5,413,518
Lease liabilities	14	1,993,283	-	(935,398)	(98,871)	176,345	233,263	98,871	(5,537)	(5,537)	1,461,956
		9,113,418	6,799,103	(9,441,118)	(260,104)	176,345	233,263	260,104	(5,537)	(5,537)	6,875,474
		8,235,220	6,799,103	(10,180,109)	(260,104)	176,345	233,263	260,104	(5,537)	(5,537)	5,258,285

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 General information

The financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

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

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

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

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

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

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

Significant accounting estimates and judgements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Significant judgement in applying accounting policies

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the current tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax liabilities at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 15 and Note 23, respectively, to the financial statements.

Significant accounting estimates and assumptions used in applying accounting policies

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

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be within 3 to 17 years and 2 to 5 years, respectively. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 3 and Note 5, respectively, to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment and right-of-use assets increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by S\$33,598 (2021: S\$24,238) and S\$94,171 (2021: S\$104,050), respectively.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period and applies judgement and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8 to the financial statements. If the net realisable values of the inventories decrease by 10% from management's estimates, the Group's profit for the year will decrease by S\$519,713 (2021: S\$335,752).

Revenue recognition over time

For the long-term projects where the Group satisfies its performance obligations over time, management has determined that the cost input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred on the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects. Significant judgement is required in determining the estimated total contract costs, as well as the recoverability of the contract costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

Revenue recognition over time (cont'd)

The estimation of total contract costs is based on historical experience and contractual arrangements with contractors/suppliers. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. The estimated total costs for each project are reviewed on a regular basis by the Group in order to determine the costs to be recognised in profit or loss at the end of each reporting period and to assess whether any provision for onerous contracts is required. Actual costs could differ from the estimates.

The carrying amount of the Group's contract liabilities at the end of the reporting period and the Group's revenue recognised over time in respect of the installation and construction of kitchen facilities for the year are disclosed in Note 16 and Note 18, respectively, to the financial statements.

Allowance for expected credit losses on trade and other receivables and finance lease receivables

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

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

The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's and the Company's trade and other receivables and finance lease receivables is disclosed in Note 29.1. If the loss rates increase by 5% from management's estimates, the Group's allowance for impairment losses on trade receivables will increase by S\$480,853 (2021: S\$411,348).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(b) Adoption of new or amended SFRS(I)s effective in 2022

On 1 January 2022, the Group adopted the following new or amended SFRS(I)s that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s.

Reference	Description
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to SFRS(I) 3	Reference to the Conceptual Framework
Annual Improvements to SFRS(I)s 2018 - 2020	
- Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements
- Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter
- Amendment to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendment to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives

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

Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendment is applicable on a modified retrospective basis for annual periods beginning on or after 1 April 2021. Early application is permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(c) New or amended SFRS(I)s not yet adopted

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

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9 - Comparative Information	1 January 2023
Amendments to SFRS(I) 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1	Non-current Liabilities with Covenants	1 January 2024

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

Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments shall be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants*

The amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. The amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within 12 months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within 12 months of the reporting period, including:

- (a) the carrying amount of the liability;
- (b) information about the covenants; and
- (c) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(d) Summary of significant accounting policies

Consolidation

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

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

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

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

- (i) power over the investee;
- (ii) exposure, or rights or variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

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

Property, plant and equipment

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

Building	17 years
Plant and machinery	5 years
Computers and office equipment	3 to 5 years
Renovations	5 years
Furniture and fittings	5 years
Motor vehicles	5 years

Freehold land has indefinite useful life and is not depreciated.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Property, plant and equipment (cont'd)

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

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

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

Intangible assets

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

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

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

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

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

Subsidiaries

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

Financial instruments

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

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at amortised cost (debt instruments) (cont'd)

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

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

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Impairment of financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (cont'd)

Impairment of financial assets (cont'd)

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities comprise borrowings, lease liabilities and trade and other payables (excluding provision for restoration costs and net output taxes).

Subsequent measurement

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

Borrowings

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

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

Financial guarantees

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (cont'd)

Derecognition

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

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

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

Inventories

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

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

Cash and cash equivalents

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

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

Share capital

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

Dividends

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provisions.

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

Provision for restoration costs

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

Provision for warranty

The Group provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Leases

The Group as a lessee

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

Lease liability

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liability (cont'd)

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

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

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

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

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

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

Right-of-use asset

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Leases (cont'd)

The Group as a lessee (cont'd)

Right-of-use asset (cont'd)

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

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

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

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

The Group as a lessor

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

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

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance lease

The leased asset is derecognised and the present value of the lease receivable is recognised as finance lease receivable in the consolidated statement of financial position. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Any initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Income taxes

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

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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

Valued-added taxes

Revenues, expenses and assets are recognised net of the amount of value-added tax ("VAT"), except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and except that trade receivables and trade payables are recorded with the amount of VAT included. The net amount of VAT recoverable from or payable to the taxation authorities are included as part of other receivables or other payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Employee benefits

Defined contribution plans

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

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

Employee leave entitlements

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

Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Impairment of non-financial assets

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

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

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

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

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

Any impairment loss is charged to profit or loss.

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

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

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

Revenue from contracts with customers

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Revenue from contracts with customers (cont'd)

Fabrication and distribution business

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

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

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

Maintenance and servicing business

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

Rental income

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

Interest income

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

Government grants

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

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

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Conversion of foreign currencies

Transactions and balances

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

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

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

Group entities

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

- (i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Company's executive directors who are the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 28 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

Earnings per share

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 Property, plant and equipment

The Group	Freehold land S\$	Building S\$	Plant and machinery S\$	Computers and office equipment S\$	Renovations S\$	Furniture and fittings S\$	Motor vehicles S\$	Total S\$
Cost								
At 1 January 2021	89,597	364,975	951,438	809,884	446,486	148,079	34,288	2,844,747
Additions	-	-	17,396	18,077	-	22,769	-	58,242
Write-offs	-	-	(60,631)	-	-	-	-	(60,631)
Exchange difference on translation	(1,551)	(6,177)	(5,508)	(188)	(1,455)	(798)	-	(15,677)
At 31 December 2021	88,046	358,798	902,695	827,773	445,031	170,050	34,288	2,826,681
Additions	5,520,000	757,600	77,826	331,538	562,720	124,469	6,500	7,380,653
Transfer from right-of-use assets (Note 5)	-	-	-	-	-	-	199,459	199,459
Transfer to finance lease receivables	-	-	(164,920)	-	-	-	-	(164,920)
Write-offs	-	-	(24,163)	(433,433)	(316,170)	(98,842)	-	(872,608)
Exchange difference on translation	(4,651)	(19,085)	(17,376)	(701)	(4,935)	(3,249)	-	(49,997)
At 31 December 2022	5,603,395	1,097,313	774,062	725,177	686,646	192,428	240,247	9,319,268
Accumulated depreciation								
At 1 January 2021	-	94,894	551,807	641,316	357,070	125,589	17,311	1,787,987
Depreciation (Note 22)	-	7,189	112,519	68,011	36,958	11,577	6,127	242,381
Write-offs	-	-	(36,790)	-	-	-	-	(36,790)
Exchange difference on translation	-	(1,627)	(5,376)	(179)	(1,455)	(757)	-	(9,394)
At 31 December 2021	-	100,456	622,160	709,148	392,573	136,409	23,438	1,984,184
Depreciation (Note 22)	-	51,536	80,778	98,636	78,733	21,119	5,176	336,978
Transfer from right-of-use assets (Note 5)	-	-	-	-	-	-	199,459	199,459
Transfer to finance lease receivables	-	-	(96,322)	-	-	-	-	(96,322)
Write-offs	-	-	(5,485)	(428,434)	(298,873)	(92,461)	-	(825,253)
Exchange difference on translation	-	(5,516)	(16,738)	(571)	(4,448)	(2,262)	-	(29,535)
At 31 December 2022	-	146,476	584,393	378,779	167,985	62,805	228,073	1,568,511
Carrying amount								
At 31 December 2022	5,603,395	950,837	189,669	346,398	518,661	129,623	12,174	7,750,757
At 31 December 2021	88,046	258,342	280,535	118,625	52,458	33,641	10,850	842,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 Property, plant and equipment (cont'd)

