# STRONG FUNDAMENTALS DRIVE ROBUST GROWTH

ANNUAL REPORT 2023


QSON
KITCHEN EQUIPMENT

# CONTENTS



## OUR MISSION

- Service Excellence
- Product Excellence
- Partnering Our Customers!

## OUR VISION

- Every Kitchen, A Q'son.

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.

The details of the contact person for the Sponsor are as follows:


Name: Mr Mah How Soon (Registered Professional, RHT Capital Pte. Ltd.)

Address: 36 Robinson Road, #10-06, City House, Singapore 068877

Email: sponsor@rhtgoc.com

# CORPORATE PROFILE

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

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

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

# GREAT KITCHENS BY Q'SON

**"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.**

FY2023 was a hugely successful year.

It rode on the previous year's momentum, albeit in a much better position to harness and grow the business further.

The Company has always insisted on keeping fundamentals of doing business strong as a safe guard against inconsequential shortcuts, doubtful quality and unkept promises. The resultant effect was a whopping 22% increase in revenue, definitely the best showing since listed in July 2013.

Customers were assured of the Company's business ethics, and hence continuously supported us. Trust built over the years is the bedrock of the Company's success in keeping and getting new customers.

As in years past, our human resource is fundamental to the Company's expansion. The Company is committed to providing better incentives through renumeration, training, upgrading and upskilling all staff without exception.

There were quite a number of worthy, significant projects the Company had undertaken which cut across all industries. These include Pu Tien, Dian Xiao Er, Swensen's, Jumbo Group, Long Beach Group of Restaurants, The Istana, Ministry of Defence, Fei Siong Group, Lentor Residence, Sengkang Hospital, Tan Tock Seng Hospital, Marlowe Hotel and general F&B outlets. And there was one which took the cake and was the mother of all projects – Wilmar International!

Snippets of 20% of entire Wilmar production kitchen, primed to change the way massive quantity of food is produced and served through the cook-chill system:

# 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; strong 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)**

**Qoolux**
**(Industrial refrigeration products)**

## THIRD PARTY / OEM BRANDS

**Distributor**

**Third Party**
**Kitchen Equipment**

# CHAIRMAN & CEO'S STATEMENT


## 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 2023 ("FY2023").

FY2023 has been a year of both challenges and triumphs for Singapore Kitchen Equipment Limited ("SKE", or together with its subsidiaries, the "Group"), and we are proud to report that we have emerged stronger and more resilient than ever before.

Despite the unprecedented challenges led by the global economic landscape, we are delighted to announce that the Group has delivered a set of robust financial results. Driven by higher sales generated from our Fabrication and Distribution segment, our revenue saw a steady growth of 22.7%, registering S$41.7 million in FY2023, as compared to S$34.0 million in the preceding year. Fuelled by the revenue growth, our profit for the year surged by 300% to S$3.4 million in FY2023 from


S$0.8 million in FY2022, reflecting the effectiveness of our strategic initiatives which focused on operational efficiency and cost optimisation.

## STRONG FUNDAMENTALS, ROBUST GROWTH

Over the past year, against the backdrop of harsh conditions, our dedicated team continued to display spirit of perseverance and commitment to deliver, as we made significant strides in expanding our market presence and penetration. Together, we safeguarded our business ethics, ethos and fundamentals, created customer-centric confidence and delivered as promised. These attributes allowed the Group to establish an expansive network of clients from different industries which stood us in good stead to reap the returns for FY2023.

Notably, Fabrication and Distribution projects undertaken with new and repeat customers such as Wilmar International Pte Ltd, Tik Tok Pte Ltd, Lentor Residences Pte Ltd, Dian Xiao Er, Champalars Maldives, NTUC Co-Operative Ltd, Soup Restaurants Group and Fei Siong Group accounted for almost 30% of overall revenue, resulting in this segment of our business contributing approximately 80% of total revenue in FY2023, which is a jump from 65% in the previous year.

Our strong reputation and proven track record have won the trust and support of many loyal customers. They have repeatedly approached us to take on building works in the kitchen fit-out, driving the Group to rebrand Q'son International Pte Ltd into Yes We Build Pte Ltd ("YWB") in early 2024 to cater to the specific functional aesthetics of our customers' commercial spaces. YWB will design, furnish and equip the interior of our customers' premises to optimise usage and functionality. With robust demand, we foresee this rising need in the evolving Food & Beverage ("F&B") and Hospitality markets, which we hope will contribute positively to our sales revenue in the coming years.

Furthermore, we also adopted a strategic move to engage Muslim F&B operators in FY2023. We launched a new demo kitchen named Muslim Friendly Kitchenette in our premises and this is fully fitted out with branded cooking, preparation, preserving and ware-washing equipment. During the opening ceremony for the launch of this demo kitchen conducted by Chef Bob, we received very positive responses with new orders and enquiries streaming in. We believe that it will pave the way for more engagement in this virtually untapped market.

During the year, we forged greater collaboration with our strategic partners and suppliers. For example,

# CHAIRMAN & CEO'S STATEMENT

our authorised distributorship of Rational AG has gone beyond Singapore, to also cover Malaysia. With the potential size of the Malaysian market, we are confident that this will be another boost to our business operations.

Through targeted marketing efforts and product innovation, we have successfully entered new geographical markets and diversified our customer base. Our commitment to delivering innovative solutions that address the evolving needs of our customers has enabled us to gain traction in both domestic and international markets. Setting sight on Bintan and Batam which are tourist-centric destinations in close proximity to Singapore, the Group has already garnered new orders with a hotel chain in Bintan in the second half of FY2023. Discussions with other hotel chains are currently ongoing positively.

## STRATEGISING AHEAD, EXCITING PROSPECTS

As we look ahead to the future, we expect the F&B and Hospitality industries to remain competitive and clouded with more uncertainties. Continued geopolitical tensions in the ongoing wars in Ukraine/Russia and Hamas/Israel, severe upheavals in shipping, global economic descent of varying degrees and expected increase in oil and fuel prices will continue to add woes to the current challenging economic climate. The Group is cognizant of the situation and will enhance prudence in administrative spending, product stocking and general expenditure in the face of weaker consumer spending.

Nevertheless, the Group remains ambitious and tenacious to achieve higher revenue and deliver greater value. With anticipated sharp increase in tourist arrivals, we are confident that the Group is well-positioned to capitalise on the numerous opportunities that lie ahead. Our strong financial position, diversified portfolio of products and services, and talented team provide a solid foundation for sustained growth and value creation. With a relentless focus on innovation, customer satisfaction, and operational excellence, we are poised to achieve greater success.

As we envisage the same challenges of manpower crunch, steep cost of resources, global disruptions and distractions to persist, we will take every effort to mitigate these disruptions. For inventory security and lowering freight costs, we had made provisions to stock up faster-moving products which allowed us to garner new orders due to our in-stock status.


Tackling the manpower crunch, we have organised cross-trainings for our technical teams, empowering them with skillsets to service both electrical-powered and gas-powered equipment. Talent acquisition, talent retention and talent renewal remain our top priority, and we will continue to channel resources to enhance capability, efficiency, work recognition and job satisfaction for our employees.

Innovation has been and will always be at the heart of SKE's success. We will continue to stay ahead of the curve in an increasingly competitive industry. Our relentless pursuit of innovation has led to the introduction of innovative products and services that have gained positive feedback. We remain committed to pushing the boundaries of setting new standards of excellence in the F&B manufacturing industry. We believe that this will position us to better serve our customers with agility and responsiveness, a strategic imperative for long-term growth.

## DIVIDEND

In appreciation to our shareholders for your continued faith and belief in us, the Board has recommended a 0.25 Singapore cent per share tax-exempt one-tier final dividend for the financial year ended 31 December 2023, subject to the approval of shareholders at the forthcoming annual general meeting to be held.

## OUR ACKNOWLEDGEMENTS

In closing, we would like to express our sincere gratitude to our shareholders and business associates for their continued trust and confidence in us. Additionally, we extend our special thanks to our dedicated employees, whose hard work and contributions have been instrumental in our success.

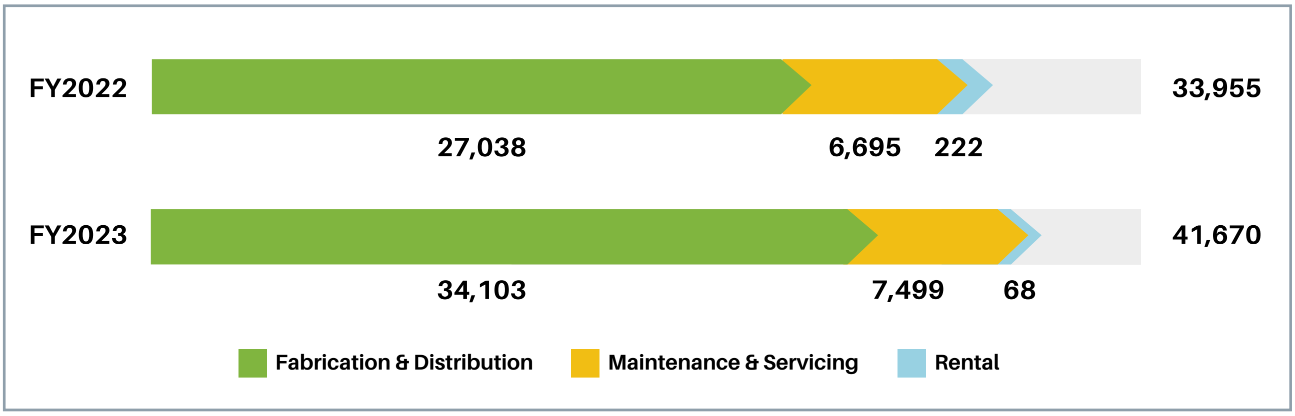
As we celebrate the accomplishments of the past financial year, we are excited about the future possibilities. Together, we will continue to build on our strengths, navigate challenges, and create enduring value for all stakeholders.

***MR LIM CHEE SAN***
Chairman & Independent Non-Executive Director

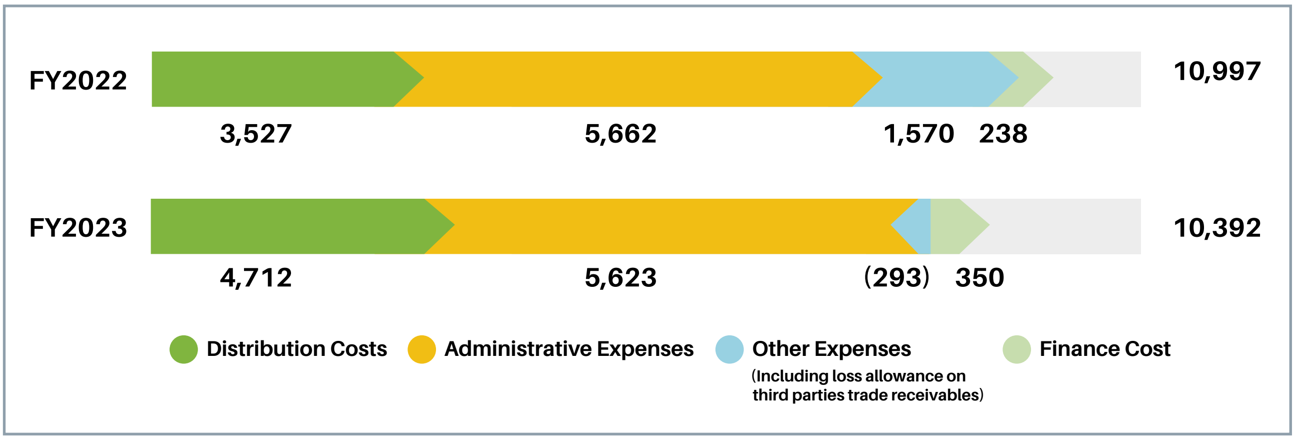
***MS CHUA CHWEE CHOO SALLY***
Executive Director & Chief Executive Officer

# FINANCIAL HIGHLIGHTS

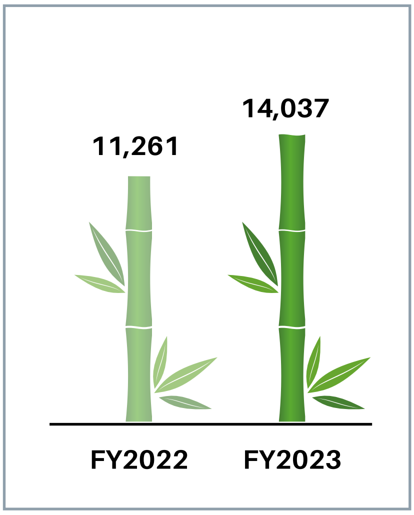
## REVENUE (S$'000)



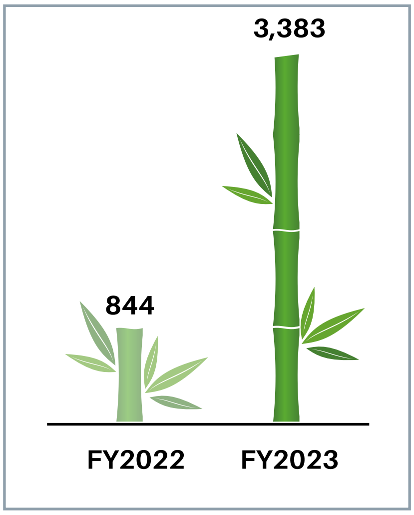

## TOTAL EXPENSES (S$'000)



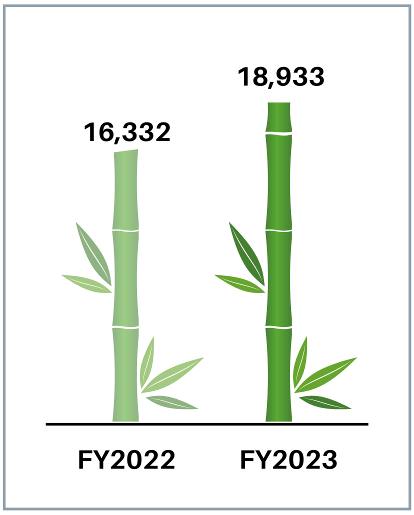

## GROSS PROFIT (S$'000)




## NET PROFIT (S$'000)




## TOTAL SHAREHOLDERS' EQUITY (S$'000)



## AN EXCEPTIONAL YEAR WITH ROBUST GROWTH

FY2023 was a year where we embraced the challenges faced and unlock greater operational excellence. Amidst a dynamic and challenging global landscape, we have navigated through uncertainties with resilience and determination. Our unwavering commitment to innovation, efficiency and customer-centricity has propelled us forward, driving exceptional results and positioning us for sustained success.

Though global supply chain disruptions, manpower crunch and escalating costs persisted into FY2023, we were able to diversify our capabilities and expand our market reach to deliver a remarkable financial performance. This robust growth is a testament to the dedication and hard work of the talented and resilient team, whose relentless efforts fuelled our revenue growth and profitability, allowing the Group to reach new heights. In FY2023, the Group has three reportable operating segments as follows:

a. Fabrication and distribution business
b. Maintenance and servicing business
c. Rental 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 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 financial year, driven by the diversified strengths in our growing fabrication and distribution segment, the Group recorded higher revenue amounting to S$41.7 million compared to S$33.9 million in FY2022. The increase in Group's revenue was primarily due to higher sales generated from fabrication and distribution of kitchen equipment. Our cold room systems business also continued to gain traction, registering S$2.3 million in revenue in FY2023.

### FY2023 REVENUE BY SEGMENTS

| FABRICATION & DISTRIBUTION SEGMENT | MAINTENANCE & SERVICING SEGMENT | RENTAL SEGMENT |
|---|---|---|
| **S$33.4 million** | **S$8.2 million** | **S$0.1 million** |

# OPERATIONS AND FINANCIAL REVIEW

## COST OF SALES & GROSS PROFIT

In line with the higher revenue, the Group's cost of sales increased by approximately S$4.9 million from S$22.7 million in FY2022 to S$27.6 million in FY2023. This was mainly due to a proportionate increase in sales. Though gross profit increased by 24.7% from S$11.3 million in FY2022 to S$14.0 million in FY2023. The proportion of increase for both revenue and cost of sales was consistent, resulting in a constant gross margin.