	Computers and office equipment S\$
The Company	
<u>Cost</u>	
At 1 January 2021, 31 December 2021 and 31 December 2022	5,847
<u>Accumulated depreciation</u>	
At 1 January 2021	162
Depreciation	1,950
At 31 December 2021	2,112
Depreciation	1,949
At 31 December 2022	4,061
<u>Carrying amount</u>	
At 31 December 2022	1,786
At 31 December 2021	3,735

On 31 January 2022, the Group completed the purchase of a property, being a freehold three-storey industrial building at 207 Henderson Road, #01-01 and #03-01 Henderson Industrial Park, Singapore 159550. The consideration for the property amounted to S\$6,100,000 (excluding stamp duty of S\$177,600), of which S\$305,000, being 5% of the consideration, had been paid as a deposit as 31 December 2021 (Note 9). The property is used as the Group's operating premises upon the expiry of its existing tenancy at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596.

During the financial year ended 31 December 2022, additions to property, plant and equipment amounted to S\$7,380,653, of which S\$305,000 was paid in the prior year, and cash payments of S\$7,075,653 were made for the purchase of property, plant and equipment. During the financial year ended 31 December 2021, additions to property, plant and equipment amounted to S\$58,242, with a payment of S\$305,000 made as a deposit, and cash payments of S\$363,242 were made for the purchase of property, plant and equipment.

As at 31 December 2021, included in plant and machinery were kitchen equipment leased to customers. The kitchen equipment were depreciated over their estimated useful lives of five years. The cost and the accumulated depreciation of the kitchen equipment was S\$164,920 and S\$96,322, respectively, with carrying amount of S\$68,598 as at 31 December 2021. Depreciation of the kitchen equipment for the financial year ended 31 December 2021 amounted to S\$38,586.

Details of the Group's freehold land and building are as follows:

<u>Property location</u>	<u>Description</u>	<u>Gross land area</u>	<u>Tenure</u>	<u>The Group's effective equity interest</u>
207 Henderson Road, #01-01 and #03-01 Henderson Industrial Park, Singapore	Three-storey industrial building	788 sqm	Freehold	100%
4 Jalan Sri Plentong 10, Taman Perindustrian Sri Plentong, Masai, Johor, Malaysia	One and a half-storey semi-detached factory building	1,884 sqm	Freehold	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 Intangible assets

	Computer software S\$
The Group	
<u>Cost</u>	
At 1 January 2021	380,669
Additions	7,834
At 31 December 2021	388,503
Additions	26,301
At 31 December 2022	414,804
<u>Accumulated amortisation</u>	
At 1 January 2021	338,670
Amortisation (Note 22)	24,288
At 31 December 2021	362,958
Amortisation (Note 22)	27,379
At 31 December 2022	390,337
<u>Carrying amount</u>	
At 31 December 2022	24,467
At 31 December 2021	25,545

The intangible assets have a remaining amortisation period of 2.1 years (2021: 1.1 years).

5 Right-of-use assets

	<u>Properties</u> S\$	<u>Office equipment</u> S\$	<u>Motor vehicles</u> S\$	<u>Total</u> S\$
The Group				
<u>Cost</u>				
At 1 January 2021	2,325,291	102,611	2,427,462	4,855,364
Additions	77,845	-	104,181	182,026
Derecognition	(1,476,417)	-	(117,993)	(1,594,410)
Lease modification	233,263	-	-	233,263
Exchange difference on translation	(25,581)	-	-	(25,581)
At 31 December 2021	1,134,401	102,611	2,413,650	3,650,662
Additions	657,204	3,542	45,154	705,900
Derecognition	(940,985)	(106,153)	-	(1,047,138)
Transfer to property, plant and equipment (Note 3)	-	-	(199,459)	(199,459)
At 31 December 2022	850,620	-	2,259,345	3,109,965
<u>Accumulated depreciation</u>				
At 1 January 2021	1,671,432	38,198	1,606,087	3,315,717
Depreciation (Note 22)	579,326	21,770	439,403	1,040,499
Derecognition	(1,476,417)	-	(117,993)	(1,594,410)
Exchange difference on translation	(15,800)	-	-	(15,800)
At 31 December 2021	758,541	59,968	1,927,497	2,746,006
Depreciation (Note 22)	552,490	21,932	367,285	941,707
Derecognition	(923,384)	(81,900)	-	(1,005,284)
Transfer to property, plant and equipment (Note 3)	-	-	(199,459)	(199,459)
At 31 December 2022	387,647	-	2,095,323	2,482,970
<u>Carrying amount</u>				
At 31 December 2022	462,973	-	164,022	626,995
At 31 December 2021	375,860	42,643	486,153	904,656

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 Right-of-use assets (cont'd)

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

The properties are mainly located in 1 Clementi Loop and 115A Commonwealth Drive.

For the financial year ended 31 December 2022, additions to right-of-use assets amounted to S\$705,900 (2021: S\$182,026), of which S\$705,900 (2021: S\$176,345) were acquired under leasing or hire purchase arrangements. Cash payments of S\$nil (2021: S\$5,681) were made for right-of-use assets.

6 Subsidiaries

	2022 S\$	2021 S\$
The Company		
<u>Unquoted equity investments, at cost</u>		
At 1 January and 31 December	10,000	10,000

Details of the subsidiaries are:

<u>Name</u>	Country of incorporation/ Principal place of business	Percentage of equity interest		<u>Principal activities</u>
		2022 %	2021 %	
<u>Held by the Company</u>				
Q'son International Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Manufacturing of table, kitchen and other cutlery
Q'son Kitchen Equipment Pte Ltd (i)	Singapore	100	100	Designing, fabricating, installation, of stainless-steel kitchenware and commercial kitchens
<u>Held by Q'son Kitchen Equipment Pte Ltd</u>				
Q'son Industries (M) Sdn. Bhd. ⁽ⁱⁱ⁾	Malaysia	100	100	Manufacturing and distribution of kitchen equipment
Qson Kitchenhub Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	100	100	Investment holding
Q'son Kitchen Equipment Services Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Wholesale of commercial food service equipment (not yet commenced business)
PT Indo Qson Kitchen Equipment ⁽ⁱⁱⁱ⁾	Indonesia	100	100	Trading, distribution, sales, servicing repair and maintenance of commercial and residential kitchen equipment and related supplies (currently dormant)

⁽ⁱ⁾ Audited by Foo Kon Tan LLP

⁽ⁱⁱ⁾ Audited ShineWing TY Teoh PLT, Malaysia

⁽ⁱⁱⁱ⁾ Not required to be audited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 Finance lease receivables

The Group	2022 S\$	2021 S\$
Undiscounted lease payments to be received:		
- Year 1	115,320	-
- Year 2	83,320	-
- Year 3	58,160	-
- Year 4	43,440	-
- Year 5	27,840	-
	328,080	-
Less: Unearned interest cost	(12,597)	-
	315,483	-
Represented by:		
- Non-current	205,814	-
- Current	109,669	-
	315,483	-

The following table presents the amounts included in profit or loss:

The Group	2022 S\$	2021 S\$
Finance income on net investments in finance leases (Note 19)	5,344	-
Selling profit for finance leases	194,322	-

The carrying amount and fair value of finance lease receivables at the end of the reporting period are as follows:

The Group	2022 S\$	2021 S\$
Carrying amount	315,483	-
Fair value	291,622	-

The fair value is determined from the discounted cash flow analysis, using the discount rate based on the borrowing rate which management expects would be available to the Group at the end of the reporting period of 5.25%.