## OTHER INCOME

Other operating income declined slightly from S$0.5 million in FY2022 to S$0.3 million in FY2023, mainly due to reduction in Enterprise Singapore Grant and Jobs Growth Incentive Support received by the Group from the government for supporting expansion of local hiring.

## OPERATING EXPENSES

Selling & Distribution Expenses
With improved sales coupled with more business travelling, Selling and distribution expenses increased by approximately S$1.2 million from S$3.5 million in FY2022 to S$4.7 million in FY2023.

Administrative Expenses
Meanwhile, the Group was able to maintain its administrative expenses of S$5.6 million in FY2023, consistent with that in FY2022.

## PROFIT FOR THE FINANCIAL YEAR

With our sales and cost strategies well aligned, the Group was able to achieve a net profit after tax ("NPAT") of approximately S$3.4 million in FY2023 which was more than three times higher when compared to the NPAT of approximately S$0.8 million in FY2022.

## STATEMENT OF FINANCIAL POSITION

Non-current assets
As at 31 December 2023, the Group's non-current assets grew by S$7.0 million to S$15.6 million. (31 December 2022: S$8.6 million) mainly due to the purchase of freehold property located at 209 Henderson Road, #01-05 Henderson Industrial Park, Singapore 159551.

Current assets
The Group's current assets dipped slightly to approximately S$25.6 million as at 31 December 2023 as compared to S$29.9 million as at 31 December 2022.

With faster turnaround in our stocks and higher sales, the Group's inventories decreased by S$0.7 million from S$5.2 million as at 31 December 2022 to S$4.5 million as at 31 December 2023. On the other hand, the Group's trade receivables increased by S$0.5 million from S$9.7 million as at 31 December 2022 to S$10.2 million as at 31 December 2023.

Correspondingly, there was a decrease in cash and cash equivalents of approximately S$3.8 million as at 31 December 2023 as compared to that as at 31 December 2022, mainly due to the cash payment made for the purchase of the 209 Henderson Road freehold building.

Current Liabilities
The Group's current liabilities position dropped by S$3.6 million from S$15.0 million as at 31 December 2022 to S$11.4 million as at 31 December 2023 mainly due to the cash payment made for the purchase of the 209 Henderson Road freehold building.

The decrease in contract liabilities by S$3.0 million from S$4.3 million as at 31 December 2022 to S$1.3 million as at 31 December 2023 was due to sales completed for advances received.

Trade and other payables also decreased by approximately S$1.8 million from S$7.2 million as at 31 December 2022 to S$5.4 million as at 31 December 2023 was mainly due to payments made for inventories of major projects.

Non-current Liabilities
However, the Group's non-current liabilities increased by S$3.9 million to S$10.8 million as at 31 December 2023 from S$6.9 million as at 31 December 2022, mainly due to bank loan taken for purchase of the 209 Henderson Road freehold building.

Shareholders' equity
As at 31 December 2023, the Group's shareholders' equity amounted to S$18.9 million, which is higher than the shareholders' equity of S$16.3 million as at 31 December 2022, which was mainly driven by profit for the year.

## CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents, excluding bank deposits pledged and fixed deposits with maturity of more than three months, amounted to approximately S$9.6 million as at 31 December 2023, representing a decrease of approximately S$2.9 million from the cash and cash equivalents balance of S$12.5 million as at 31 December 2022.

Net cash generated from operating activities.
The Group's net cash generated from operating activities was approximately S$0.7 million, mainly due to higher operating profit, partially offset by cash outflows for trade and other payables and contract liabilities.

Net cash flows used in investing activities.
Net cash used in investing activities during FY2023 amounted to approximately S$3.6 million as a result of purchase of the 209 Henderson Road freehold building.

Net cash flows generated from financing activities.
Net cash generated from financing activities during FY2023 was approximately S$3.6 million due mainly to proceeds from new borrowings for purchase of the 209 Henderson Road freehold building.

As we continue our journey where ongoing uncertainties continue to cloud globally, the Group expects business to slow down. High inflation and increasing logistic costs due to the ongoing situation in the Red Sea continues to pose arduous challenges, triggering rising costs on freights and raw materials. To mitigate the impact, our strategy will focus on operational innovation and increasing productivity, while maximising use of our labour force in the tight labour market.

We believe that digital transformation will continue to revolutionise the food service industry, especially on the use of robots and machines in kitchen, as well as greater emphasis on sustainability. The Group is exploring opportunities in eco-waste and packaging, and we are confident that this will enable us to unlock new avenues for growth and innovation.

# BOARD OF DIRECTORS

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 been an accountant, a banker and a lawyer at different times during the last 40 years. He has his own law firm, TanLim Partnership, now. Before he started his current law practice, he was the Head of Banking Operations in a large regional bank. He also has many years of experience as an auditor in large international accounting firms. He is a barrister-at-law, a chartered certified accountant, and a chartered information technology practitioner. He was among the top candidates in his accountancy and law examinations.

**LIM CHEE SAN**
**Chairman and Independent Non-Executive Director**

**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 or of both listed and private companies across many jurisdictions including Singapore, Indonesia, Hong Kong, China and BVI, Cayman.

## 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 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 Financial 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 with effect from 8 August 2022 and oversees the risk management of the Group and reports 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

- 100% **Q'SON KITCHEN EQUIPMENT PTE LTD**
  - 100% **Q'SON INDUSTRIES (M) SDN. BHD.** (SUBSIDIARY)
  - 100% **Q'SON KITCHENHUB SDN. BHD.** (SUBSIDIARY)
  - 100% **Q'SON KITCHEN EQUIPMENT SERVICES PTE. LTD.** (SUBSIDIARY)
  - 100% **PT INDO QSON KITCHEN EQUIPMENT** (SUBSIDIARY)
- 100% **YES WE BUILD PTE. LTD.** (FORMERLY KNOWN AS Q'SON INTERNATIONAL PTE. LTD.)

# SUSTAINABILITY REPORT


## BOARD STATEMENT

Singapore Kitchen Equipment Limited (hereafter referred to as "SKE" or the "Group" or the "Company") would like to present the annual Sustainability Report (the "Report") which covers our Group's sustainability performance from 1 January 2023 to 31 December 2023 ("FY2023" or "Reporting Period").

The Board understands its responsibility for the Company's sustainability reporting and the roles it takes in the governance of sustainability issues. In this regard, the Board maintains tight oversight on the Company's business and industry, board composition and culture, board committee structure, risk management issues and economic, environmental, social and governance ("ESG") related functional areas and has ultimate responsibility for the Group's sustainability reporting.

All Directors have completed the mandatory training on sustainability matters. We have considered sustainability issues in relation to the Group's business and strategy, and have determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

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.

The appointed steering committee working on the FY2023 Sustainability Report is spearheaded by Ms Charlene Koh and comprising senior staff at our Singapore Headquarters and our subsidiary in Johor Bahru, Malaysia.

During the Reporting Period, the Board members remained the same. The Board is committed to safe-guard the Company business ethics, ethos and fundamentals, and to creating customer-centric confidence.

In FY2023, the business environment remained very challenging. Externally, competition was strong; while internally we faced some manpower constraint. The regional conflicts in east Europe and the Middle East has also disrupted certain raw material availability which result in higher freight and logistic costs. Inflation also remained high. Nonetheless, the Group managed to improve its revenue and net profit for FY2023.

Looking into FY2024, the conflicts in east Europe and the Middle East remain volatile and uncertain which will adversely affect shipping routes and cost. The Group will continue to exercise prudence in administrative spending, product stocking and general expenses in face of the expected weaker consumer spending. SKE will also continue to be committed in our sustainability efforts and programmes such as our electricity saving actions and resource-saving methods.

Notwithstanding the tough environment and uncertainties, with the continued dedication, hard work and sacrifices of our staff, and the support from our customers and partners, we are cautiously optimistic to achieve a productive year for FY2024.

The Board is appreciative to all parties who has helped with the compilation of 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**

## 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 | As and when required | Compliance, News Updating, Economic Growth and Announcement |
| | ACRA | Half Yearly | |
| | 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 | |
| **Industry & Business Partners** | Trade / Industry Events | Quarterly | |

**Figure 1** How we engaged our Stakeholders

# SUSTAINABILITY REPORT

## MATERIAL FACTORS

Our materiality assessment process for FY2023 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders. The process include defining the purpose and scope and specifying the potential material topics. Following the identification of stakeholders, we collect and analyse insights to prioritize the material topics, and then integrate these insights in our ESG strategy. 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 for FY2023:

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

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

1. Waste Management (Environmental)
2. Business Continuity Management (Economic)
3. Emissions (Environmental)
4. Human Rights (Social)
5. Indirect Economic Impact (Economic)
6. Succession Planning (Social)
7. Innovation & Technology Leadership (Economic)

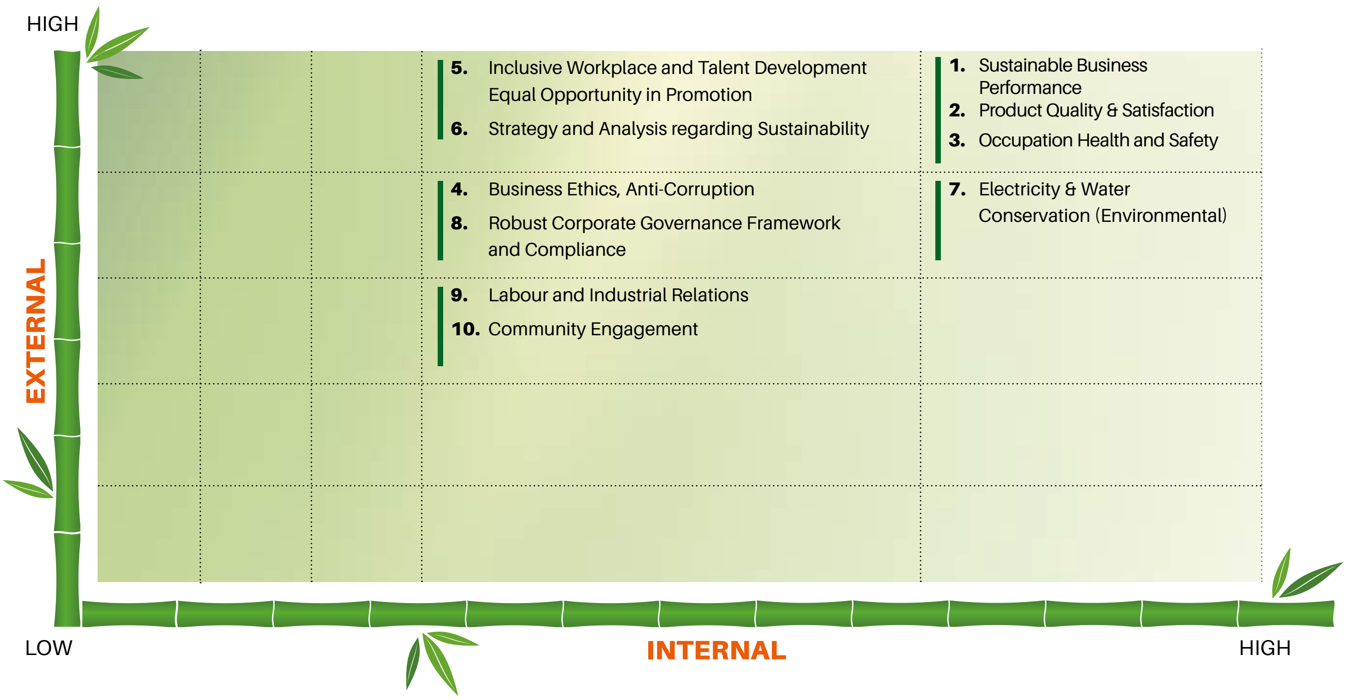



**Figure 2** Materiality Assessment by our Stakeholders and their priority

## OUR BUSINESS

### Strategy and Analysis regarding Sustainability (Economic)

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 Wilmar International Pte Ltd, Perennial Shenton Property Pte Ltd, Culina Pte ltd, Fei Siong Food Management Pte Ltd, Commonwealth Concepts Pte. Ltd., Home Team @ Bedok, The Lentor Residence Pte Ltd, Dian Xiao Er Group Pte. Ltd, Compass Group (S) Pte Ltd, NTUC-Co Operative Ltd, NTUC Foodfare Catering and Tik Tok 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 S$41.6 million for FY2023, improving 22.3% from S$34 million for FY2022. Our net profit more than tripled from S$844,000 for FY2022 to S$3.4 million for FY2023.

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

| Income Statement | 2019 (restated) | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Revenues (S$'000) | 33,106 | 22,019 | 27,774 | 33,955 | 41,670 |
| Profit/(loss) after tax (S$'000) | (143) | 964 | 338 | 844 | 3,384 |
| Earnings/(loss) per share (Cents) | (0.08) | 0.62 | 0.22 | 0.54 | 2.18 |
| Dividend per share (Cents) | NA | NA | NA | 0.75 | 0.50 |
| Staff head count (In Numbers) | 259 | 152 | 164 | 184 | 201 |
| Productivity per employee (S$) | 127,824 | 144,862 | 169,354 | 183,332 | 207,313 |

**Figure 3** Financial Performance for FY2019 to FY2023

### Product Quality & Satisfaction

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 our business to new heights.

ISO 45001:2018

## ENVIRONMENTAL

### Electricity And Water Conservation

We have installed power-saving Light-Emitting Diode (LED) lights at our factories and offices to achieve a more efficient use of electricity. Employees are encouraged to consciously turn off all power switches not in use during lunch and tea breaks. Air-conditioning temperature is set at 24 degrees Celsius for a comfortable indoor temperature. 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, which is the Group's main manufacturing facility.

| Year | Actual Consumption (KWh) of the Plant | Turnover (MYR) | (KWh/MYR) |
|---|---|---|---|
| 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 |
| 2023 | 117,082 | 8,510,004 | 0.0138 |
| Average | 121,284 | 8,309,519 | 0.0146 |

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

| Year | Total indirect $CO_2$ or Carbon Equivalent Emissions (Metric Tons) | Turnover (MYR) | Emissions Intensity (MT/MYR'000) |
|---|---|---|---|
| 2019 | 106.0 | 9,304,023 | 0.0113 |
| 2020 | 70.6 | 4,736,181 | 0.0149 |
| 2021 | 53.4 | 8,829,970 | 0.0061 |
| 2022 | 50.3 | 10,167,419 | 0.0049 |
| 2023 | 50.7 | 8,510,004 | 0.0060 |

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

In our commitment to electricity and water conservation, we adopted the following measures and initiatives across all premises owned by the Group:

- 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.

## Work Place Air and Environment

Our production plant does 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.

To ensure our sustainability effort is conducted and reported to an acceptable industry standard, all Board Directors have completed the required course in sustainability for company directors.

### 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 toolbox 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 FY2023, there was 1 injury incident of medium severity. In July 2023, while servicing a standing vacuum pack machine, a technician had injured his fingers. He was immediately conveyed to the nearest hospital. The technician recovered and rejoined the Company in January 2024.

## SOCIAL

### Inclusive Workplace and Talent Development, Labour and Industrial Relations

- 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.