Finance lease receivables are denominated in Singapore dollar.

8 Inventories

The Group	2022 S\$	2021 S\$
Raw materials, at cost	91,248	85,900
Work in progress, at cost	11,916	123,684
Finished goods, at net realisable value	4,774,932	2,428,911
Spare parts, at net realisable value	319,033	719,026
	5,197,129	3,357,521

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 Inventories (cont'd)

The cost of inventories recognised as an expense and included in cost of sales for the financial year ended 31 December 2022 amounted to S\$15,495,792 (2021: S\$12,759,926) (Note 22).

Inventories amounting to S\$186,688 (2021: S\$nil) (Note 22) were written off for the financial year ended 31 December 2022.

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

The Group	2022 S\$	2021 S\$
At 1 January	715,528	475,119
Allowance (reversed)/made (Note 22)	(77,558)	240,409
Allowance utilised	(217,234)	-
At 31 December	420,736	715,528

For the financial year ended 31 December 2022, reversal of write-down on inventories of S\$77,558 was made by the Group when the related inventories were sold above their carrying amounts.

For the financial year ended 31 December 2021, write-down of inventories amounting to S\$240,409 was recognised as an expense and included in cost of sales due to the decline in selling prices and the obsolescence of certain inventories.

Allowances of S\$217,234 (2021: S\$nil) for the Group were utilised against the corresponding inventories when they were sold or written off during the financial year.

9 Trade and other receivables

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Trade receivables from third parties	9,617,067	8,226,957	-	-
Less: Allowance for impairment losses	(1,836,599)	(365,257)	-	-
	7,780,468	7,861,700	-	-
Amount due from a subsidiary (non-trade)	-	-	2,662,673	2,711,127
Deposits	254,479	746,952	70,000	70,000
Other receivables	92,139	139,925	-	756
Financial assets at amortised cost	8,127,086	8,748,577	2,732,673	2,781,883
Advances to suppliers	1,558,196	1,248,157	-	-
Current tax recoverable	50,045	61,548	-	-
Total trade and other receivables	9,735,327	10,058,282	2,732,673	2,781,883

Trade receivables are unsecured and non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group generally extends credit period of 0 to 180 days (2021: 0 to 180 days) to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Trade and other receivables (cont'd)

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

The Group	2022 S\$	2021 S\$
At 1 January	365,257	334,411
Allowance made	1,471,342	76,022
Allowance utilised	-	(45,176)
At 31 December	1,836,599	365,257

Trade receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as they mainly arise from creditworthy customers that have a good payment record with the Group.

The analysis of ageing and loss allowance of trade receivables are set out in Note 29.1 to the financial statements.

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

Deposits mainly relate to rental deposits and deposits placed in respect of performance bonds for projects. Deposits as at 31 December 2021 included S\$305,000, being 5% of the consideration for the purchase of the Group's freehold land and building (Note 3).

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

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Singapore dollar	7,400,375	8,146,303	2,732,673	2,781,883
Malaysian ringgit	391,806	262,988	-	-
United States dollar	334,905	339,286	-	-
	8,127,086	8,748,577	2,732,673	2,781,883

10 Cash and bank deposits

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Cash on hand	45,632	39,509	-	-
Cash at banks	12,827,585	13,575,253	96,259	118,475
Fixed deposits	1,661,955	2,821,956	-	1,044,008
	14,535,172	16,436,718	96,259	1,162,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 Cash and bank deposits (cont'd)

Cash at banks is held in current accounts and is non-interest bearing. Fixed deposits bear interest at fixed rates ranging from 0.03% to 0.90% (2021: 0.03% to 0.70%) per annum with maturity ranging from 1 to 11 (2021: 1 to 11) months from the end of the reporting period.

As at 31 December 2022, bank deposits of S\$1,351,060 (2021: S\$1,459,707) for the Group are pledged to banks to secure banker's guarantees.

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

	2022 S\$	2021 S\$
The Group		
Cash on hand	45,632	39,509
Cash at banks	12,827,585	13,575,253
Fixed deposits	1,661,955	2,821,956
	14,535,172	16,436,718
Less:		
Bank deposits pledged	(1,351,060)	(1,459,707)
Fixed deposits with maturity of more than three months	(686,443)	(157,482)
	(2,037,503)	(1,617,189)
	12,497,669	14,819,529

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Singapore dollar	13,069,296	16,338,281	96,259	1,162,483
Euro	19,221	689	-	-
Malaysian ringgit	1,388,882	87,430	-	-
United States dollar	57,773	10,318	-	-
	14,535,172	16,436,718	96,259	1,162,483

11 Share capital

	2022 Number of ordinary shares	2021 Number of ordinary shares	2022 S\$	2021 S\$
The Group and the Company				
<u>Issued and fully paid, with no par value</u>				
At 1 January and 31 December	155,000,000	155,000,000	5,124,790	5,124,790

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 Reserves

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Foreign currency translation reserve	(148,522)	(135,955)	-	-
Merger reserve	1,310,753	1,310,753	-	-
Retained earnings	10,045,110	10,363,913	(2,384,302)	(1,319,564)
	11,207,341	11,538,711	(2,384,302)	(1,319,564)

Foreign currency translation reserve

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

Merger reserve

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

13 Borrowings

	2022	2021
The Group	S\$	S\$
Commercial property loan	4,686,836	-
Term loan	2,902,083	3,883,048
Trust receipts	1,513,076	1,530,470
	9,101,995	5,413,518
Represented by:		
- Non-current	6,371,988	2,902,083
- Current	2,730,007	2,511,435
	9,101,995	5,413,518

Commercial property loan

During the financial year ended 31 December 2022, a commercial property loan of S\$4,880,000 was obtained by the Group to finance the purchase of its freehold land and building. The tenure of the loan is 20 years and interest is charged at a fixed rate of 1.50% per annum for the first two years and 2.25% below the bank's commercial financing rate per annum thereafter.

Term loan

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

Trust receipts

Trust receipts bear interest ranging from 4.78% to 5.32% (2021: 2.94% to 3.05%), with a weighted average effective interest rate of 3.55% (2021: 3.0%). Trust receipts have maturity of 45 to 96 (2021: 90 to 150) days.

Borrowings are secured by corporate guarantees from the Company and a legal mortgage over the Group's freehold land and building.

Borrowings are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Borrowings (cont'd)

Carrying amounts and fair values

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

	Carrying amount S\$	Fair value S\$
The Group		
2022		
Commercial property loan	4,686,836	3,402,127
Term loan	2,902,083	2,780,298
	7,588,919	6,182,425
2021		
Term loan	3,883,048	3,586,988

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

	2022	2021
Commercial property loan	5.25%	-
Term loan	5.25%	5.25%

14 Lease liabilities

	2022 S\$	2021 S\$
The Group		
Undiscounted lease payments due:		
- Not later than one year	759,852	724,677
- Later than one year and not later than five years	514,118	876,012
- Later than five years	2,758	19,786
	1,276,728	1,620,475
Less: Unearned interest cost	(93,505)	(158,519)
	1,183,223	1,461,956
Represented by:		
- Non-current	488,273	784,967
- Current	694,950	676,989
	1,183,223	1,461,956

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

Interest expense on lease liabilities of S\$53,271 (2021: S\$98,871) (Note 21) is recognised in profit or loss for the financial year ended 31 December 2022 under finance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 Lease liabilities (cont'd)

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

The Group	2022 S\$	2021 S\$
Short-term leases	19,788	39,139
Leases of low-value assets	-	450

Total cash outflow for leases amounted to S\$992,336 (2021: S\$1,073,858), comprising lease liabilities, short-term leases and leases of low-value assets of S\$972,548 (2021: S\$1,034,269), S\$19,788 (2021: S\$39,139) and S\$nil (2021: S\$450), respectively, for the financial year ended 31 December 2022.

Lease liabilities are denominated in Singapore dollar.

15 Deferred tax liabilities

The Group	2022 S\$	2021 S\$
At 1 January	62,145	23,317
Recognised in profit or loss (Note 23)	(28,041)	38,828
At 31 December	34,104	62,145

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

As at 31 December 2022 and 31 December 2021, there were no temporary differences arising from undistributed earnings of subsidiaries.

16 Contract liabilities

The Group	2022 S\$	2021 S\$
Contract liabilities	4,307,855	3,271,694

As at 1 January 2021, the Group's gross contract liabilities related to revenue from contracts with customers amounted to S\$1,295,368.

The contract liabilities relate to the Group's obligations to perform services to customers for which considerations are paid by or due from the customers. Contract liabilities are recognised as revenue when the Group perform under the contracts.

Significant changes in contract liabilities during the financial year are as follows:

The Group	2022 S\$	2021 S\$
Revenue recognised during the year in respect of contract assets and contract liabilities	4,629,999	3,597,705
Consideration received in advance and recognised as contract liabilities during the year	5,666,160	5,574,031

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 Trade and other payables

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Trade payables to third parties	4,429,186	2,152,523	-	-
Accrued staff costs	1,914,663	1,529,361	-	-
Accrued directors' fees	2,759	107,350	-	107,350
Accrued professional fees	121,166	81,590	67,640	-
Accrued operating expenses	-	3,431	-	-
Other accrued expenses	46,796	19,050	-	-
Other payables	136,473	82,560	35,560	46,425
Financial liabilities at amortised cost	6,651,043	3,975,865	103,200	153,775
Provision for restoration costs	30,000	30,800	-	-
Net output taxes	495,947	350,806	-	-
Total trade and other payables	7,176,990	4,357,471	103,200	153,775

Trade and other payables are non-interest bearing and have a credit term of 30 to 90 days (2021: 30 to 90 days).

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

Trade and other payables (excluding provision for restoration costs and net output taxes) are denominated in the following currencies:

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Singapore dollar	5,582,803	2,899,605	103,200	153,775
Euro	523,502	161,753	-	-
Malaysian ringgit	519,018	660,841	-	-
Renminbi	-	31,503	-	-
United States dollar	25,720	219,082	-	-
Others	-	3,081	-	-
	6,651,043	3,975,865	103,200	153,775

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 Revenue

The Group	2022 S\$	2021 S\$
<i>Revenue from contracts with customers</i>		
Fabrication and distribution business		
- Sale of kitchen equipment	22,847,253	20,175,308
- Installation and construction of kitchen facilities	4,190,762	663,003
	27,038,015	20,838,311
Maintenance and servicing business		
- Maintenance and repair services on kitchen equipment	6,695,068	6,699,447
	33,733,083	27,537,758
<i>Other revenue</i>		
Rental business		
- Rental of kitchen equipment	221,545	236,427
	33,954,628	27,774,185
<i>Timing of transfer of goods and services in respect of revenue from contracts with customers</i>		
At a point in time		
- Sale of kitchen equipment	22,847,253	20,175,308
- Repair services on kitchen equipment	6,009,384	6,063,300
	28,856,637	26,238,608
Over time		
- Installation and construction of kitchen facilities	4,190,762	663,003
- Maintenance services on kitchen equipment	685,684	636,147
	4,876,446	1,299,150
	33,733,083	27,537,758

19 Other income

The Group	2022 S\$	2021 S\$
Finance income on net investments in finance leases (Note 7)	5,344	-
Gain on lease termination	23,502	-
Government grants	393,771	323,857
Insurance claims received	11,449	46,216
Interest income on fixed deposits	15,813	24,199
Scrap sales	33,375	58,232
Others	36,157	75,737
	519,411	528,241

20 Other operating expenses

The Group	2022 S\$	2021 S\$
Foreign exchange loss, net	99,052	21,343

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 Finance costs

The Group	2022 S\$	2021 S\$
Interest expense on:		
- Lease liabilities	53,271	98,871
- Term loan	143,176	98,903
- Trust receipts	41,248	62,330
	237,695	260,104
- Bank overdrafts	231	-
	237,926	260,104

22 Profit before taxation

The Group	Note	2022 S\$	2021 S\$
Profit before taxation has been arrived at after charging:			
Amortisation of intangible assets	4	27,379	24,288
Cost of inventories recognised in cost of sales	8	15,495,792	12,759,926
Depreciation of property, plant and equipment	3	335,978	242,381
Depreciation of right-of-use assets	5	941,707	1,040,499
Inventories written-off	8	186,688	-
Property, plant and equipment written off	3	47,355	23,841
Subcontractor fees		1,057,933	1,181,574
Write-down on inventories (reversed)/made	8	(77,558)	240,409
Audit fees			
- Auditor of the Company		140,000	140,000
- Other auditors		4,562	7,461
Non-audit fees			
- Auditor of the Company		17,000	16,000
<u>Staff costs</u>			
Directors of the Company:			
Directors' fees		135,000	146,567
Directors' remuneration other than fees			
- Salaries and other related costs		729,000	783,300
- Contributions to defined contribution plan		50,628	67,429
		914,628	997,296
Directors of subsidiaries:			
- Directors' fees		37,752	9,083
Key management personnel (other than directors):			
- Salaries and other related costs		295,334	502,761
- Contributions to defined contribution plans		25,268	42,730
		358,354	554,574
Total key management personnel compensation		1,272,982	1,551,870
Other than key management personnel:			
- Salaries and other related costs		8,165,225	6,695,442
- Contributions to defined contribution plans		1,075,337	886,550
		9,240,562	7,581,992
Total staff costs		10,513,544	9,133,862

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 Taxation

The Group	2022 S\$	2021 S\$
Current taxation		
- Current year	156,982	361,429
- Changes in estimates in respect of prior years	(190,232)	-
	(33,250)	361,429
Deferred taxation (Note 15)		
- Origination and reversal of temporary differences	16,924	(41,198)
- Changes in estimates in respect of prior years	(44,965)	80,026
	(28,041)	38,828
	(61,291)	400,257

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore rate of income tax on profit before taxation as a result of the following:

The Group	2022 S\$	2021 S\$
Profit before taxation	782,406	737,644
Tax at Singapore tax rate of 17% (2021: 17%)	133,009	125,400
Effect of different tax rates in foreign jurisdictions	(3,167)	9,442
Tax effect on non-deductible expenses	81,643	180,435
Tax effect on non-taxable income	(83,310)	(60,380)
Tax exemption and rebates	(70,550)	(17,425)
Deferred tax assets on temporary differences not recognised	114,676	117,329
Utilisation of deferred tax assets previously not recognised	-	(34,570)
Changes in estimates of current taxation in respect of prior years	(190,232)	-
Changes in estimates of deferred taxation in respect of prior years	(44,965)	80,026
Others	1,605	-
	(61,291)	400,257

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

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2021: 17%) for the financial year ended 31 December 2022.

Malaysia

The corporate income tax rate applicable to Q'son Industries (M) Sdn. Bhd. and Qson Kitchenhub Sdn. Bhd. is 24% (2021: 24%) for the financial year ended 31 December 2022.