## OUR WORK FORCE STATISTICS (QKE+QI)

| Work Force (Group) | 2022 | 2023 |
|---|---|---|
| Senior Management | 4 | 4 |
| Sales & Marketing | 13 | 13 |
| Procurement | 3 | 3 |
| Service & Maintenance | 69 | 82 |
| Administration | 11 | 12 |
| Finance | 11 | 12 |
| Project & Production | 27 | 23 |
| Design | 6 | 6 |
| General Support | 1 | 0 |
| Monthly training hour per staff | 4 hours | 4 hours |
| Monthly training hour per worker | | |
| 1. Singaporean | 38 | 41 |
| 2. Malaysian | 49 | 46 |
| 3. Indonesian | 1 | 0 |
| 4. Burmese | 1 | 1 |
| 5. Bangladeshi | 3 | 3 |
| 6. Filipino | 1 | 3 |
| 7. Chinese (PRC) | 50 | 55 |
| 8. Indian | 0 | 6 |
| 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$2,400 | $2,500 |
| Entry-level Employee's Wages (Foreign workers) | S$1,200 | $1,400 |

### Workers Ratio

**MALE**
2022: 108
2023: 120

**FEMALE**
2022: 37
2023: 35

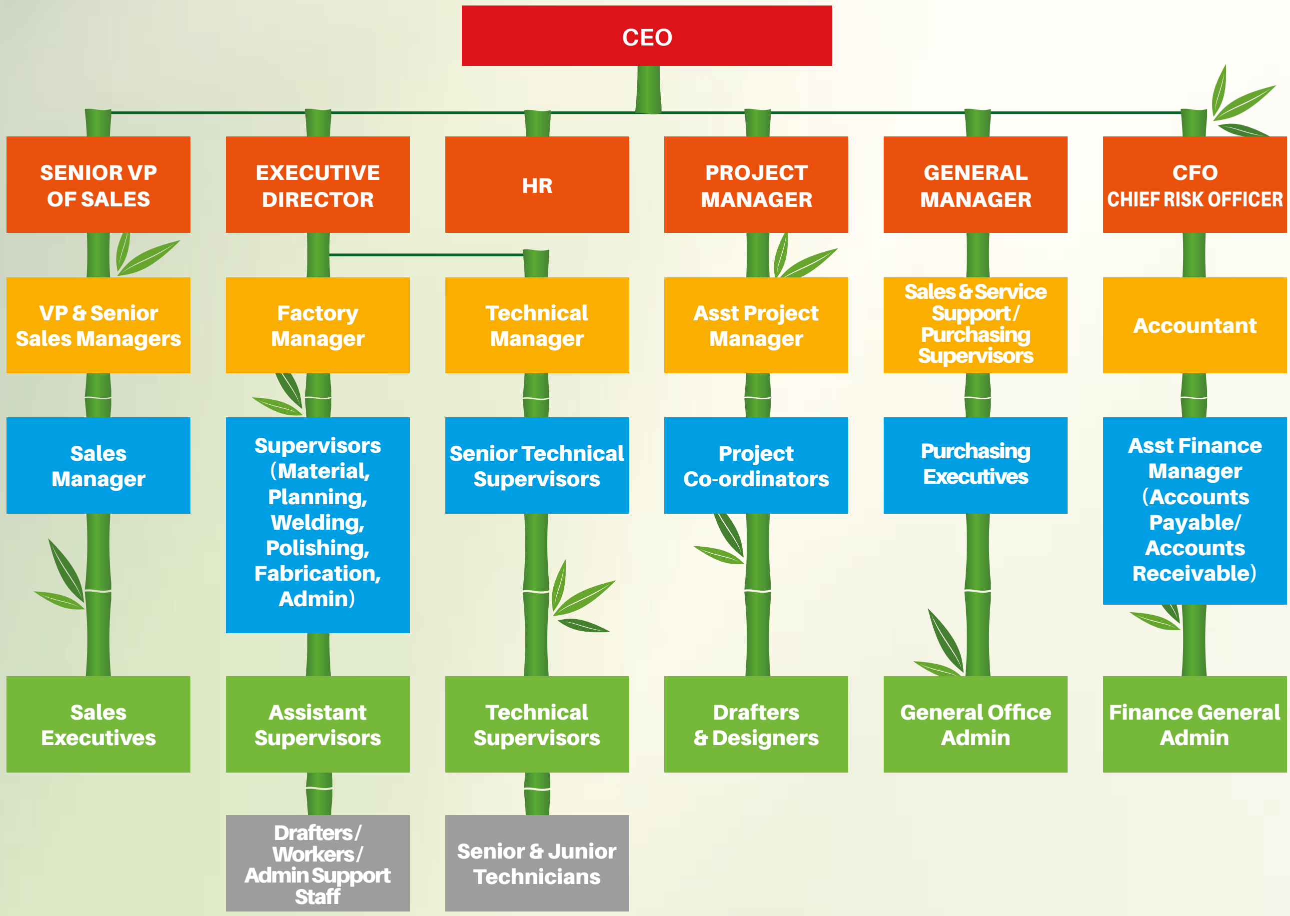
| | 2022 | 2023 |
|---|---|---|
| Age - below 40 | 101 | 113 |
| Age - above 40 | 44 | 42 |

| Employees by Nationalities: | 2022 | 2023 |
|---|---|---|
| 1. Singaporean | 38 | 41 |
| 2. Malaysian | 49 | 46 |
| 3. Indonesian | 1 | 0 |
| 4. Burmese | 1 | 1 |
| 5. Bangladeshi | 3 | 3 |
| 6. Filipino | 1 | 3 |
| 7. Chinese (PRC) | 50 | 55 |
| 8. Indian | 0 | 6 |

### 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)

## 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, 6 supervisors, 26 local production workers and 17 foreign production workers from 6 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.

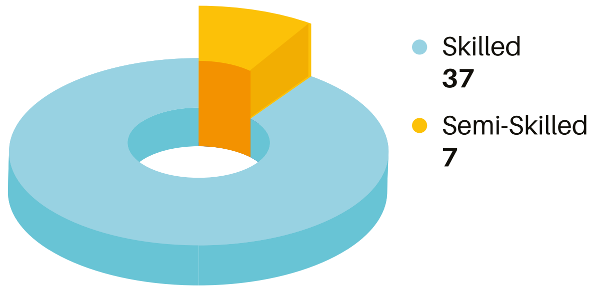
Not all our workers have a technical background. All unskilled workers will be trained and coached by a senior technician before working on a particular job independently. Each worker is required to go for 4 hours' training monthly on their job-related courses. 80% of them are below the age of 40. They 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.

## Labour Force (Malaysia Plant)

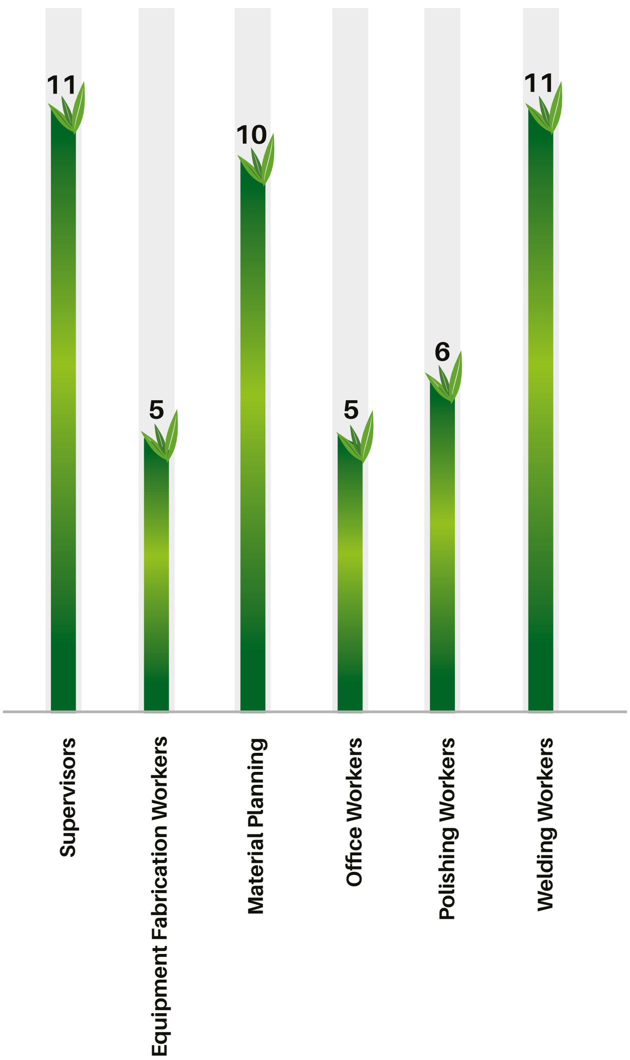
| All Employees | 2022 | 2023 |
|---|---|---|
| Management Staff | 5 | 5 |
| Production Workers | 35 | 43 |
| **Age** | | |
| Below 40 years old | 32 | 38 |
| Above 40 years old | 9 | 10 |
| **Diversity/Nationality of all Employees** | | |
| Malaysian | 24 | 26 |
| Vietnamese | 2 | 1 |
| Bangladeshi | 9 | 8 |
| Burmese | 4 | 4 |
| Chinese (PRC) | 1 | 1 |
| Nepalese | 0 | 8 |
| **Most commonly-used languages** | | |
| Mandarin | 18 | 19 |
| Malay | 22 | 29 |

| **Production Workers** | | |
|---|---|---|
| Skilled | 38 | 37 |
| Semi-Skilled | 2 | 7 |
| Unskilled | 0 | 4 |
| **Production Worker Ratio** | | |
| Male | 37 | 45 |
| Female | 3 | 3 |
| **Job Functions** | | |
| Supervisors | 9 | 11 |
| Equipment Fabrication Workers | 2 | 5 |
| Material Planning | 10 | 10 |
| Office Workers | 5 | 5 |
| Polishing Workers | 2 | 6 |
| Welding Workers | 12 | 11 |
| **Employee Entry Wages** | | |
| Malaysian Locals | RM1,800 | RM2,000 |
| Foreign Workers | RM1,400 | RM1,500 |

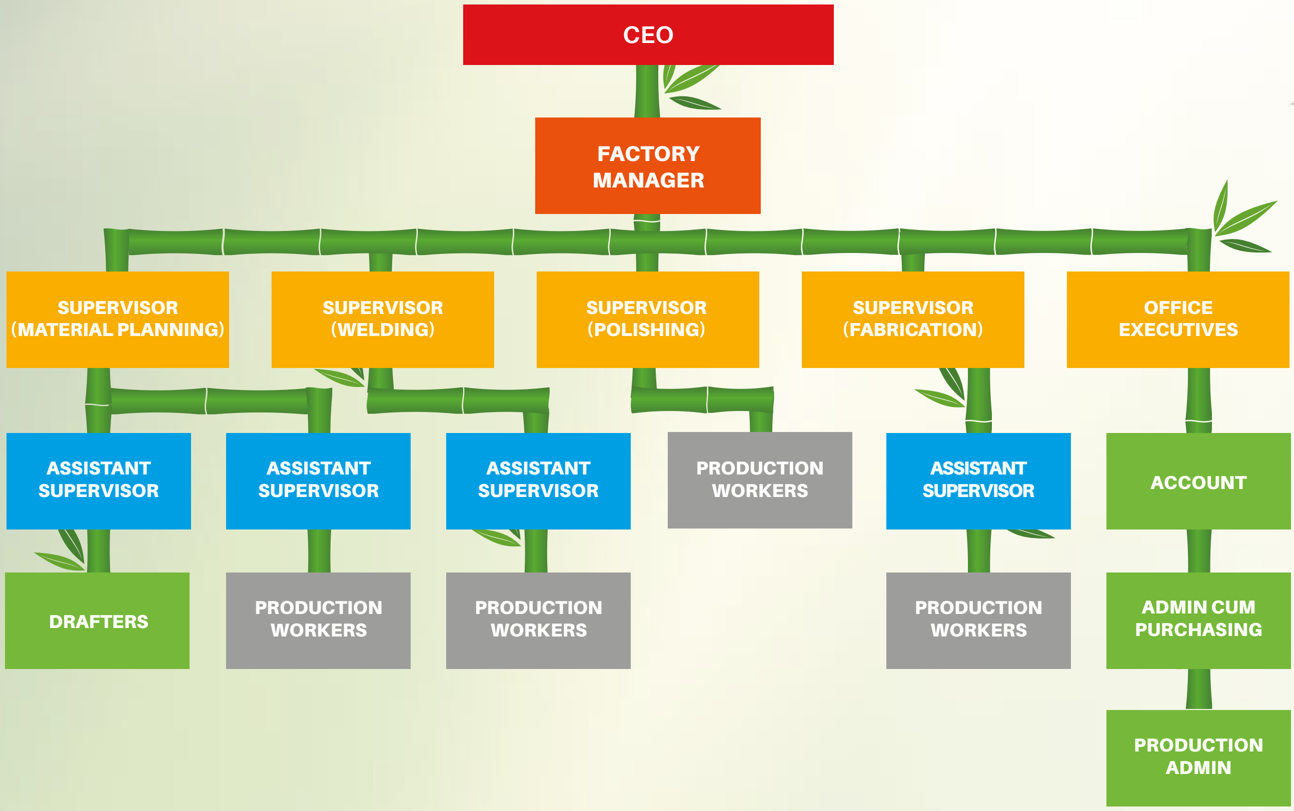
## Production Workers @ Malaysia Plant 2023




## Job Functions of Production Workers 2023



## Q'SON INDUSTIRES (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$1,400 for local (slated to be raised to S$1,600 with effect from July 2024) and S$1,400 for foreign workers (under work permit pass). In Malaysia, the entry wages are Malaysian RM2,000 for local and RM1,500 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.

For FY2023, 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 FY2023, training hours averaged 10 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, the area of education since 2015.

Since 2016, SKE sponsors 5 undergrads from Singapore Institute of Technology (SIT) with annual bursary of S$5,000 to defray their tuition fees. SKE had signed an agreement to support students from SIT, renewable every 3 years.

## 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.

With regards to the investigation into a potential offence under the Penal Code 1871 of Singapore by the Commercial Affairs Department (CAD), the Group has announced on 14 June 2023 that its Executive Director and Chief Executive Officer, Ms. Chua Chwee Choo Sally, and Senior Manager, Ms. Koh Sai Eng Charlene, have been interviewed by the CAD and are released on bail. The business and operations of the Group are not affected by the investigations and will continue as normal. The Group will monitor the progress of the investigations and make further announcements as and when necessary.

### 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 Tilly Singapore as our internal auditor. The ARMC has reviewed the findings on sustainability reporting process by the internal auditor for FY2023 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 AGM.

## Board independence

For FY2023, 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 FY2023, the ratio of male directors to female directors is 4:1 as follows:

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

For FY2023, there are 9 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). 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.

## Climate Reporting

SGX has mandated 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 2022 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.

SKE is not included in the range of industries required to perform mandatory reporting; hence the Company is not planning to include climate reporting in our sustainability report. Nonetheless, we are cognisant of the growing importance and global drive to fight climate change.