Indonesia

The corporate income tax rate applicable to PT Indo Qson Kitchen Equipment is 22% (2021: 22%) for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 Taxation (cont'd)

Unrecognised deferred tax assets

	2022 S\$	2021 S\$
The Group		
At 1 January	392,195	310,782
Deferred tax assets on temporary differences not recognised	114,676	117,329
Utilisation of deferred tax assets not recognised previously	-	(34,570)
Exchange difference on translation	(9,484)	(1,346)
At 31 December	497,387	392,195

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

	2022 S\$	2021 S\$
The Group		
Unused tax losses	480,082	373,918
Unutilised capital allowances	17,305	18,277
	497,387	392,195

At the end of reporting period, the Group has unused tax losses of approximately S\$2,564,000 (2021: S\$1,925,000) and unutilised capital allowances of approximately S\$72,000 (2021: S\$76,000), which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

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

	2022 S\$	2021 S\$
The Group		
Expiring in the financial year:		
- 2024	226,216	238,906
- 2025	-	-
- 2026	405,957	428,731
	632,173	667,637

24 Earnings per share

The calculation of basic and diluted loss per share is based on the profit attributable to the ordinary shareholders of the Company of S\$843,697 (2021: S\$337,387) and the weighted average number of ordinary shares outstanding of 155,000,000 (2021: 155,000,000).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Equity-settled share-based payment transactions

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

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

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

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

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

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

26 Significant related party transactions

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

The Group	2022 S\$	2021 S\$
<u>Holding company</u>		
Repayment by holding company in respect of payments on behalf (eight transactions) *	-	1,457,889
Refund by a subsidiary to holding company *	-	(459,270)

* Payments on behalf (eight transactions)

The eight transactions amounting to S\$1,395,536 which had been paid by the holding company, QKE Holdings Pte. Ltd. ("QKEH"), on behalf of the Group comprised bonuses of S\$911,131, advertising expenses, donations and other operating expenses of S\$453,795, as well as an advance working capital to the Group of S\$30,610 in prior years.

During the financial year ended 31 December 2021, QKEH returned the sums paid in relation to bonuses of S\$911,131, the related defined contribution plans of S\$74,248 and interest of S\$13,240 to the Group. QKEH also returned the amount of S\$453,795 with interest of S\$5,475, in relation to the advertising expenses, donations and other operating expenses, which the Board of Directors had subsequently determined that they arose in the course of the Group's operations and/or were for the benefits of the Group, and accordingly ratified and approved the payments, and the sum of S\$459,270 was thereafter refunded to QKEH.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27 Leases

Where the Group is the lessee,

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

Information about leases for which the Group is a lessee is presented in Note 5 and Note 14 to the financial statements.

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

	2022 S\$	2021 S\$
The Group		
Interest expense on lease liabilities (Note 21)	53,271	98,871

Where the Group is the lessor,

Finance lease

The Group has entered into finance lease arrangements as a lessor for leases of kitchen equipment to customers for a period ranging from two to five years. The leases are classified as finance lease as they transfer substantially all the risks and rewards incidental to ownership of the kitchen equipment to the customers, including the transfer of ownership of the equipment to the customers by the end of the lease terms, the option for the customers to purchase the equipment at a price that is lower than the fair value of the equipment, and/or the lease term constituting the major part of the economic life of the equipment even if title is not transferred.

The Group's selling profit and finance income from the finance lease arrangements as a lessor are disclosed in Note 7.

28 Operating segments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 Operating segments (cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 Operating segments (cont'd)

	Fabrication and distribution business		Maintenance and servicing business		Rental business		Unallocated		Total
	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	
Segment revenue									
External revenue	27,038,015	20,838,311	6,695,068	6,699,447	221,545	236,427	-	-	33,954,628
									27,774,185
Results									
Segment results	470,322	847,888	1,056,585	1,049,574	199,666	184,868	(706,241)	(1,084,582)	997,748
Finance costs	(191,016)	(197,888)	(46,910)	(62,216)	-	-	-	-	(260,104)
Profit before taxation	279,306	650,000	1,009,675	987,358	199,666	184,868	(706,241)	(1,084,582)	737,644
Taxation							61,291	(400,257)	(400,257)
Profit for the year							843,697	337,387	337,387
Non-cash items									
Amortisation of intangible assets	(21,981)	(18,380)	(5,398)	(5,908)	-	-	-	-	(24,288)
Depreciation of property, plant and equipment	(281,947)	(154,126)	(54,031)	(49,669)	-	(38,586)	-	-	(242,381)
Depreciation of right-of-use assets	(703,363)	(787,364)	(238,344)	(253,135)	-	-	-	-	(1,040,499)
Impairment losses on trade receivables	(1,181,251)	(76,022)	(290,091)	-	-	-	-	-	(76,022)
Inventories written off	-	-	(186,688)	-	-	-	-	-	-
Property, plant and equipment written off	(47,355)	(23,841)	-	-	-	-	-	-	(23,841)
Write-down on inventories reversed/(made)	77,558	(181,922)	-	(58,487)	-	-	-	-	(240,409)
Capital expenditure									
Property, plant and equipment	-	-	-	-	-	-	7,380,653	58,242	58,242
Intangible assets	-	-	-	-	-	-	26,301	7,834	7,834
Right-of-use assets	-	-	-	-	-	-	705,900	182,026	182,026
Assets and liabilities									
Segment assets	-	-	-	-	-	-	38,229,003	31,655,332	31,655,332
Current tax recoverable	-	-	-	-	-	-	50,045	61,548	61,548
	-	-	-	-	-	-	38,279,048	31,716,880	31,716,880
Segment liabilities	-	-	-	-	-	-	21,770,063	14,504,639	14,504,639
Deferred tax liabilities	-	-	-	-	-	-	34,104	62,145	62,145
Current tax payable	-	-	-	-	-	-	142,750	486,595	486,595
	-	-	-	-	-	-	21,946,917	15,053,379	15,053,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 Operating segments (cont'd)

Geographical information

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

	<u>Revenue</u>		<u>Non-current assets</u>	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
The Group				
<u>Principal markets</u>				
Singapore	33,828,651	27,257,586	7,872,921	1,415,579
Malaysia	57,153	499,041	529,298	357,119
Others	68,824	17,558	-	-
	33,954,628	27,774,185	8,402,219	1,772,698

Information about major customers

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

29 Financial risk management objectives and policies

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

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 29.3) and foreign currency risk (Note 29.4).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.1 Credit risk

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

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

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

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

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

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

Trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.1 Credit risk (cont'd)

Trade receivables (cont'd)

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

The Group	Gross amount S\$	Impairment loss allowance S\$	Carrying amount S\$
2022			
Customers collectively assessed			
- Not past due	2,382,702	-	2,382,702
- Past due 1 to 30 days	3,018,047	(291,429)	2,726,618
- Past due 30 to 60 days	1,062,401	(1,200)	1,061,201
- Past due 60 to 90 days	424,044	(8,073)	415,971
- Past due over 90 days	2,027,500	(833,524)	1,193,976
	8,914,694	(1,134,226)	7,780,468
Credit-impaired customers	702,373	(702,373)	-
	9,617,067	(1,836,599)	7,780,468
2021			
Customers collectively assessed			
- Not past due	669,083	(2,826)	666,257
- Past due 1 to 30 days	3,080,462	(25,717)	3,054,745
- Past due 30 to 60 days	1,460,808	(12,196)	1,448,612
- Past due 60 to 90 days	1,457,264	(35,536)	1,421,728
- Past due over 90 days	1,362,559	(92,201)	1,270,358
	8,030,176	(168,476)	7,861,700
Credit-impaired customers	196,781	(196,781)	-
	8,226,957	(365,257)	7,861,700

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

Finance lease receivables

Management estimates the loss allowance on finance lease receivables at an amount equal to lifetime ECLs. In determining the ECLs on finance lease receivables, management takes into account the historical default experience and the future prospects of the industries in which the lessees operate, as appropriate. The credit risk associated with finance lease receivables is mitigated as they are secured over the leased assets. In consideration of the above and that none of the finance lease receivables at the end of the reporting period is past due, management has determined that no loss allowance is necessary in respect of finance lease receivables.

There has been no change in the estimation techniques or significant assumptions made during the financial year in assessing the loss allowance for finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.1 Credit risk (cont'd)

Other receivables

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

Amounts due from subsidiaries (non-trade)

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

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

Cash and bank deposits

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

Exposure to credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.1 Credit risk (cont'd)

At the end of the reporting period, the Company has issued corporate guarantees amounting to S\$24,470,000 (2021: S\$24,470,000) to banks in respect of banking facilities granted to a subsidiary. The related borrowings amounted to S\$9,101,995 (2021: S\$5,413,518) at the end of the reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary.

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

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

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

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. Bank deposits are held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 9.

29.2 Liquidity risk

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

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

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

	Carrying amount S\$	Contractual undiscounted cash flows S\$	Less than 1 year S\$	Between 1 and 5 years S\$	More than 5 years S\$
The Group					
2022					
<u>Non-derivative financial liabilities</u>					
Borrowings (Note 13)	9,101,995	9,904,495	2,853,931	3,070,465	3,980,099
Lease liabilities (Note 14)	1,183,223	1,276,728	759,852	514,118	2,758
Trade and other payables * (Note 17)	6,651,043	6,651,043	6,651,043	-	-
	16,936,261	17,832,266	10,264,826	3,584,583	3,982,857
2021					
<u>Non-derivative financial liabilities</u>					
Borrowings (Note 13)	5,413,518	5,605,701	2,607,434	2,998,267	-
Lease liabilities (Note 14)	1,461,956	1,620,475	724,677	876,012	19,786
Trade and other payables * (Note 17)	3,975,865	3,975,865	3,975,865	-	-
	10,851,339	11,202,041	7,307,976	3,874,279	19,786

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.2 Liquidity risk (cont'd)

The Company	Carrying amount S\$	Contractual undiscounted cash flows S\$	Less than 1 year S\$	Between 1 and 5 years S\$	More than 5 years S\$
2022					
<u>Non-derivative financial liabilities</u>					
Trade and other payables (Note 17)	103,200	103,200	103,200	-	-
Intra-group financial guarantees	9,101,995	9,904,495	2,853,931	3,070,465	3,980,099
2021					
<u>Non-derivative financial liabilities</u>					
Trade and other payables (Note 17)	153,775	153,775	153,775	-	-
Intra-group financial guarantees	5,413,518	5,605,701	2,607,434	2,998,267	-

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

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

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

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

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

29.3 Interest rate risk

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

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

29.4 Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

29.4 Foreign currency risk (cont'd)

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

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

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

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

The Group	Euro S\$	Renminbi S\$	United States dollar S\$
2022			
Trade and other receivables (Note 9)	-	-	334,905
Cash and bank deposits (Note 10)	19,221	-	57,773
Trade and other payables (Note 17)	(523,502)	-	(25,720)
Net exposure	(504,281)	-	366,958
2021			
Trade and other receivables (Note 9)	-	-	339,286
Cash and bank deposits (Note 10)	689	-	10,318
Trade and other payables (Note 17)	(161,753)	(31,503)	(219,082)
Net exposure	(161,064)	(31,503)	130,522

Sensitivity analysis for foreign currency risk

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

The Group	2022 S\$	2021 S\$
EUR - strengthened 5% (2021: 5%)	(25,214)	(8,053)
- weakened 5% (2021: 5%)	25,214	8,053
RMB - strengthened 5% (2021: 5%)	-	(1,575)
- weakened 5% (2021: 5%)	-	1,575
USD - strengthened 5% (2021: 5%)	18,348	6,526
- weakened 5% (2021: 5%)	(18,348)	(6,526)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30 Financial instruments

Accounting classifications of financial assets and financial liabilities

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

The Group	Amortised cost S\$	Other financial liabilities at amortised cost S\$	Total S\$
2022			
<u>Financial assets</u>			
Finance lease receivables (Note 7)	315,483	-	315,483
Trade and other receivables * (Note 9)	8,127,086	-	8,127,086
Cash and bank deposits (Note 10)	14,535,172	-	14,535,172
	22,977,741	-	22,977,741
<u>Financial liabilities</u>			
Borrowings (Note 13)	-	9,101,995	9,101,995
Lease liabilities (Note 14)	-	1,183,223	1,183,223
Trade and other payables # (Note 17)	-	6,651,043	6,651,043
	-	16,936,261	16,936,261
2021			
<u>Financial assets</u>			
Trade and other receivables * (Note 9)	8,748,577	-	8,748,577
Cash and bank deposits (Note 10)	16,436,718	-	16,436,718
	25,185,295	-	25,185,295
<u>Financial liabilities</u>			
Borrowings (Note 13)	-	5,413,518	5,413,518
Lease liabilities (Note 14)	-	1,461,956	1,461,956
Trade and other payables # (Note 17)	-	3,975,865	3,975,865
	-	10,851,339	10,851,339
The Company			
2022			
<u>Financial assets</u>			
Trade and other receivables * (Note 9)	2,732,673	-	2,732,673
Cash and bank deposits (Note 10)	96,259	-	96,259
	2,828,932	-	2,828,932
<u>Financial liabilities</u>			
Trade and other payables # (Note 17)	-	103,200	103,200
2021			
<u>Financial assets</u>			
Trade and other receivables * (Note 9)	2,781,883	-	2,781,883
Cash and bank deposits (Note 10)	1,162,483	-	1,162,483
	3,944,366	-	3,944,366
<u>Financial liabilities</u>			
Trade and other payables # (Note 17)	-	153,775	153,775

* Excluding advances to suppliers and current tax recoverable

Excluding provision for restoration costs and net output taxes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30 Financial instruments (cont'd)

Fair values

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

The fair value disclosure of lease liabilities is not required.

Fair value hierarchy

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

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

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

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

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

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2022				
<u>Financial assets</u>				
Finance lease receivables	-	291,622	-	291,622
<u>Financial liabilities</u>				
Commercial property loan	-	3,402,127	-	3,402,127
Term loan	-	2,780,298	-	2,780,298
	-	6,182,425	-	6,182,425
2021				
<u>Financial liabilities</u>				
Term loan	-	3,586,988	-	3,586,988

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Capital management

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

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

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

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

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

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

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Borrowings (Note 13)	9,101,995	5,413,518	-	-
Lease liabilities (Note 14)	1,183,223	1,461,956	-	-
Trade and other payables (Note 17)	7,176,990	4,357,471	103,200	153,775
Total debt	17,462,208	11,232,945	103,200	153,775
Less: Cash and bank deposits (Note 10)	(14,535,172)	(16,436,718)	(96,259)	(1,162,483)
Net debt/(cash)	2,927,036	(5,203,773)	6,941	(1,008,708)
Equity attributable to the owners of the Company	16,332,131	16,663,501	2,740,488	3,805,226
Total capital	16,332,131	16,663,501	2,740,488	3,805,226
Total capital and net debt	19,259,167	11,459,728	2,747,429	2,796,518
Gearing ratio	15%	N.M.	0%	N.M.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32 Fact-finding review and investigations

During the financial year ended 31 December 2021, the Company had appointed a legal firm to conduct a fact-finding review of the circumstances surrounding the eight payments amounting to S\$1,395,536 ("Eight Transactions") that the Company's majority shareholder, QKE Holdings Pte Ltd ("QKEH"), had made on behalf of the Company's main operating subsidiary, Q'son Kitchen Equipment Pte Ltd ("QKE"), with a primary focus on the documentary alterations made to internal accounting records concerning the Eight Transactions; identify any internal control lapses and potential breaches or non-compliance of rules, laws and regulations and the parties responsible for the respective potential breaches or non-compliance; and provide legal advice to the Company's management in the discharge of their duties to the Company.