## MEASURES AND TARGETS FOR 2024

| Material ESG factors | Issues | Policies, Measures & Targets |
|---|---|---|
| **Sustainable Business Performance (Economic)** | • 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.<br>• Ongoing geopolitical uncertainties has disrupted global supply chain, causing inflation and a general rise in prices of commodities. | • We need to review our existing suppliers and vendors and appoint new ones for better cost management.<br>• We aim to stabilise the supply chain and control cost by:<br>o Looking out for greater diversity of suppliers to ensure quality suppliers and fair prices<br>o Checking out for relevant government incentives<br>o Monitoring macroeconomic developments and maintain high inventory to overcome supply chain limitations |
| **Product Quality & Satisfaction (Economic & Environmental)** | • To retain customers and acquire new ones, it is important to make products to meet customers' specifications. | • The Group aims to fulfil customers' production specifications and delivery deadlines, and work with customers on products and delivery in case of unforeseen delays. |
| **Occupation Health and Safety (Social)** | • In FY2023, there was 1 injury incident of medium severity-injury to a technician's fingers. He has recovered and rejoined the Company. | • The Group conduct safety training for our staff, abide by safety rules and standards, and aims for zero incidents. |
| **Business Ethics, Anti-Corruption (Governance)** | • Investigation by CAD on a potential offence | • The Group will monitor the progress of the investigations and make further announcements as and when necessary. |
| **Inclusive Workplace and Talent Development (Social)/Equal Opportunity in Promotion (Social)** | - | • Talent retention strategies include:<br>o Upskilling of staff<br>o Cross-training to enable staff to be deployed across departments and typically will increase their remuneration package.<br>o Increase staff welfare and benefits to include annual vacations (pending Group profitability) |
| **Strategy and Analysis regarding Sustainability (Economic)** | - | • The Board is mindful of sustainability issues in relation to the Group's business and strategy. |
| **Electricity & Water Conservation (Environmental)** | • Electricity and Water consumption is dependent of the level of business activities. | • We aim to achieve the same or lower consumption per revenue on electricity and water consumption. |

| Sustainability Concerns | Issues | Policies, Measures & Targets |
|---|---|---|
| **Robust Corporate Governance Framework and Compliance (Governance)** | - | • The Group is committed to adhere to mandated corporate governance framework and disclosures regulations. |
| **Labour and Industrial Relations (Social)** | • As economy picks up post-COVID, manpower poaching is becoming more prevalent<br>• With the growth of the company and the rising number of projects, experienced project or site supervisors are much needed. | • 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.<br>• 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.<br>• Provide flexi-work arrangements for staff who require it |
| **Community Engagement (Social)** | - | • The Group supports community service projects and/or donations to the needy as long as they are within our means. The Group has been supporting disadvantaged youths, in particular, the area of education since 2015. |

## 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

| | |
|---|---|
| **Statement of use** | Singapore Kitchen Equipment Limited has reported the information cited in this GRI content index for 12 months ended 31 December 2023 with reference to the GRI Standards. |
| **GRI 1 used** | GRI 1: Foundation 2021 |

| GRI Standard | | Disclosure | Location |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 | Organizational details | 21 |
| | 2-2 | Entities included in the organization's sustainability reporting | 21 |
| | 2-3 | Reporting period, frequency and contact point | 21 |
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# CORPORATE INFORMATION

## 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.**
1 Habourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 65361360

## 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

Company Registration Number: 201312671M

# FINANCIAL CONTENTS

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

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;

(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.

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 2023 ("FY2023") and attendance of each Director are set out below:

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

* By invitation

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.

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

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

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

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

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 | 24 April 2023 | Chemical Industries (Far East) Limited<br><br>Blackgold Natural Resources Limited<br><br>Gallant Venture Ltd<br><br>GS Holdings Limited | Hupsteel Limited<br><br>Sky One Holdings Limited<br><br>Soon Lian Holdings Limited<br><br>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 | 24 April 2023 | 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.

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 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 late-30s to mid-60s, 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 continued implementation of the Board Diversity Policy when applicable.

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 | 2 | 40% |
| Legal and Regulatory | 1 | 20% |
| 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 | 100.0% |

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 FY2023, 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 from the deliberation of his own independence) have reviewed and are of the opinion that all Independent Non-Executive Directors are independent according to the Code and its Practice Guidance and Rules 406(3)(d)(i) and (ii) of the Catalist Rules.

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

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

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

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;

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.

No lead independent director has been appointed to the Board as:

(a) The Chairman and the CEO are not the same person;

(b) The Chairman and the CEO are not immediate family members;

(c) The Chairman is not part of the management team; and

(d) 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, 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 FY2023 and as at the date of this report are:

| Director | Designation |
|---|---|
| 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;

(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 FY2023 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<br><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<br><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<br><Recommendation to be made by the NC to the Board> | Board to consider and discuss on the proposed new appointment.<br><br>Appoint an independent third party to source and screen candidates, if necessary. |
| Step 4<br><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.<br><br>If the proposed appointment is rejected, the whole process to be re-commenced. |

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 FY2023 as disclosed on page 39 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 each Annual General Meeting ("AGM") of the Company whilst, Article 99 provides that the retiring Directors are eligible to offer themselves for re-election. Article 102 of the Constitution of the Company provides that all newly appointed Directors shall retire from office at the next AGM following their appointments. Rule 720(4) of the Catalist Rules requires listed companies to have all directors submit themselves for re-nomination and reappointment at least once every three (3) years.

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

| Director | Designation |
|---|---|
| Ms Chua Chwee Choo | Executive Director and Chief Executive Officer |
| Mr Ang Chiang Meng | Independent Non-Executive Director |

Please refer to pages 146 to 153 for information required under Appendix 7F of the Catalist Rules in relation to the Directors nominated for re-election at the forthcoming AGM. Each Director abstains from making any recommendation and voting on any resolution in respect of the assessment of his own performance or re-appointment as a director.

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 others, 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 NC would review the criteria set out in the assessment questionnaires periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval. The NC did not propose any changes to the performance criteria for FY2023 as compared to the previous financial year as the Board composition and the Group's principal business activities remained largely the same.

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, changes which may be made to enhance the Board effectiveness as a whole.

During the FY2023, 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 FY2023. 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 FY2023 and as at the date of this report are:

| Director | Designation |
|---|---|
| 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.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds are reviewed by the RC. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him, if applicable.

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

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

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

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

The Executive Directors do not receive directors' fees and are paid based on their Service Agreements entered with the Company on 1 June 2013 as disclosed in the Company's Prospectus dated 12 July 2013. The Service Agreements took effect on the date of admission of the Company to Catalist for an initial period of three (3) years. The Service Agreements entered into between the Executive Directors and the Company were renewed on 1 June 2023 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.

The RC met once in FY2023 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 FY2023 is as follows:

**Directors' Renumeration FY2023**

| | Renumeration Band | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Disclosable Amount Below S$250,000 (S$) | S$250,000 to S$500,000 (S$) | Above S$500,000 (S$) | Salary % | Bonus % | Other Benefits % | Directors' Fees + % | Total % |
| Chua Chwee Choo | | | ✓ | 60.8 | 24.3 | 14.9 | 0 | 100 |
| Lee Chong Hoe | | | ✓ | 59.5 | 16.9 | 23.6 | 0 | 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 have been approved by shareholders at Annual General Meeting held on 24 April 2023.

The annual aggregate amount of the total remuneration paid to the Directors of the Company in FY2023 is approximately S$1,312,964.

Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the executive directors and key management personnel. A breakdown (in percentage terms) of remuneration of the top two (2) key management personnel (who are not Directors of the Company) for FY2023 is as follows:

**Key Management Personnel Renumeration FY2023**

| | Renumeration Band | | | | | |
|---|---|---|---|---|---|---|
| Name | Below S$250,000* (S$) | S$250,000 to S$500,000 (S$) | Salary % | Bonus % | Other Benefits % | Total % |
| Chong Wun Leong Sky | ✓ | | 79.7 | 13.3 | 7.0 | 100 |
| Koh Sai Eng Charlene | | ✓ | 70.2 | 23.6 | 6.2 | 100 |

Note:

The annual aggregate amount of the total remuneration paid to the top two (2) key management personnel in FY2023 is approximately S$478,505.

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 is a substantial shareholder, or an immediate family member of a director, the CEO or substantial shareholder and whose remuneration has exceeded S$100,000 during FY2023.

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 share awards; 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 share awards.

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.

The Internal Auditor, Baker Tilly Consultancy (Singapore) Pte Ltd carry out internal audit on the system of internal controls for processes of revenue, receivables and collections, human resources & payroll, IT general controls and interested persons transactions.

On 8 August 2023, the ARMC has reviewed the findings from the internal auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit process.

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 FY2023, the Board had received assurance from the following:

(a) The CEO and the CFO, confirmed, 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 Directors and the key management personnel who are responsible confirmed, the adequacy and effectiveness of the Company's risk management and internal control systems.

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 ARMC comprises at least three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC during FY2023 and as at the date of this report are:

| Director | Designation |
|---|---|
| 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);

(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 whistle-blowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(f) Review Interested Person Transactions; and

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

The ARMC met four times in FY2023 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 Catalist Rules and any other relevant statutory or regulatory requirements;

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

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

(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.

For the audit of the financial statements for FY2023, in addition to the qualified opinion in respect of the comparability of the current period's figures and the corresponding figures, 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.<br><br>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 FY2023. Please refer to page 66 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.<br><br>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 FY2023. Please refer to page 67 of this Annual Report. |

| Key Audit Matters | How the ARMC reviewed these |
|---|---|
| 3. Expected credit losses on trade receivables and finance lease receivables | The Audit and Risk Management Committee considered the approach and methodology in determining the estimated expected credit losses on trade receivables and finance lease receivables, which is dependent upon the Group's expectations the collectability of trade receivables and finance lease receivables. In making its estimates of collectability of trade receivables and finance lease receivables, the Group takes into account the historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.<br><br>Expected credit losses on trade receivables and finance lease 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 FY2023. Please refer to page 67 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 the independence and objectivity of the EA has not been affected.

The aggregate amount of fees paid/payable to the EA for audit and non-audit services for FY2023 are as follows:

| Fees rendered for the services of | Amount |
|---|---|
| Audit | S$140,000 |
| Non-audit* | S$17,300 |
| Total: | S$157,300 |

* Non-audit services relate to tax computation and tax filing services

The ARMC 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 FY2023, 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. With the concurrence of the ARMC, there are adequate controls in place within the Group to address its key financial, operational and compliance risks for FY2023. 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, independent, effective, and has appropriate standing within the Company.

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.

For FY2023, 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.

**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. The ARMC is responsible for the oversight and monitoring of the Company's whistle-blowing policy.

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 FY2023.

All reports and submissions will be treated fairly and confidential. Identity of the whistle blower will be protected and the Company ensures protection of the whistleblower against detrimental or unfair treatment. 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 24 April 2023 ("2023 AGM") with all Directors and external auditors present at the 2023 AGM. All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

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 2023 AGM and exercise their votes effectively, instructions on how to submit their questions in advance, submission of proxy form and etc relating to the 2023 AGM was published on the SGXNet and Company's website. All resolutions tabled at the 2023 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 2023 AGM. The poll results were announced by the Company via SGXNet on the same day for the benefit of all shareholders.

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

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 1967of 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 will be published on SGXNet and the Company's website within one month after the general meeting. For the 2023 AGM, the minutes was published on 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 on the SGXNet and the Company's website ahead of the 2023 AGM.

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

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

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

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

Investor relations work was undertaken by an in-house team comprising key management personnel. Shareholders may contact the Company through its website at http://www.singaporekitchenequipmentltd.com.

## (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 allows 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. Please refer to the Company's sustainability report on pages 18 to 34 in this annual report for more information on the management of stakeholder relationships.

## (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 two weeks before the announcement of the company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements 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 FY2023.

## (H) MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director, or controlling shareholder either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

## (I) NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, RHT Capital Pte. Ltd. during FY2023.

## (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, the Company has fully utilised the IPO proceeds as summarized below:

| | Allocation S$'000 | Amount utilised S$'000 | Amount unutilised S$'000 |
|---|---|---|---|
| Acquisition of additional fabrication equipment and machinery | 319 | 319 | – |
| Acquisition and renovation of the newly acquired property and other capital expenditures | 1355 | 1,355 | – |
| For general working capital purposes of the Group<br>- Payment to trade suppliers<br>- Salaries of New Hires<br>- Rental expenses | 1,601 | 1,601 | – |
| Expenses such as professional fees, under writing and placement commission and brokerage, and miscellaneous fees | 1,325 | 1,325 | – |
| **Total** | **4,600** | **4,600** | **-** |

The above utilisation of the net proceeds is consistent with the intended use of proceeds as disclosed in the SGX announcement released on 13 October 2023.

**(b) Placement**

The Company refers to the net proceeds of approximately S$1.0 million raised from the Placement on 13 December 2017.

The Company had fully utilized net proceeds of approximately S$1.0 million from the Placement, which was completed on 13 December 2017, as summarized below:

| | **Working Capital S$'000** |
|---|---|
| Summary of expenses: | |
| - Salaries Expense | 650 |
| - Professional fees | 250 |
| - Administrative and miscellaneous expenses | 100 |
| Total | 1,000 |

The above utilization of the net proceeds from the Placement is consistent with the intended use as announced on 21 Janaury 2021.

## (K) TREASURY SHARES

There were no treasury shares at the end of FY2023.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023.

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 2023 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' 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 | | Holdings in which director is deemed to have an interest | |
|---|---|---|---|---|
| | As at 1.1.2023 | As at 31.12.2023 and 21.1.2024 # | As at 1.1.2023 | As at 31.12.2023 and 21.1.2024 # |
| **The Company -** | | | | |
| Singapore Kitchen Equipment Limited | Number of ordinary shares | | | |
| 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 -** | | | | |
| QKE Holdings Pte. Ltd. | Number of ordinary shares | | | |
| 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 2024.

### 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 Singapore Kitchen Equipment 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

### Performance Share Plan (cont'd)

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

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

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

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

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

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

### Audit 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;

### Audit and Risk Management Committee (cont'd)

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

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

The Audit 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 functions 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 re-appointment.

On behalf of the Directors

Chua Chwee Choo

Lee Chong Hoe

Dated: 12 April 2024

## 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 2023, 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 material accounting policy information.

In our opinion, except for the possible effects on the corresponding figures 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 2023 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

<u>Corresponding figures</u>

We had issued a qualified opinion on the financial statements for the financial year ended 31 December 2022 on 7 April 2023 in respect of the opening balances of the assets and liabilities of the Group and the Company as at 1 January 2022 and the corresponding figures thereof. As 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, any adjustments found to be necessary may significantly affect the Group's financial performance, changes in equity and cash flows and the related disclosures in the notes to the financial statements for the financial year ended 31 December 2022. Accordingly, there are possible effects on the comparability of the current period'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.

**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 2023, revenue amounted to S$41,669,526 which included revenue recognised over time in respect of the installation and construction of kitchen facilities of S$8,905,438. 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 and implementation and tested the operating effectiveness of the relevant internal controls. 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 2023.

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.

**Key Audit Matters (Cont'd)**

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

As at 31 December 2023, the Group had inventories with carrying amount of S$4,459,355, which included an allowance for slow-moving and obsolete inventories of S$619,967. Inventories comprise raw materials, work in progress, finished goods and spare parts. 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 and finance lease receivables (refer to Note 7 and Note 9 to the financial statements)

As at 31 December 2023, the Group's trade receivables from third parties and finance lease receivables amounted to S$9,387,573 and S$213,051, respectively, and constituted an aggregate of 23% of the Group's total assets. Included in this amount is a loss allowance on trade receivables of S$1,307,674. The Group determines the impairment of trade receivables and finance lease receivables by making debtor-specific assessment of expected credit losses ("ECLs") and applies 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 finance lease receivables, and considered the ageing 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 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.

**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, as 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, any adjustments found to be necessary may significantly affect the Group's financial performance and cash flows and the related disclosures in the notes to the financial statements for the financial year ended 31 December 2022. Accordingly, there are possible effects on the comparability of the current period's figures and the corresponding figures, and 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.