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

The Company received a letter dated 30 March 2022 from the Accounting and Corporate Regulatory Authority ("ACRA") informing the Company that the ACRA is conducting an investigation into possible breaches of Section 402(1) of the Companies Act 1967 and has requested the Company to provide to the ACRA a copy of the report from the legal firm. On 25 April 2022, the Company announced that it has provided to the ACRA a copy of the finalised report from the legal firm.

The Company received an order dated 29 June 2022 under Section 20 of the Criminal Procedure Code 2010 (the "CPC") and Section 64 of the Police Force Act 2004 to produce various categories of documents to the Commercial Affairs Department ("CAD") to assist with an investigation into an offence under the Penal Code (Chapter 224, 2008 Revised Edition) pursuant to the provisions of the CPC.

There have been no significant developments from the investigations by the ACRA and CAD.

The Company had appointed its internal auditors to conduct a follow-up review on the lapses in the Company's operating procedures and internal controls that have been identified by the relevant findings. The internal auditors have presented their findings to the Company's Audit and Risk Management Committee, and have subsequently completed their follow-up review and additional internal audit work and confirmed that all of the internal control measures have been implemented and all internal control weaknesses have been remediated.

33 Dividends

	2022 S\$	2021 S\$
The Group and the Company		
Final tax-exempt (one-tier) dividend of S\$0.005 per share in respect of the financial year ended 31 December 2021	775,000	-
Interim tax-exempt (one-tier) dividend of S\$0.0025 per share in respect of the financial year ended 31 December 2022	387,500	-
	1,162,500	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34 Events after the reporting period

Dividends

The Company's Board of Directors recommended a final dividend of S\$0.0025 per ordinary share amounting to S\$387,500 in respect of the financial year ended 31 December 2022 to be approved by shareholders at the Annual General Meeting to be held on 24 April 2023.

Grant of option to purchase property

On 29 March 2023, the Company's wholly-owned subsidiary, QKE, was granted an option to purchase a property, being a freehold three-storey industrial building at 209 Henderson Road, #01-05 Henderson Industrial Park, Singapore 159551, for a cash consideration of S\$6,800,000, upon payment of an amount of S\$68,000 which represented 1% of the consideration. The property will be used as the Group's operating premises to further consolidate the Group's office and warehouse premises.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2023

Number of Issued Shares	:	155,000,000
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share
Treasury Shares and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	25	7.91	21,600	0.01
1,001 - 10,000	134	42.41	725,300	0.47
10,001 - 1,000,000	152	48.10	12,968,100	8.37
1,000,001 AND ABOVE	5	1.58	141,285,000	91.15
TOTAL	316	100.0	155,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
QKE Holdings Pte. Ltd. ⁽¹⁾	122,491,500	79.03	-	-
Chua Chwee Choo ⁽²⁾	995,000	0.64	122,491,500	79.03
Lee Chong Hoe ⁽²⁾	192,000	0.12	122,491,500	79.03
Cheng Chun Choi ⁽²⁾	-	-	122,491,500	79.03

Notes:

- (1) QKE Holdings Pte. Ltd. ("QKE Holdings") is an investment holding company incorporated in Singapore on 5 March 2013. It holds 122,491,500 shares in Singapore Kitchen Equipment Limited.
- (2) Chua Chwee Choo (Executive Director and Chief Executive Officer) and Lee Chong Hoe (Executive Director) and Cheng Chun Choi each hold approximately 33.33% of the issued share capital of QKE Holdings. As they each hold not less than 20.00% of the issued share capital in QKE Holdings, each of them is therefore deemed to have an interest in the Shares held by QKE Holdings pursuant to Section 7 of the Companies Act 1967.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2023

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QKE HOLDINGS PTE. LTD.	122,491,500	79.03
2	SIRIUS VENTURE CAPITAL PTE LTD	6,710,500	4.33
3	UOB KAY HIAN PRIVATE LIMITED	5,083,000	3.28
4	NEO GROUP LIMITED	4,500,000	2.90
5	POON WAI	2,500,000	1.61
6	CHUA CHWEE CHOO	995,000	0.64
7	DBS NOMINEES (PRIVATE) LIMITED	841,200	0.54
8	HOLT ASIA INVESTMENT PTE LTD	652,000	0.42
9	PHILLIP SECURITIES PTE LTD	585,300	0.38
10	WONG HIN SUN EUGENE	500,000	0.32
11	MAK PAO YUN	450,000	0.29
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	385,200	0.25
13	ONG ENG LOKE	378,100	0.24
14	CHANG THIAM HOCK	375,000	0.24
15	AH HOT GERARD ANDRE	352,700	0.23
16	NURLIZA BTE ABDULLAH @ FLODELIZA P OBANDO	350,000	0.23
17	ABN AMRO CLEARING BANK N.V.	316,300	0.20
18	NEO KAH KIAT	285,000	0.18
19	HO EE HWA @ MADELEINE HO	255,100	0.16
20	THAM SOK ING	250,000	0.16
	TOTAL	148,255,900	95.63

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

20.21% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalyst.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore Kitchen Equipment Limited (the “**Company**”) will be held at 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550 on Monday, 24 April 2023 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Independent Auditor’s Report thereon.
(Resolution 1)
2. To declare a tax-exempt one-tier final dividend of 0.25 Singapore cent per ordinary share for the financial year ended 31 December 2022 (FY2021: 0.50 Singapore cent per ordinary share).
(Resolution 2)
3. To re-elect Mr Lim Chee San who is retiring pursuant to Article 98 of the Constitution of the Company.
[See Explanatory Note (i)]
(Resolution 3)
4. To re-elect Mr Choo Kok Kiong who is retiring pursuant to Article 98 of the Constitution of the Company.
[See Explanatory Note (ii)]
(Resolution 4)
5. To approve the payment of Directors’ Fees of up to S\$135,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears (FY2022: up to S\$135,000)
(Resolution 5)
6. To re-appoint Foo Kon Tan LLP as the Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue new shares

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the “Catalist Rules”), the Directors of the Company be authorised and empowered to:

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

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

That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing Singapore Kitchen Equipment Performance Share Plan ("PSP") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the PSP, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the PSP, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Chua Chwee Choo
Executive Director and Chief Executive Officer
Singapore, 7 April 2023

Explanatory Notes:

- (i) Ordinary Resolution 3 proposed in item 3 above is to re-elect Mr Lim Chee San who is retiring pursuant to Article 98 of the Constitution of the Company. Mr Lim Chee San will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director, Chairman of the Board, Chairman of the Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.
- (ii) Ordinary Resolution 4 proposed in item 4 above are to re-elect Mr Choo Kok Kiong who is retiring pursuant to Article 98 of the Constitution of the Company. Mr Choo Kok Kiong will, upon re-elected as Director of the Company, remain as Independent Non-Executive Director, Chairman of the Remuneration Committee and member of Audit and Risk Management Committee and Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to the Annual Report 2022 for the detailed information of Mr Lim Chee San and Mr Choo Kok Kiong.

- (iii) Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent consolidation or subdivision of shares.

- (iv) Ordinary Resolution 8 in item 9 above, if passed, will authorise and empower the Directors of the Company to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the Singapore Kitchen Equipment Performance Share Plan, which was approved at the Extraordinary General Meeting of the Company on 25 June 2013.