**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.

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

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.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

**Report on Other Legal and Regulatory Requirements**

In our opinion, except for 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
12 April 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Note | S$ | S$ | S$ | S$ |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 3 | **14,558,468** | 7,750,757 | **-** | 1,786 |
| Intangible assets | 4 | **20,405** | 24,467 | **-** | – |
| Right-of-use assets | 5 | **888,215** | 626,995 | **-** | – |
| Subsidiaries | 6 | **-** | – | **10,000** | 10,000 |
| Finance lease receivables | 7 | **136,979** | 205,814 | **-** | – |
| | | **15,604,067** | 8,608,033 | **10,000** | 11,786 |
| **Current Assets** | | | | | |
| Finance lease receivables | 7 | **76,072** | 109,669 | **-** | – |
| Inventories | 8 | **4,459,355** | 5,197,129 | **-** | – |
| Trade and other receivables | 9 | **10,224,681** | 9,735,327 | **3,209,092** | 2,732,673 |
| Prepayments | | **130,048** | 93,718 | **-** | 2,970 |
| Cash and bank deposits | 10 | **10,674,953** | 14,535,172 | **127,313** | 96,259 |
| | | **25,565,109** | 29,671,015 | **3,336,405** | 2,831,902 |
| **Total assets** | | **41,169,176** | 38,279,048 | **3,346,405** | 2,843,688 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Share capital | 11 | **5,124,790** | 5,124,790 | **5,124,790** | 5,124,790 |
| Reserves | 12 | **13,808,258** | 11,207,341 | **(1,881,917)** | (2,384,302) |
| **Total equity** | | **18,933,048** | 16,332,131 | **3,242,873** | 2,740,488 |
| **Non-Current Liabilities** | | | | | |
| Borrowings | 13 | **10,296,278** | 6,371,988 | **-** | – |
| Lease liabilities | 14 | **448,479** | 488,273 | **-** | – |
| Deferred tax liabilities | 15 | **45,523** | 34,104 | **-** | – |
| | | **10,790,280** | 6,894,365 | **-** | – |
| **Current Liabilities** | | | | | |
| Borrowings | 13 | **3,505,386** | 2,730,007 | **-** | – |
| Lease liabilities | 14 | **745,990** | 694,950 | **-** | – |
| Contract liabilities | 16 | **1,387,455** | 4,307,855 | **-** | – |
| Trade and other payables | 17 | **5,423,392** | 7,176,990 | **103,532** | 103,200 |
| Current tax payable | | **383,625** | 142,750 | **-** | – |
| | | **11,445,848** | 15,052,552 | **103,532** | 103,200 |
| **Total liabilities** | | **22,236,128** | 21,946,917 | **103,532** | 103,200 |
| **Total equity and liabilities** | | **41,169,176** | 38,279,048 | **3,346,405** | 2,843,688 |

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 2023

| | Note | 2023<br>S$ | 2022<br>S$ |
|---|---|---|---|
| Revenue | 18 | **41,669,526** | 33,954,628 |
| Cost of sales | | **(27,632,626)** | (22,693,651) |
| Gross profit | | **14,036,900** | 11,260,977 |
| Other income | 19 | **354,414** | 519,411 |
| Impairment losses on trade receivables reversed/(recognised) | 9 | **488,626** | (1,471,342) |
| Selling and distribution expenses | | **(4,712,479)** | (3,527,421) |
| Administrative expenses | | **(5,623,483)** | (5,662,241) |
| Other operating expenses | 20 | **(195,647)** | (99,052) |
| Finance costs | 21 | **(349,928)** | (237,926) |
| Profit before taxation | 22 | **3,998,403** | 782,406 |
| Taxation | 23 | **(615,170)** | 61,291 |
| **Profit for the year** | | **3,383,233** | 843,697 |
| | | | |
| **Other comprehensive loss:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences on consolidation | | **(7,316)** | (12,567) |
| **Other comprehensive loss for the year, net of tax of nil** | | **(7,316)** | (12,567) |
| **Total comprehensive income for the year attributable to owners of the Company** | | **3,375,917** | 831,130 |
| | | | |
| **Earnings per share attributable to owners of the Company (Singapore cents)** | | | |
| - Basic and diluted | 24 | **2.18** | 0.54 |

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 2023

| | Share capital | Foreign currency translation reserve | Merger reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ |
| **Balance at 1 January 2022** | 5,124,790 | (135,955) | 1,310,753 | 10,363,913 | 16,663,501 |
| Profit for the year | – | – | – | 843,697 | 843,697 |
| Other comprehensive loss for the year | | | | | |
| - 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 32) | – | – | – | (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 |
| **Balance at 1 January 2023** | 5,124,790 | (148,522) | 1,310,753 | 10,045,110 | 16,332,131 |
| Profit for the year | - | - | - | **3,383,233** | **3,383,233** |
| Other comprehensive loss for the year | | | | | |
| - Foreign currency translation differences | - | **(7,316)** | - | - | **(7,316)** |
| **Total comprehensive (loss)/income for the year** | - | **(7,316)** | - | **3,383,233** | **3,375,917** |
| **Contributions by and distributions to owners** | | | | | |
| - Dividends (Note 32) | - | - | - | **(775,000)** | **(775,000)** |
| **Transactions with owners in their capacity as owners** | - | - | - | **(775,000)** | **(775,000)** |
| **Balance at 31 December 2023** | **5,124,790** | **(155,838)** | **1,310,753** | **12,653,343** | **18,933,048** |

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 2023

| | Note | 2023 S$ | 2022 S$ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Profit before taxation | | **3,998,403** | 782,406 |
| Adjustments for: | | | |
| Amortisation of intangible assets | 4 | **14,362** | 27,379 |
| Depreciation of property, plant and equipment | 3 | **475,218** | 335,978 |
| Depreciation of right-of-use assets | 5 | **708,122** | 941,707 |
| Finance costs | 21 | **349,928** | 237,926 |
| Finance income on net investments in finance leases | 7 | **(6,196)** | (5,344) |
| Finance lease receivables written off | 7 | **37,574** | – |
| Impairment losses on trade receivables (reversed)/ recognised | 9 | **(488,626)** | 1,471,342 |
| Interest income on fixed deposits | 19 | **(73,878)** | (15,813) |
| Inventories written off | 8 | **–** | 186,688 |
| Loss/(Gain) on termination of leases | 19/22 | **343** | (23,502) |
| Property, plant and equipment written off | 3 | **–** | 47,355 |
| Selling profit for finance leases | 7 | **(62,469)** | (194,322) |
| Write-down on inventories recognised/(reversed) | 8 | **201,002** | (77,558) |
| Operating profit before working capital changes | | **5,153,783** | 3,714,242 |
| Changes in inventories | | **559,938** | (1,935,324) |
| Changes in trade and other receivables | | **(1,230)** | (1,646,161) |
| Changes in prepayments | | **(33,654)** | (94) |
| Changes in contract liabilities | | **(2,920,400)** | 1,036,161 |
| Changes in trade and other payables | | **(1,705,730)** | 2,853,755 |
| Cash generated from operations | | **1,052,707** | 4,022,579 |
| Income taxes paid | | **(360,622)** | (302,143) |
| **Net cash generated from operating activities** | | **692,085** | 3,720,436 |

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 2023

| | Note | 2023 S$ | 2022 S$ |
|---|---|---|---|
| **Cash Flows from Investing Activities** | | | |
| Interest received from fixed deposits | | **73,878** | 15,813 |
| Payments for intangible assets | 4 | **(10,300)** | (26,301) |
| Proceeds from finance lease receivables | | **137,102** | 134,890 |
| Purchase of property, plant and equipment | 3 | **(7,311,278)** | (7,075,653) |
| **Net cash used in investing activities** | | **(7,110,598)** | (6,951,251) |
| **Cash Flows from Financing Activities** | | | |
| Bank deposits pledged or with maturity of more than three months | | **965,904** | (420,314) |
| Dividends paid | 32 | **(775,000)** | (1,162,500) |
| Interest paid | | **(349,928)** | (237,926) |
| Proceeds from borrowings | | **15,838,353** | 12,477,177 |
| Repayment of borrowings | | **(11,138,684)** | (8,788,700) |
| Repayment of lease liabilities | | **(958,439)** | (919,277) |
| **Net cash generated from financing activities** | | **3,582,206** | 948,460 |
| Net decrease in cash and cash equivalents | | **(2,836,307)** | (2,282,355) |
| Cash and cash equivalents at beginning of the year | | **12,497,669** | 14,819,529 |
| Exchange differences on translation of cash and cash equivalents | | **(58,008)** | (39,505) |
| Cash and cash equivalents at end of the year | 10 | **9,603,354** | 12,497,669 |

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

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

| | | | | Cash outflows | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| **The Group** | **Note** | **At 1 January S$** | **Cash inflows S$** | **Principal paid S$** | **Interest paid S$** | **New leases S$** | **Termination of leases S$** | **Interest expense S$** | **At 31 December S$** |
| **2023** | | | | | | | | | |
| *Assets* | | | | | | | | | |
| Bank deposits pledged | 10 | **(1,351,060)** | **736,539** | - | - | - | - | - | **(614,521)** |
| Fixed deposits with maturity of more than three months | 10 | **(686,443)** | **229,365** | - | - | - | - | - | **(457,078)** |
| | | **(2,037,503)** | **965,904** | - | - | - | - | - | **(1,071,599)** |
| *Liabilities* | | | | | | | | | |
| Borrowings | 13 | **9,101,995** | **15,838,353** | **(11,138,684)** | **(310,499)** | - | - | **310,499** | **13,801,664** |
| Lease liabilities | 14 | **1,183,223** | - | **(958,439)** | **(39,429)** | **992,463** | **(22,778)** | **39,429** | **1,194,469** |
| | | **10,285,218** | **15,838,353** | **(12,097,123)** | **(349,928)** | **992,463** | **(22,778)** | **349,928** | **14,996,133** |
| | | **8,247,715** | **16,804,257** | **(12,097,123)** | **(349,928)** | **992,463** | **(22,778)** | **349,928** | **13,924,534** |
| **2022** | | | | | | | | | |
| *Assets* | | | | | | | | | |
| 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) |
| *Liabilities* | | | | | | | | | |
| 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) | (237,695) | 705,900 | (65,356) | 237,695 | 10,285,218 |
| | | 5,258,285 | 12,585,824 | (10,236,938) | (237,695) | 705,900 | (65,356) | 237,695 | 8,247,715 |

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

## 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 2023 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 group of 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"). 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.

## 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 or based on the shorter period of lease term and useful life of the right-of-use asset. Management estimates the useful lives of property, plant and equipment and right-of-use assets to be 3 to 50 years and 1 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$47,522 (2022: S$33,598) and S$70,812 (2022: S$94,171), 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$445,936 (2022: S$519,713).

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

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

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.

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/decrease by 5% from management's estimates, the Group's allowance for impairment losses on trade receivables and finance lease receivables will increase/decrease by S$534,762 (2022: S$480,853) and S$10,653 (2022: S$15,774), respectively.

## 2(b) Adoption of new or amended SFRS(I)s effective in 2023

On 1 January 2023, 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 |
|---|---|
| SFRS(I) 17 | Insurance Contracts |
| Amendments to SFRS(I) 17 | Insurance Contracts |
| Amendments to SFRS(I) 4 | Extension of the Temporary Exemption from Applying SFRS(I) 9 |
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to SFRS(I) 1-8 | Definition of Accounting Estimates |
| Amendments to SFRS(I) 1-12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to SFRS(I) 17 | Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information |
| Amendments to SFRS(I) 1-12 | International Tax Reform – Pillar Two Model Rules |

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.

**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.

## 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) |
|---|---|---|
| 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) 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 |
| Amendments to SFRS(I) 1-7 and SFRS(I) 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to SFRS(I) 1-21 | Lack of Exchangeability | 1 January 2025 |

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) 1-1 *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.

## 2(c) New or amended SFRS(I)s not yet adopted (cont'd)

**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.

## 2(d) Material accounting policy information

**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.

## 2(d) Material accounting policy information (cont'd)

**Consolidation (cont'd)**

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 and depreciation**

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:

| | |
|---|---|
| Buildings | 15 to 50 years |
| Plant and machinery | 5 years |
| Computers and office equipment | 3 to 5 years |
| Renovations | 5 years |
| Furniture and fittings | 5 years |
| Motor vehicles | 5 years |

Freehold land has indefinite useful life and is not depreciated.

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

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

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

## 2(d) Material accounting policy information (cont'd)

**Property, plant and equipment and depreciation (cont'd)**

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

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

**Intangible assets**

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

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

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

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

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

## 2(d) Material accounting policy information (cont'd)

**Financial assets**

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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.

## 2(d) Material accounting policy information (cont'd)

**Financial assets (cont'd)**

Subsequent measurement (cont'd)

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

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

The Group's financial assets at amortised cost comprise 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 instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

## 2(d) Material accounting policy information (cont'd)

**Financial assets (cont'd)**

Impairment of financial assets (cont'd)

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

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

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

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

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

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

**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).

## 2(d) Material accounting policy information (cont'd)

**Financial liabilities (cont'd)**

<u>Subsequent measurement</u>

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.

<u>Derecognition</u>

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 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.

**2(d) Material accounting policy information (cont'd)**

**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. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

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

**Share capital**

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

**Dividends**

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

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

**Provisions**

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

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.

## 2(d) Material accounting policy information (cont'd)

**Provisions (cont'd)**

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.

## 2(d) Material accounting policy information (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.

## 2(d) Material accounting policy information (cont'd)

**Leases (cont'd)**

The Group as a lessee (cont'd)

*Right-of-use asset*

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

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

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 | 1 to 3 years |
| Office equipment | 5 years |
| Motor vehicles | 2 to 3 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 from the commencement date of the lease over the useful life of the underlying asset, as follows:

| | |
|---|---|
| Motor vehicles | 5 years |

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

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

The Group as a lessor

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

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

## 2(d) Material accounting policy information (cont'd)

**Leases (cont'd)**

The Group as a lessor (cont'd)

*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.

**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.

## 2(d) Material accounting policy information (cont'd)

**Income taxes (cont'd)**

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.

**Value-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 as net input taxes or net output taxes, respectively, in the statements of financial position.

**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.

## 2(d) Material accounting policy information (cont'd)

**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.

<u>Key management personnel</u>

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.

## 2(d) Material accounting policy information (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 an asset's or cash-generating unit'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 the 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.

## 2(d) Material accounting policy information (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.

## 2(d) Material accounting policy information (cont'd)

**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.

**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.

## 2(d) Material accounting policy information (cont'd)

**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 during the period adjusted for own shares held, for the effects of any dilutive potential ordinary shares.

## 3 Property, plant and equipment

| The Group | Freehold land S$ | Buildings 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 2022 | 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 |
| Additions | **6,150,000** | **959,600** | **22,283** | **57,947** | **106,442** | **15,006** | - | **7,311,278** |
| Transfer from right-of-use assets (Note 5) | - | - | - | - | - | - | **103,000** | **103,000** |
| Write-offs | - | - | **(664)** | - | - | - | - | **(664)** |
| Exchange difference on translation | **(5,549)** | **(22,603)** | **(21,763)** | **(910)** | **(8,928)** | **(5,068)** | - | **(64,821)** |
| **At 31 December 2023** | **11,747,846** | **2,034,310** | **773,918** | **782,214** | **784,160** | **202,366** | **343,247** | **16,668,061** |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2022 | - | 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 | 335,978 |
| 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 |
| Depreciation (Note 22) | - | **77,768** | **78,621** | **139,812** | **138,773** | **33,984** | **6,260** | **475,218** |
| Transfer from right-of-use assets (Note 5) | - | - | - | - | - | - | **103,000** | **103,000** |
| Write-offs | - | - | **(664)** | - | - | - | - | **(664)** |
| Exchange difference on translation | - | **(6,990)** | **(20,113)** | **(713)** | **(5,852)** | **(2,804)** | - | **(36,472)** |
| **At 31 December 2023** | - | **217,254** | **642,237** | **517,878** | **300,906** | **93,985** | **337,333** | **2,109,593** |
| Carrying amount | | | | | | | | |
| **At 31 December 2023** | **11,747,846** | **1,817,056** | **131,681** | **264,336** | **483,254** | **108,381** | **5,914** | **14,558,468** |
| At 31 December 2022 | 5,603,395 | 950,837 | 189,669 | 346,398 | 518,661 | 129,623 | 12,174 | 7,750,757 |

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

| **The Company** | **Computers and office equipment S$** |
|---|---|
| Cost | |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | **5,847** |
| Accumulated depreciation | |
| At 1 January 2022 | 2,112 |
| Depreciation | 1,949 |
| At 31 December 2022 | 4,061 |
| Depreciation | **1,786** |
| **At 31 December 2023** | **5,847** |
| Carrying amount | |
| **At 31 December 2023** | **-** |
| At 31 December 2022 | 1,786 |

On 31 January 2022, the Group had 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. The property is used as the Group's operating premises upon the expiry of its existing tenancies at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596.

On 13 July 2023, the Group completed the purchase of a property, being a freehold three-storey industrial building at 209 Henderson Road, #01-05 and #03-05 Henderson Industrial Park, Singapore 159551, for a cash consideration of S$6,800,000, (excluding stamp duty of S$309,600). The property is used as the Group's operating premises upon the expiry of its existing tenancies at 115A Commonwealth Drive, #01-15/16/24-28 Tanglin Halt Industrial Estate, Singapore 149596.

During the financial year ended 31 December 2023, additions to property, plant and equipment amounted to S$7,311,278 (2022: S$7,380,653), of which S$nil (2022: S$305,000) was paid in the prior year, and cash payments of S$7,311,278 (2022: S$7,075,653) were made for the purchase of property, plant and equipment.

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

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

| Property location | Description | Gross land area | Tenure | The Group's effective equity interest |
|---|---|---|---|---|
| 207 Henderson Road, #01-01 and #03-01 Henderson Industrial Park, Singapore | Three-storey industrial building | 788 sqm | Freehold | 100% |
| 209 Henderson Road, #01-05 and #03-05 Henderson I ndustrial Park, Singapore | Three-storey industrial building | 782 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% |

## 4 Intangible assets

| The Group | Computer software S$ |
|---|---|
| Cost | |
| At 1 January 2022 | 388,503 |
| Additions | 26,301 |
| At 31 December 2022 | 414,804 |
| Additions | **10,300** |
| **At 31 December 2023** | **425,104** |
| Accumulated amortisation | |
| At 1 January 2022 | 362,958 |
| Amortisation (Note 22) | 27,379 |
| At 31 December 2022 | 390,337 |
| Amortisation (Note 22) | **14,362** |
| **At 31 December 2023** | **404,699** |
| Carrying amount | |
| **At 31 December 2023** | **20,405** |
| At 31 December 2022 | 24,467 |

The intangible assets have a remaining amortisation period of 1.9 years (2022: 2.1 years).

## 5 Right-of-use assets

| The Group | Properties S$ | Office equipment S$ | Motor vehicles S$ | Total S$ |
|---|---|---|---|---|
| Cost | | | | |
| At 1 January 2022 | 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 |
| Additions | **668,845** | **185,002** | **138,616** | **992,463** |
| Derecognition | **(474,993)** | **-** | **(41,111)** | **(516,104)** |
| Transfer to property, plant and equipment (Note 3) | **-** | **-** | **(103,000)** | **(103,000)** |
| **At 31 December 2023** | **1,044,472** | **185,002** | **2,253,850** | **3,483,324** |
| Accumulated depreciation | | | | |
| At 1 January 2022 | 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 |
| Depreciation (Note 22) | **515,567** | **33,917** | **158,638** | **708,122** |
| Derecognition | **(461,277)** | **-** | **(31,706)** | **(492,983)** |
| Transfer to property, plant and equipment (Note 3) | **-** | **-** | **(103,000)** | **(103,000)** |
| **At 31 December 2023** | **441,937** | **33,917** | **2,119,255** | **2,595,109** |
| Carrying amount | | | | |
| **At 31 December 2023** | **602,535** | **151,085** | **134,595** | **888,215** |
| At 31 December 2022 | 462,973 | – | 164,022 | 626,995 |

Properties relate to the Group’s factory, warehouse, office and hostel premises under leasing arrangements, which are used for its operations.

The properties are mainly located at 1 Clementi Loop and 207 Henderson Road.

## 6 Subsidiaries

| The Company | 2023 S$ | 2022 S$ |
|---|---|---|
| Unquoted equity investments, at cost | | |
| At 1 January and 31 December | **10,000** | 10,000 |

Details of the subsidiaries are:

| Name | Country of incorporation/ Principal place of business | Percentage of equity interest 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|
| Held by the Company | | | | |
| Yes We Build Pte. Ltd. (formerly known as 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 and installation of stainless-steel kitchenware and commercial kitchens |
| Held by Q'son Kitchen Equipment Pte Ltd | | | | |
| Q'son Industries (M) Sdn. Bhd. [(ii)] | Malaysia | **100** | 100 | Manufacturing and distribution of kitchen equipment |
| Qson Kitchenhub Sdn. Bhd. [(ii)] | Malaysia | **100** | 100 | Property investment |
| Q'son Kitchen Equipment Services Pte. Ltd. [(i)] | Singapore | **100** | 100 | Wholesaling of commercial food service equipment (not yet commenced business) |
| PT Indo Qson Kitchen Equipment [(iii)] | Indonesia | **100** | 100 | Trading, distribution, sales, servicing repair and maintenance of commercial and residential kitchen equipment and related supplies (currently dormant) |

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

## 7 Finance lease receivables

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Undiscounted lease payments to be received: | | |
| - Year 1 | **79,800** | 115,320 |
| - Year 2 | **58,800** | 83,320 |
| - Year 3 | **48,840** | 58,160 |
| - Year 4 | **33,240** | 43,440 |
| - Year 5 | **-** | 27,840 |
| | **220,680** | 328,080 |
| Less: Unearned interest cost | **(7,629)** | (12,597) |
| | **213,051** | 315,483 |
| Represented by: | | |
| - Non-current | **136,979** | 205,814 |
| - Current | **76,072** | 109,669 |
| | **213,051** | 315,483 |

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

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Finance income on net investments in finance leases (Note 19) | **6,196** | 5,344 |
| Finance lease receivables written off (Note 20) | **(37,574)** | – |
| Selling profit for finance leases | **62,469** | 194,322 |

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

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Carrying amount | **213,051** | 315,483 |
| Fair value | **197,877** | 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 | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Raw materials, at cost | **82,006** | 91,248 |
| Work in progress, at cost | **15,812** | 11,916 |
| Finished goods, at net realisable value | **3,928,154** | 4,774,932 |
| Spare parts, at net realisable value | **433,383** | 319,033 |
| | **4,459,355** | 5,197,129 |

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

The cost of inventories recognised as an expense and included in cost of sales for the financial year ended 31 December 2023 amounted to S$20,239,791 (2022: S$15,495,792) (Note 22).

Inventories amounting to S$nil (2022: S$186,688) (Note 22) were written off for the financial year ended 31 December 2023.

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

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| At 1 January | **420,736** | 715,528 |
| Allowance made/(reversed) (Note 22) | **201,002** | (77,558) |
| Allowance utilised | **(1,771)** | (217,234) |
| At 31 December | **619,967** | 420,736 |

For the financial year ended 31 December 2023, write-down of inventories amounting to S$201,002 was recognised as an expense and included in cost of sales due to the decline in selling prices and the obsolescence of certain inventories.

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.

Allowances of S$1,771 (2022: S$217,234) 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 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **S$** | **S$** | **S$** | **S$** |
| Trade receivables from third parties | **10,695,247** | 9,617,067 | **-** | – |
| Less: Allowance for impairment losses | **(1,307,674)** | (1,836,599) | **-** | – |
| | **9,387,573** | 7,780,468 | **-** | – |
| Amount due from a subsidiary (non-trade) | **-** | – | **2,427,319** | 2,662,673 |
| Deposits | **334,782** | 254,479 | **81,773** | 70,000 |
| Dividend receivable | **-** | – | **700,000** | – |
| Other receivables | **84,955** | 92,139 | **-** | – |
| Financial assets at amortised cost | **9,807,310** | 8,127,086 | **3,209,092** | 2,732,673 |
| Advances to suppliers | **369,580** | 1,558,196 | **-** | – |
| Current tax recoverable | **47,791** | 50,045 | **-** | – |
| Total trade and other receivables | **10,224,681** | 9,735,327 | **3,209,092** | 2,732,673 |

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 (2022: 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.

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

| | **2023** | **2022** |
|---|---|---|
| **The Group** | **S$** | **S$** |
| At 1 January | **1,836,599** | 365,257 |
| Allowance (reversed)/made | **(488,626)** | 1,471,342 |
| Allowance utilised | **(40,299)** | – |
| At 31 December | **1,307,674** | 1,836,599 |

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.

## 9 Trade and other receivables (cont'd)

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.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **S$** | **S$** | **S$** | **S$** |
| Singapore dollar | **9,347,866** | 7,400,375 | **3,209,092** | 2,732,673 |
| Malaysian ringgit | **123,619** | 391,806 | **-** | – |
| United States dollar | **335,825** | 334,905 | **-** | – |
| | **9,807,310** | 8,127,086 | **3,209,092** | 2,732,673 |

## 10 Cash and bank deposits

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **S$** | **S$** | **S$** | **S$** |
| Cash on hand | **42,224** | 45,632 | **-** | – |
| Cash at banks | **8,150,808** | 12,827,585 | **127,313** | 96,259 |
| Fixed deposits | **2,481,921** | 1,661,955 | **-** | – |
| | **10,674,953** | 14,535,172 | **127,313** | 96,259 |

Cash at banks is held in current accounts and is non-interest bearing. Fixed deposits bear interest at fixed rates ranging from 2.00% to 2.20% (2022: 0.03% to 0.90%) per annum with maturity ranging from 1 to 7 (2022: 1 to 11) months from the end of the reporting period.

As at 31 December 2023, bank deposits of S$614,521 (2022: S$1,351,060) for the Group are pledged to banks to secure banker's guarantees.

## 10 Cash and bank deposits (cont'd)

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

| The Group | 2023 S$ | 2022 S$ |
|---|---|---|
| Cash on hand | **42,224** | 45,632 |
| Cash at banks | **8,150,808** | 12,827,585 |
| Fixed deposits | **2,481,921** | 1,661,955 |
| | **10,674,953** | 14,535,172 |
| Less: | | |
| Bank deposits pledged and/or with maturity of more than three months | **(1,071,599)** | (2,037,503) |
| | **9,603,354** | 12,497,669 |

Bank deposits pledged amounted to S$1,071,599 (2022: S$1,351,060) at the end of the reporting period.

Cash and bank deposits are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 S$ | 2022 S$ | 2023 S$ | 2022 S$ |
| Singapore dollar | **10,117,984** | 13,069,296 | **127,313** | 96,259 |
| Euro | **62,703** | 19,221 | **-** | - |
| Malaysian ringgit | **490,208** | 1,388,882 | **-** | - |
| United States dollar | **4,058** | 57,773 | **-** | - |
| | **10,674,953** | 14,535,172 | **127,313** | 96,259 |

## 11 Share capital

| The Group and the Company | 2023 | 2022 | 2023 S$ | 2022 S$ |
|---|---|---|---|---|
| | Number of ordinary shares | | | |
| Issued and fully paid, with no par value | | | | |
| At 1 January and 31 December | **155,000,000** | 155,000,000 | 5,124,790 | 5,124,790 |

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

## 12 Reserves

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | S$ | S$ | S$ | S$ |
| Foreign currency translation reserve | **(155,838)** | (148,522) | **-** | - |
| Merger reserve | **1,310,753** | 1,310,753 | **-** | - |
| Accumulated profits/(losses) | **12,653,343** | 10,045,110 | **(1,881,917)** | (2,384,302) |
| | **13,808,258** | 11,207,341 | **(1,881,917)** | (2,384,302) |

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

| | 2023 | 2022 |
|---|---|---|
| **The Group** | S$ | S$ |
| Commercial property loans | **9,843,670** | 4,686,836 |
| Term loan | **1,898,818** | 2,902,083 |
| Trust receipts | **2,059,176** | 1,513,076 |
| | **13,801,664** | 9,101,995 |
| Represented by: | | |
| - Non-current | **10,296,278** | 6,371,988 |
| - Current | **3,505,386** | 2,730,007 |
| | **13,801,664** | 9,101,995 |

Commercial property loans

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 a 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.

## 13 Borrowings (cont'd)

Commercial property loans (cont'd)

During the financial year ended 31 December 2023, a commercial property loan of S$5,440,000 was obtained by the Group to finance the purchase of a freehold land and building. The tenure of the loan is 20 years and interest is charged at 0.88% over the compounded SORA reference rate per annum for the first year, 1.08% over the compounded SORA reference rate per annum for the second year, and 2.00% over the compounded SORA reference 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 5.18% to 5.27% (2022: 4.78% to 5.32%), with a weighted average effective interest rate of 5.24% (2022: 3.55%). Trust receipts have maturity of 38 to 91 (2022: 45 to 96) days.

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

Borrowings are denominated in Singapore dollar.

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:

| The Group | Carrying amount<br>S$ | Fair value<br>S$ |
|---|---|---|
| **2023** | | |
| Commercial property loans | **9,843,670** | **9,461,802** |
| Term loan | **1,898,818** | **1,845,745** |
| | **11,742,488** | **11,307,547** |
| **2022** | | |
| Commercial property loans | 4,686,836 | 3,402,127 |
| Term loan | 2,902,083 | 2,780,298 |
| | 7,588,919 | 6,182,425 |

## 13 Borrowings (cont'd)

Carrying amounts and fair values (cont'd)

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:

| | 2023 | 2022 |
|---|---|---|
| Commercial property loans | **5.25%** | 5.25% |
| Term loan | **5.25%** | 5.25% |

## 14 Lease liabilities

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Undiscounted lease payments due: | | |
| - Not later than one year | **765,382** | 759,852 |
| - Later than one year and not later than five years | **485,004** | 514,118 |
| - Later than five years | **-** | 2,758 |
| | **1,250,386** | 1,276,728 |
| Less: Unearned interest cost | **(55,917)** | (93,505) |
| | **1,194,469** | 1,183,223 |
| Represented by: | | |
| - Non-current | **448,479** | 488,273 |
| - Current | **745,990** | 694,950 |
| | **1,194,469** | 1,183,223 |

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$39,429 (2022: S$53,271) (Note 21) is recognised in profit or loss for the financial year ended 31 December 2023 under finance costs.

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 | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Short-term leases | **23,835** | 19,788 |

## 14 Lease liabilities (cont'd)

Total cash outflow for leases amounted to S$1,021,703 (2022: S$992,336), comprising lease liabilities and short-term leases of S$997,868 (2022: S$972,548) and S$23,835 (2022: S$19,788), respectively, for the financial year ended 31 December 2023.

Lease liabilities are denominated in Singapore dollar.

## 15 Deferred tax liabilities

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| At 1 January | **34,104** | 62,145 |
| Recognised in profit or loss (Note 23) | **11,419** | (28,041) |
| At 31 December | **45,523** | 34,104 |

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

As at 31 December 2023 and 31 December 2022, there were no temporary differences arising from undistributed earnings of subsidiaries.

## 16 Contract liabilities

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Contract liabilities | **1,387,455** | 4,307,855 |

As at 1 January 2022, the Group's gross contract liabilities related to revenue from contracts with customers amounted to S$3,271,694.

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 performs under the contracts.