Shareholders are able to participate the AGM in person in the following manners set out in the paragraphs below:

Submission of Instrument Appointing a Proxy ("Proxy Form") to Vote:

1. Printed copies of this Annual Report, Notice of Annual General Meeting and Proxy Form will not be sent to members.
2.
 - (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting" or the "AGM").
 - (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.
3. A member who wishes to exercise their votes can either vote on the resolutions to be tabled for approval at the AGM in person or submit a Proxy Form to appoint proxy/ies or the Chairman of the Meeting to cast votes on their behalf.
4. Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.
5. The Chairman of the Meeting, as proxy and a proxy need not be a member of the Company.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550, or by scanning and sending it by email to skeProxyReg@singaporekitchenequipmentltd.com as soon as possible, in either case, to arrive (a) by post to the office of the Company's Registered Office at the above address, or (b) by email to an email address as mentioned **forty-eight (48) hours before the time fixed for the AGM, no later than 10.00 a.m. on 22 April 2023.**

The Proxy Form, Notice of AGM and Annual Report are available for download from SGX's website and the Company's website at URL www.singaporekitchenequipmentltd.com.

Members are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including Supplementary Retirement Scheme (“SRS”) investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms **at least seven (7) working days before the Meeting, 5.00 p.m. on 12 April 2023.**
7. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

Submission of Questions in Advance:

1. Members may submit their questions in advance of the AGM by email to skeProxyReg@singaporekitchenequipmentltd.com or in hard copy by mail to the Company’s Registered Office as the above address or ask questions at the AGM.
2. Members may submit questions relating to the items on the agenda of the AGM **at least seven (7) calendar days after publication of the Notice of AGM, by 10.00 a.m. on 15 April 2023.**
3. A member who wishes to submit the questions in hard copy by mail is required to indicate the full name (for individuals)/company name (for corporates), NRIC/Passport No./Company Registration No., email address, contact number, shareholding type and number of shares held together with their submission, before submitting it by post to the address provided.
4. The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from shareholders will be posted on the SGXNET and the Company’s website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, 10.00 a.m. on 20 April 2023, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company’s website within one (1) month after the date of the AGM.

Personal data privacy:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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

The details of the contact person for the Sponsor are as follows:

*Name: Ms Bao Qing (Registered Professional, RHT Capital Pte. Ltd.)
Address: 36 Robinson Road, #10-06, City House, Singapore 068877
Email: sponsor@rhtgoc.com*

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
Date Of Appointment	: 28 August 2021	28 August 2021
Age	: 64	54
Country Of Principal Residence	: Singapore	Singapore
Date of last re-appointment (if applicable)	: 6 November 2021	6 November 2021
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	: The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee and the qualification, work experience and competencies of Mr Lim Chee San, is of the view that he is suitable for appointment as an Independent Director of the Company	The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee and the qualification, work experience and competencies of Mr Choo Kok Kiong, is of the view that he is suitable for appointment as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	: Independent Non-Executive	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	: Independent Non-Executive Director, Chairman of the Board, Chairman of the Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of the Remuneration Committee and member of Audit and Risk Management Committee and Nominating Committee
Professional qualifications	a) Member of the Chartered Association of Certified Accountants since 1982 b) Member of the Chartered Accountants of Singapore since 1985 c) Member of the British Computer Society since 1992 d) Bachelor of Law (Honors) from University of London in 1992 e) Barrister at Law (Lincoln's Inn) England since 1999	a) MBA, University of Wales (UK)/ Manchester Business School (UK), 2000 (AMBA accredited) b) Chartered Institute of Management Accounts, (CIMA, UK), 1994 c) Association of Chartered Certified Accountants, (ACCA UK), 1992 d) Diploma in Accountancy, Ngee Ann Polytechnic, 1990
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	: None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
Conflict of interest (including any competing business)	: No	No
Working experience and occupation(s) during the past 10 years	: 2004 to Present – Director of Panaudit Business Services Pte Ltd 2004 to Present – Partner of TanLim Partnership 2007 to Present – Director of Rees Property Consultants Pte Ltd 2010 to Present – Director of Pan Services Pte Ltd	Executive Director / Group Chief Financial Officer
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	: Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	: None	None
Shareholding Details	: Not Applicable	Not Applicable
Other Principal Commitments Including Directorships	: <u>Present</u> Gallant Venture Ltd GS Holdings Limited Chemical Industries (Far East) Limited Blackgold Natural Resources Limited <u>Past (for past 5 years)</u> Hupsteel Limited Soon Lian Holdings Limited Fujiyama Pte Ltd Colex Holdings Limited	<u>Present</u> Gallant Venture Ltd QAF Limited Parallax Venture Partners XXX Limited <u>Past (for past 5 years)</u> Newdelta Investment Limited Parallax Holdings Limited
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	: No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
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
Whether there is any unsatisfied judgment against him?	: No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	: No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	: No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	: No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	: No	No
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	: No	No
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	: No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	: No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	: No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	: No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	: No	No
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?	: Yes. Mr Lim has been the subject of a past complaint to the Law Society Singapore about conflict of interest. The complaint was dismissed at the Inquiry Committee Stage in May 2018. Save for the above, there has been no investigation against Mr Lim. Hence, Mr Lim has not been the subject of any current or past disciplinary proceeding and has not been reprimanded or issued any warnings by the Monetary Authority of Singapore or any other regulatory authority, SGX-ST, professional body or government agency, whether in Singapore or elsewhere	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

Name	: Lim Chee San	Choo Kok Kiong
Any prior experience as a director of an listed issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	: Yes	Yes

SINGAPORE KITCHEN EQUIPMENT LIMITED

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

**ANNUAL GENERAL MEETING
PROXY FORM**
IMPORTANT:

1. The Annual Report and Notice of AGM dated 7 April 2023 have been made available on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL www.singaporekitchenequipmentltd.com.
2. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
3. The Chairman of the Meeting and proxy need not be a member of the Company.
4. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2023.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy and proxy to attend, speak and vote on his/her/its behalf at the Meeting.

I/We, _____

of _____

being a member/members of Singapore Kitchen Equipment Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550 on **Monday, 24 April 2023 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or to abstain for voting of the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾	Number of Votes Abstain ⁽¹⁾
ORDINARY BUSINESS:				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2	Declaration of a tax-exempt one-tier final dividend			
3	Re-election of Mr Lim Chee San as Director			
4	Re-election of Mr Choo Kok Kiong as Director			
5	Approval of Directors' Fees of up to S\$135,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears			
6	Re-appointment Foo Kon Tan LLP as Independent Auditors and to authorise the Directors of the Company to fix their remuneration			
SPECIAL BUSINESS:				
7	Authority to issue new shares			
8	Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan			

⁽¹⁾ If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) or (X) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.

Dated this _____ day of _____ 2023

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	



Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument ("Proxy Form") appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions in the Proxy Forms at least seven (7) working days before the Meeting, **5.00 p.m. on 12 April 2023**.
 6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 7. A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550 or by scanning and sending it by email to skeProxyReg@singaporekitchenequipmentltd.com as soon as possible, in either case, to arrive (a) by post to the office of the Company's Registered Office at the above address, or (b) by email to an email address as mentioned **forty-eight (48) hours before the time fixed for the AGM, no later than 10.00 a.m. on 22 April 2023**.
 8. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
 9. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
 10. SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by **5.00 p.m. on 12 April 2023**.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2023.

GENERAL:

The Company shall be entitled to reject the proxy form appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



Singapore Kitchen Equipment Limited
207 Henderson Road #01-01
Henderson Industrial Park
Singapore 159550

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Fax: (65) 6472 6497