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

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Revenue recognised that was included in contract liabilities at beginning of the year | **4,307,855** | 3,271,694 |
| Consideration received in advance, excluding amounts recognised as revenue during the year | **1,387,455** | 4,307,855 |

## 17 Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | S$ | S$ | S$ | S$ |
| Trade payables to third parties | **2,457,027** | 4,429,186 | **-** | – |
| Accrued staff costs | **1,946,660** | 1,914,663 | **-** | – |
| Accrued directors' fees | **-** | 2,759 | **-** | – |
| Accrued professional fees | **123,251** | 121,166 | **59,817** | 67,640 |
| Other accrued expenses | **63,559** | 46,796 | **-** | – |
| Other payables | **113,441** | 136,473 | **43,715** | 35,560 |
| Financial liabilities at amortised cost | **4,703,938** | 6,651,043 | **103,532** | 103,200 |
| Provision for restoration costs | **-** | 30,000 | **-** | – |
| Net output taxes | **719,454** | 495,947 | **-** | – |
| Total trade and other payables | **5,423,392** | 7,176,990 | **103,532** | 103,200 |

Trade and other payables are non-interest bearing and have credit period of 30 to 90 days (2022: 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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | S$ | S$ | S$ | S$ |
| Singapore dollar | **4,127,744** | 5,582,803 | **103,532** | 103,200 |
| Euro | **102,225** | 523,502 | **-** | – |
| Malaysian ringgit | **422,368** | 519,018 | **-** | – |
| Renminbi | **34,303** | – | **-** | – |
| United States dollar | **17,298** | 25,720 | **-** | – |
| | **4,703,938** | 6,651,043 | **103,532** | 103,200 |

## 18 Revenue

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| *Revenue from contracts with customers* | | |
| Fabrication and distribution business | | |
| - Sale of kitchen equipment | **25,197,039** | 22,847,253 |
| - Installation and construction of kitchen facilities | **8,905,438** | 4,190,762 |
| | **34,102,477** | 27,038,015 |
| Maintenance and servicing business | | |
| - Maintenance and repair services on kitchen equipment | **7,499,001** | 6,695,068 |
| | **41,601,478** | 33,733,083 |
| *Other revenue* | | |
| Rental business | | |
| - Rental of kitchen equipment | **68,048** | 221,545 |
| | **41,669,526** | 33,954,628 |
| *Timing of transfer of goods and services in respect of revenue from contracts with customers* | | |
| At a point in time | | |
| - Sale of kitchen equipment | **25,197,039** | 22,847,253 |
| - Repair services on kitchen equipment | **6,976,396** | 6,009,384 |
| | **32,173,435** | 28,856,637 |
| Over time | | |
| - Installation and construction of kitchen facilities | **8,905,438** | 4,190,762 |
| - Maintenance services on kitchen equipment | **522,605** | 685,684 |
| | **9,428,043** | 4,876,446 |
| | **41,601,478** | 33,733,083 |

## 19 Other income

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Finance income on net investments in finance leases (Note 7) | **6,196** | 5,344 |
| Gain on termination of leases | **-** | 23,502 |
| Government grants | **155,908** | 393,771 |
| Insurance claims received | **33,973** | 11,449 |
| Interest income on fixed deposits | **73,878** | 15,813 |
| Scrap sales | **34,012** | 33,375 |
| Sundry income | **50,447** | 36,157 |
| | **354,414** | 519,411 |

## 20 Other operating expenses

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Finance lease receivables written off (Note 7) | **37,574** | – |
| Foreign exchange loss, net | **158,073** | 99,052 |
| | **195,647** | 99,052 |

## 21 Finance costs

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Interest expense on: | | |
| - Lease liabilities | **39,429** | 53,271 |
| - Borrowings | **227,603** | 143,176 |
| - Trust receipts | **82,896** | 41,248 |
| | **349,928** | 237,695 |
| - Bank overdrafts | **-** | 231 |
| | **349,928** | 237,926 |

## 22 Profit before taxation

| The Group | Note | 2023 S$ | 2022 S$ |
|---|---|---|---|
| Profit before taxation has been arrived at after charging: | | | |
| Amortisation of intangible assets | 4 | **14,362** | 27,379 |
| Cost of inventories recognised in cost of sales | 8 | **20,239,791** | 15,495,792 |
| Depreciation of property, plant and equipment | 3 | **475,218** | 335,978 |
| Depreciation of right-of-use assets | 5 | **708,122** | 941,707 |
| Inventories written off | 8 | **-** | 186,688 |
| Loss on termination of leases | | **343** | – |
| Property, plant and equipment written off | 3 | **-** | 47,355 |
| Subcontractor fees | | **1,435,837** | 1,057,933 |
| Write-down on inventories recognised/(reversed) | 8 | **201,002** | (77,558) |
| Audit fees | | | |
| - Auditor of the Company | | **140,000** | 140,000 |
| - Other auditors | | **4,433** | 4,562 |
| Non-audit fees | | | |
| - Auditor of the Company | | **17,300** | 17,000 |
| <u>Staff costs</u> | | | |
| Directors of the Company: | | | |
| Directors' fees | | **135,000** | 135,000 |
| Directors' remuneration other than fees | | | |
| - Salaries and other related costs | | **1,150,434** | 753,938 |
| - Contributions to defined contribution plan | | **27,530** | 25,690 |
| | | **1,312,964** | 914,628 |
| Directors of subsidiaries: | | | |
| - Directors' fees | | **67,374** | 37,752 |
| Key management personnel (other than directors): | | | |
| - Salaries and other related costs | | **447,045** | 482,391 |
| - Contributions to defined contribution plans | | **31,460** | 36,527 |
| | | **545,879** | 556,670 |
| Total key management personnel compensation | | **1,858,843** | 1,471,298 |
| Other than key management personnel: | | | |
| - Salaries and other related costs | | **7,893,557** | 7,978,168 |
| - Contributions to defined contribution plans | | **1,166,471** | 1,064,078 |
| | | **9,060,028** | 9,042,246 |
| Total staff costs | | **10,918,871** | 10,513,544 |

## 23 Taxation

| The Group | 2023 S$ | 2022 S$ |
|---|---|---|
| Current taxation | | |
| - Current year | **414,700** | 156,982 |
| - Changes in estimates in respect of prior years | **189,051** | (190,232) |
| | **603,751** | (33,250) |
| Deferred taxation (Note 15) | | |
| - Origination and reversal of temporary differences | **6,775** | 16,924 |
| - Changes in estimates in respect of prior years | **4,644** | (44,965) |
| | **11,419** | (28,041) |
| | **615,170** | (61,291) |

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

| The Group | 2023 S$ | 2022 S$ |
|---|---|---|
| Profit before taxation | **3,998,403** | 782,406 |
| Tax at Singapore tax rate of 17% (2022: 17%) | **679,729** | 133,009 |
| Effect of different tax rates in foreign jurisdictions | **(12,468)** | (3,167) |
| Tax effect on non-deductible expenses | **57,208** | 81,643 |
| Tax effect on non-taxable income | **(134,842)** | (83,310) |
| Tax exemption and rebates | **(77,953)** | (70,550) |
| Deferred tax assets on temporary differences not recognised | **107,646** | 114,676 |
| Utilisation of deferred tax assets previously not recognised | **(204,002)** | – |
| Changes in estimates of current taxation in respect of prior years | **189,051** | (190,232) |
| Changes in estimates of deferred taxation in respect of prior years | **4,644** | (44,965) |
| Others | **6,157** | 1,605 |
| | **615,170** | (61,291) |

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

## 23 Taxation (cont'd)

Singapore

The corporate income tax rate applicable to the Company and the Singapore-incorporated subsidiaries is 17% (2022: 17%) for the financial year ended 31 December 2023.

Malaysia

The corporate income tax rate applicable to Q'son Industries (M) Sdn. Bhd. and Qson Kitchenhub Sdn. Bhd. is 24% (2022: 24%) for the financial year ended 31 December 2023.

Indonesia

The corporate income tax rate applicable to PT Indo Qson Kitchen Equipment is 22% (2022: 22%) for the financial year ended 31 December 2023.

Unrecognised deferred tax assets

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| At 1 January | **265,383** | 160,191 |
| Deferred tax assets on temporary differences not recognised | **107,646** | 114,676 |
| Utilisation of deferred tax assets not recognised previously | **(204,002)** | – |
| Exchange difference on translation | **(16,077)** | (9,484) |
| At 31 December | **152,950** | 265,383 |

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

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Unused tax losses | **136,795** | 248,078 |
| Unutilised capital allowances | **16,155** | 17,305 |
| | **152,950** | 265,383 |

At the end of reporting period, the Group has unused tax losses of approximately S$569,981 (2022: S$1,198,973) and unutilised capital allowances of approximately S$67,309 (2022: S$72,107), 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.

## 23 Taxation (cont'd)

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:

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Expiring in the financial year: | | |
| - 2024 | **211,164** | 226,216 |
| - 2026 | **358,817** | 405,957 |
| | **569,981** | 632,173 |

## 24 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the ordinary shareholders of the Company of S$3,383,233 (2022: S$843,697) and the weighted average number of ordinary shares outstanding of 155,000,000 (2022: 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.

## 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 parties are as follows:

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Sale of goods to a key management personnel of the Group | **53,920** | – |

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

## 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 three 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 and motor vehicles with contract terms of two to 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:

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Interest expense on lease liabilities (Note 21) | **39,429** | 53,271 |

*Where the Group is the lessor*

<u>Finance lease</u>

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.

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 Note 2(d) to the financial statements. 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.

## 28 Operating segments (cont'd)

| | Fabrication and distribution business | | Maintenance and servicing business | | Rental business | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| **Segment revenue** | | | | | | | | | | |
| External revenue | **34,102,477** | 27,038,015 | **7,499,001** | 6,695,068 | **68,048** | 221,545 | - | - | **41,669,526** | 33,954,628 |
| **Results** | | | | | | | | | | |
| Segment results | **2,351,482** | 470,322 | **2,486,372** | 1,056,585 | **33,091** | 199,666 | **(522,614)** | (706,241) | **4,348,331** | 1,020,332 |
| Finance costs | **(281,540)** | (191,016) | **(68,388)** | (46,910) | - | - | - | - | **(349,928)** | (237,926) |
| Profit/(Loss) before taxation | **2,069,942** | 279,306 | **2,417,984** | 1,009,675 | **33,091** | 199,666 | **(522,614)** | (706,241) | **3,998,403** | 782,406 |
| Taxation | | | | | | | | | **(615,170)** | 61,291 |
| Profit for the year | | | | | | | | | **3,383,233** | 843,697 |
| **Non-cash items** | | | | | | | | | | |
| Amortisation of intangible assets | **(11,555)** | (21,981) | **(2,807)** | (5,398) | - | - | - | - | **(14,362)** | (27,379) |
| Depreciation of property, plant and equipment | **(382,344)** | (281,947) | **(92,874)** | (54,031) | - | - | - | - | **(475,218)** | (335,978) |
| Depreciation of right-of-use assets | **(569,731)** | (703,363) | **(138,391)** | (238,344) | - | - | - | - | **(708,122)** | (941,707) |
| Finance lease receivables written off | - | - | - | - | **(37,574)** | - | - | - | **(37,574)** | - |
| Impairment losses on trade receivables reversed/ (recognised) | **393,132** | (1,181,251) | **95,494** | (290,091) | - | - | - | - | **488,626** | (1,471,342) |
| Inventories written off | - | - | - | (186,688) | - | - | - | - | - | (186,688) |
| Property, plant and equipment written off | - | (47,355) | - | - | - | - | - | - | - | (47,355) |
| Write-down on inventories (recognised)/reversed | **(161,975)** | 77,558 | **(39,027)** | - | - | - | - | - | **(201,002)** | 77,558 |

## 28 Operating segments (cont'd)

| | Fabrication and distribution business | | Maintenance and servicing business | | Rental business | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| **Capital expenditure** | | | | | | | | | | |
| Property, plant and equipment | **5,882,406** | 5,915,801 | **1,428,872** | 1,464,852 | **-** | - | **-** | - | **7,311,278** | 7,380,653 |
| Intangible assets | **8,287** | 21,081 | **2,013** | 5,220 | **-** | - | **-** | - | **10,300** | 26,301 |
| Right-of-use assets | **798,502** | 565,799 | **193,961** | 140,101 | **-** | - | **-** | - | **992,463** | 705,900 |
| **Assets and liabilities** | | | | | | | | | | |
| Segment assets | **14,047,461** | 14,442,251 | **2,720,873** | 2,575,102 | **213,051** | 315,483 | **24,140,000** | 20,896,167 | **41,121,385** | 38,229,003 |
| Current tax recoverable | **47,791** | 50,045 | **-** | - | **-** | - | **-** | - | **47,791** | 50,045 |
| | **14,095,252** | 14,492,296 | **2,720,873** | 2,575,102 | **213,051** | 315,483 | **24,140,000** | 20,896,167 | **41,169,176** | 38,279,048 |
| **Segment liabilities** | **7,762,417** | 12,417,354 | **242,899** | 250,714 | **-** | - | **13,801,664** | 9,101,995 | **21,806,980** | 21,770,063 |
| Deferred tax liabilities | **36,626** | 27,335 | **8,897** | 6,769 | **-** | - | **-** | - | **45,523** | 34,104 |
| Current tax payable | **308,652** | 114,418 | **74,973** | 28,332 | **-** | - | **-** | - | **383,625** | 142,750 |
| | **8,107,695** | 12,559,107 | **326,769** | 285,815 | **-** | - | **13,801,664** | 9,101,995 | **22,236,128** | 21,946,917 |

## 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.

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **The Group** | **S$** | **S$** | **S$** | **S$** |
| Principal markets | | | | |
| Singapore | **40,789,062** | 33,828,651 | **15,035,059** | 7,872,921 |
| Malaysia | **160,544** | 57,153 | **432,029** | 529,298 |
| Others | **719,920** | 68,824 | **-** | - |
| | **41,669,526** | 33,954,628 | **15,467,088** | 8,402,219 |

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 has 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.

## 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.

## 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$ |
|---|---|---|---|
| **2023** | | | |
| Customers collectively assessed | | | |
| - Not past due | **1,345,396** | **-** | **1,345,396** |
| - Past due 1 to 30 days | **1,842,824** | **(87,091)** | **1,755,733** |
| - Past due 30 to 60 days | **5,465,773** | **(129,783)** | **5,335,990** |
| - Past due 60 to 90 days | **609,304** | **(205)** | **609,099** |
| - Past due over 90 days | **824,983** | **(483,628)** | **341,355** |
| | **10,088,280** | **(700,707)** | **9,387,573** |
| Credit-impaired customers | **606,967** | **(606,967)** | **-** |
| | **10,695,247** | **(1,307,674)** | **9,387,573** |
| **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 |

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.

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

### 29.1 Credit risk (cont'd)

**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.

**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 businesses 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.

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

### 29.1 Credit risk (cont'd)

**Exposure to credit risk**

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

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

At the end of the reporting period, the Company has issued corporate guarantees amounting to S$24,470,000 (2022: S$24,470,000) to banks in respect of banking facilities granted to a subsidiary. The related borrowings amounted to S$13,801,664 (2022: S$9,101,995) 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 trade and other receivables and cash and bank deposits. 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.

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

### 29.2 Liquidity risk (cont'd)

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

| The Group | Carrying amount S$ | Contractual undiscounted cash flows S$ | Less than 1 year S$ | Between 1 and 5 years S$ | More than 5 years S$ |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Borrowings (Note 13) | **13,801,664** | **18,953,665** | **3,907,543** | **4,042,272** | **11,003,850** |
| Lease liabilities (Note 14) | **1,194,469** | **1,250,386** | **765,382** | **485,004** | - |
| Trade and other payables * (Note 17) | **4,703,938** | **4,703,938** | **4,703,938** | - | - |
| | **19,700,071** | **24,907,989** | **9,376,863** | **4,527,276** | **11,003,850** |
| **2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| 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 |
| **The Company** | | | | | |
| **2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables (Note 17) | **103,532** | **103,532** | **103,532** | - | - |
| Intra-group financial guarantees | **13,801,664** | **17,810,036** | **3,844,301** | **3,789,303** | **10,176,432** |
| **2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| 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 |

* Excluding provision for restoration costs and net output taxes

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

### 29.2 Liquidity risk (cont'd)

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 their 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.

The Company's exposure to interest rate risk arises primarily from commercial property loans at floating rates. Fixed deposits, finance lease receivables, lease liabilities, term loan and trust receipts bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

| The Group | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | | |
| - finance lease receivables | **213,051** | 315,483 |
| - fixed deposits | **2,481,921** | 1,661,955 |
| | **2,694,972** | 1,977,438 |
| Financial liabilities | | |
| - term loan | **(1,898,818)** | (2,902,083) |
| - trust receipts | **(2,059,176)** | (1,513,076) |
| - lease liabilities | **(1,194,469)** | (1,183,223) |
| | **(5,152,463)** | (5,598,382) |
| | **(2,457,491)** | (3,620,944) |
| **Variable rate instruments** | | |
| Financial liabilities | | |
| - commercial property loans | **(9,843,670)** | (4,686,836) |

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

### 29.3 Interest rate risk (cont'd)

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group does not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

<u>Cash flow sensitivity analysis for variable rate instruments</u>

At the end of the reporting period, if interest rates had been 100 (2022: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax and equity would have been S$98,437 (2022: S$46,868) lower/higher, arising mainly as a result of higher/lower interest expense from floating rate borrowings.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular, foreign currency rates, remain constant.

The Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

### 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.

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.

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

### 29.4 Foreign currency risk (cont'd)

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

| The Group | Euro S$ | Renminbi S$ | United States dollar S$ |
|---|---|---|---|
| **2023** | | | |
| Trade and other receivables (Note 9) | **-** | **-** | **335,825** |
| Cash and bank deposits (Note 10) | **62,703** | **-** | **4,058** |
| Trade and other payables (Note 17) | **(102,225)** | **(34,303)** | **(17,298)** |
| Net exposure | **(39,522)** | **(34,303)** | **322,585** |
| **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 |

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 | | 2023 S$ | 2022 S$ |
|---|---|---|---|
| EUR | - strengthened 5% (2022: 5%) | **(1,976)** | (25,214) |
| | - weakened 5% (2022: 5%) | **1,976** | 25,214 |
| RMB | - strengthened 5% (2022: 5%) | **(1,715)** | – |
| | - weakened 5% (2022: 5%) | **1,715** | – |
| USD | - strengthened 5% (2022: 5%) | **16,129** | 18,348 |
| | - weakened 5% (2022: 5%) | **(16,129)** | (18,348) |

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.

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

### 29.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

## 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$ |
|---|---|---|---|
| **2023** | | | |
| Financial assets | | | |
| Finance lease receivables (Note 7) | **213,051** | **-** | **213,051** |
| Trade and other receivables * (Note 9) | **9,807,310** | **-** | **9,807,310** |
| Cash and bank deposits (Note 10) | **10,674,953** | **-** | **10,674,953** |
| | **20,695,314** | **-** | **20,695,314** |
| Financial liabilities | | | |
| Borrowings (Note 13) | **-** | **13,801,664** | **13,801,664** |
| Lease liabilities (Note 14) | **-** | **1,194,469** | **1,194,469** |
| Trade and other payables # (Note 17) | **-** | **4,703,938** | **4,703,938** |
| | **-** | **19,700,071** | **19,700,071** |
| **2022** | | | |
| Financial assets | | | |
| 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 |
| Financial liabilities | | | |
| 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 |

## 30 Financial instruments (cont'd)

**Accounting classifications of financial assets and financial liabilities (cont'd)**

| The Company | Amortised cost S$ | Other financial liabilities at amortised cost S$ | Total S$ |
|---|---|---|---|
| **2023** | | | |
| Financial assets | | | |
| Trade and other receivables (Note 9) | **3,209,092** | **-** | **3,209,092** |
| Cash and bank deposits (Note 10) | **127,313** | **-** | **127,313** |
| | **3,336,405** | **-** | **3,336,405** |
| Financial liabilities | | | |
| Trade and other payables (Note 17) | **-** | **103,532** | **103,532** |
| **2022** | | | |
| Financial assets | | | |
| 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 |
| Financial liabilities | | | |
| Trade and other payables (Note 17) | – | 103,200 | 103,200 |

* Excluding advances to suppliers and current tax recoverable
\# Excluding provision for restoration costs and net output taxes

**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 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.

## 30 Financial instruments (cont'd)

**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 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | S$ | S$ | S$ | S$ |
| **2023** | | | | |
| Financial liabilities | | | | |
| Commercial property loans | - | **9,461,802** | - | **9,461,802** |
| Term loan | - | **1,845,745** | - | **1,845,745** |
| | - | **11,307,547** | - | **11,307,547** |
| Financial assets | | | | |
| Finance lease receivables | - | **197,877** | - | **197,877** |
| **2022** | | | | |
| Financial liabilities | | | | |
| Commercial property loan | – | 3,402,127 | – | 3,402,127 |
| Term loan | – | 2,780,298 | – | 2,780,298 |
| | – | 6,182,425 | – | 6,182,425 |
| Financial assets | | | | |
| Finance lease receivables | – | 291,622 | – | 291,622 |

* 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.

## 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 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **S$** | **S$** | **S$** | **S$** |
| Borrowings (Note 13) | **13,801,664** | 9,101,995 | **-** | – |
| Lease liabilities (Note 14) | **1,194,469** | 1,183,223 | **-** | – |
| Trade and other payables (Note 17) | **5,423,392** | 7,176,990 | **103,532** | 103,200 |
| Total debt | **20,419,525** | 17,462,208 | **103,532** | 103,200 |
| Less: Cash and bank deposits (Note 10) | **(10,674,953)** | (14,535,172) | **(127,313)** | (96,259) |
| Net debt/(cash) | **9,744,572** | 2,927,036 | **(23,781)** | 6,941 |
| Equity attributable to the owners of the Company | **18,933,048** | 16,332,131 | **3,242,873** | 2,740,488 |
| Total capital | **18,933,048** | 16,332,131 | **3,242,873** | 2,740,488 |
| Total capital and net debt | **28,677,620** | 19,259,167 | **3,219,092** | 2,747,429 |
| Gearing ratio | **34%** | 15% | **N.M.** | 0% |

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

## 32 Dividends

| The Group and the Company | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| 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 |
| Final tax-exempt (one-tier) dividend of S$0.0025 per share in respect of the financial year ended 31 December 2022 | **387,500** | – |
| Interim tax-exempt (one-tier) dividend of S$0.0025 per share in respect of the financial year ended 31 December 2023 | **387,500** | |
| | **775,000** | 1,162,500 |

## 33 Events after the reporting period

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 2023 to be approved by shareholders at the Annual General Meeting to be held on 30 April 2024.

# STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2024

| | | |
|---|---|---|
| Number of Issued Shares | : | 155,000,000 |
| Class of Shares | : | Ordinary |
| Voting Rights | : | One vote per share |
| Treasury Shares and Subsidiary Holdings | : | Nil |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 0 | 0.00 | 0 | 0.00 |
| 100 - 1,000 | 25 | 7.88 | 21,600 | 0.02 |
| 1,001 - 10,000 | 135 | 42.59 | 731,000 | 0.47 |
| 10,001 - 1,000,000 | 152 | 47.95 | 12,962,400 | 8.36 |
| 1,000,001 AND ABOVE | 5 | 1.58 | 141,285,000 | 91.15 |
| **TOTAL** | **317** | **100.0** | **155,000,000** | **100.00** |

## 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 of Singapore.

# STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2024

### TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | QKE HOLDINGS PTE. LTD. | 122,491,500 | 79.03 |
| 2 | SIRIUS VENTURE CAPITAL PTE LTD | 6,710,500 | 4.33 |
| 3 | UOB KAY HIAN PRIVATE LIMITED | 5,083,000 | 3.28 |
| 4 | NEO GROUP LIMITED | 4,500,000 | 2.90 |
| 5 | POON WAI | 2,500,000 | 1.61 |
| 6 | CHUA CHWEE CHOO | 995,000 | 0.64 |
| 7 | DBS NOMINEES (PRIVATE) LIMITED | 841,200 | 0.54 |
| 8 | HOLT ASIA INVESTMENT PTE LTD | 652,000 | 0.42 |
| 9 | PHILLIP SECURITIES PTE LTD | 585,300 | 0.38 |
| 10 | WONG HIN SUN EUGENE | 500,000 | 0.32 |
| 11 | MAK PAO YUN | 450,000 | 0.29 |
| 12 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 385,200 | 0.25 |
| 13 | ONG ENG LOKE | 378,100 | 0.24 |
| 14 | CHANG THIAM HOCK | 375,000 | 0.24 |
| 15 | AH HOT GERARD ANDRE | 352,700 | 0.23 |
| 16 | NURLIZA BTE ABDULLAH @ FLORDELIZA P OBANDO | 350,000 | 0.23 |
| 17 | ABN AMRO CLEARING BANK N.V. | 316,300 | 0.20 |
| 18 | NEO KAH KIAT | 285,000 | 0.18 |
| 19 | HO EE HWA @ MADELEINE HO | 255,100 | 0.16 |
| 20 | THAM SOK ING | 250,000 | 0.16 |
| | **TOTAL** | **148,255,900** | **95.63** |

### PERCENTAGE OF SHAREHOLDING IN PUBLIC’S HANDS

As at 22 March 2024, 20.21% of the Company’s shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist.

NOTICE 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 Tuesday, 30 April 2024 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 2023 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 2023 (FY2022: 0.25 Singapore cent per ordinary share).

   (**Resolution 2**)

3. To re-elect Ms Chua Chwee Choo who is retiring pursuant to Article 98 of the Constitution of the Company.

   ***[See Explanatory Note (i)]*** (**Resolution 3**)

4. To re-elect Mr Ang Chiang Meng who is retiring pursuant to Article 98 of the Constitution of the Company.

   ***[See Explanatory Note (ii)]*** (**Resolution 4**)

5. To approve the payment of Directors' Fees of up to S$135,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (FY2023: 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 of Singapore and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares 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)**

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 of Singapore, 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, 15 April 2024

**Explanatory Notes:**

(i) Ordinary Resolution 3 proposed in item 3 above is to re-elect Ms Chua Chwee Choo who is retiring pursuant to Article 98 of the Constitution of the Company. Ms Chua Chwee Choo will, upon re-election as Director of the Company, remain as Executive Director and Chief Executive Officer of the Company.

(ii) Ordinary Resolution 4 proposed in item 4 above is to re-elect Mr Ang Chiang Meng who is retiring pursuant to Article 98 of the Constitution of the Company. Mr Ang Chiang Meng will, upon re-election as Director of the Company, remain as Independent Non-Executive Director, Chairman of the Audit and Risk Management Committee and member of Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to the Annual Report 2023 for the detailed information of Ms Chua Chwee Choo and Mr Ang Chiang Meng.

(iii) Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

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.

**Notes:**

1. Members of the Company are invited to **attend physically** at the Annual General Meeting (the "Meeting"). There will be no option for members to participate virtually. Printed copies of the Annual Report 2023, Notice of Annual General Meeting and Proxy Form will be sent to members and are also available on the Company's corporate website www.singaporekitchenequipmentltd.com and SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Meeting. Where such member appoints two (2) proxies, the proportion of the shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named.

3. Members who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors should approach their respective relevant intermediary or CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the Meeting, by **5.00 p.m. on 18 April 2024**.

   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. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

4. Duly completed and signed instrument appointing the proxy or proxies must either be submitted to the Company in the following manner:

   (a) if submitted by post, to be deposited at the registered office address of the Company at 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550; or

   (b) if submitted electronically, to be submitted via email to skeProxyReg@singaporekitchenequipmentltd.com.

   **in either case, by 10.00 a.m. on 28 April 2024 (being not less than forty-eight (48) hours before the time appointed for the Meeting.**

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. The proxy form is available for download at the SGXNet and the Company's website at the URL www.singaporekitchenequipmentltd.com.

   Members are strongly encouraged to submit completed proxy forms electronically via email to skeProxyReg@singaporekitchenequipmentltd.com.

5. Members may submit questions related to the resolutions to be tabled for approval at the Meeting in advance of the Meeting by **10.00 a.m. on 23 April 2024**:

   (a) by post to the registered office address of the Company at 207 Henderson Road #01-01, Henderson Industrial Park, Singapore 159550836; or

   (b) by email to skeProxyReg@singaporekitchenequipmentltd.com.

   The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from shareholders prior to the Meeting by publishing the responses to those questions on SGXNet and the Company's website at the URL www.singaporekitchenequipmentltd.com, at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms by **26 April 2024**.

   The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will also address any subsequent clarifications sought or follow-up questions in respect of substantial and relevant matters at the Meeting. The Company will publish the minutes of the Meeting, which will include responses from the Board or management on substantial and relevant queries from shareholders relating to the agenda of the Meeting, via SGXNet on SGX website and the Company's website within one (1) month from the date of the Meeting.

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) or 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 consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) or 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 or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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 for 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.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

| **Name** | **:** | **Chua Chwee Choo** | **Ang Chiang Meng** |
|---|---|---|---|
| Date Of Appointment | : | 9 May 2013 | 4 August 2021 |
| Age | : | 55 | 38 |
| Country Of Principal Residence | : | Singapore | Singapore |
| Date of last re-appointment (if applicable) | : | 4 October 2021 | 29 July 2022 |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | : | The Board, having considered the recommendation of the Nominating Committee, assessed the suitability, qualification and experience of Ms Sally Chua Chwee Choo, and is of the view that Ms Chua has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Director and Chief Executive Officer of the Company. | The Board, having considered the recommendation of the Nominating Committee, assessed the suitability, qualification and experience of Mr Ang Chiang Meng, and is of the view that Mr Ang has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | : | Executive, responsible for management decisions, implementation of plans, management and monitoring of principal risks and overall strategic plans of our Group | Independent Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | : | Executive Director and Chief Executive Officer | Independent Non-Executive, Chairman of Audit & Risk Management Committee and Member of Nominating and Remuneration Committee |
| Professional qualifications | : | GCE Ordinary Level | Bachelor of Science (Real Estate), National University of Singapore<br>Practising Management Consultant<br>Associate Chartered Valuer and Appraiser<br>Senior Accredited Director |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

| **Name** | **:** | **Chua Chwee Choo** | **Ang Chiang Meng** |
|---|---|---|---|
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | : | Spouse of Mr Lee Chong Hoe, Executive Director of the Company | None |
| Conflict of interest (including any competing business) | : | No | No |
| Working experience and occupation(s) during the past 10 years | : | Director of our Group since January 1998 | May 2019 to Present:<br>Managing Partner Argile Partners Pte Ltd<br><br>Jun 2015-April 2019:<br>Director Borrelli Walsh Pte Ltd<br><br>July 2010-May 2015:<br>AVP DBS Bank Ltd |
| 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 | : | Yes | None |
| Shareholding Details | : | Interest in the Company:<br>Direct: 995,000 ordinary shares<br>Deemed: 122,491,500 ordinary shares<br><br>Interest in indirect subsidiary, PT Indo Qson Kitchen Equipment:<br>Direct: 1 ordinary share, held to facilitate the incorporation | None |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

| **Name** | **:** | **Chua Chwee Choo** | **Ang Chiang Meng** |
|---|---|---|---|
| Other Principal Commitments Including Directorships | | Present Directorships in our Group are as follows:<br><br><u>Holding company</u><br>QKE Holdings Pte. Ltd.<br><br><u>Director and/or indirect subsidiaries of the Company</u>:<br>Q'son Kitchen Equipment Pte Ltd<br>Q'son Kitchen Equipment Services Pte. Ltd.<br>Q'son Industries (M) Sdn. Bhd.<br>Qson Kitchenhub Sdn. Bhd. | <u>Present</u><br>Hundred Thoughts Pte. Ltd.<br>Argile Asia Partners Pte. Ltd.<br>PT Argile Asia Partners<br>Shanghai Nizi Guanli Zixun Co., Ltd<br>Eagle Landing Pte. Ltd.<br>Brewin Mesa Pte. Ltd.<br>SEA Special Situations Pte. Ltd.<br>R&O Corporate Services Pte. Ltd.<br>Red & Orange Company Pte. Ltd.<br>Red & Orange (HK) Limited<br>R&O Trust Pte. Ltd.<br>R&O Agency Pte. Ltd.<br>Axington Inc.<br>Success Elegant Trading Limited<br>Apex Lead Investment Holdings Limited<br>PT Pollux Barelang Megasuperblok<br>AP Transactions Services Pte Ltd<br>Argile Partners Pte. Ltd. |
| | : | <u>Past (for past 5 years)</u><br>ICook Express Pte Ltd<br>Yes We Build Pte Ltd | <u>Past (for past 5 years)</u><br>Axington Singapore Pte. Ltd.<br>PT CFLD Karawang New Industry City Development<br>CFLD Investment XVI Pte. Ltd.<br>CFLD Investment XVII Pte. Ltd.<br>Agritrade Resources Limited<br>Audex Governance Sdn Bhd<br>Argile Partners Sdn. Bhd.<br>Lava Marketing Holding Pte Ltd<br>TWS Branding Pte Ltd |
| 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 |

| Name | : | Chua Chwee Choo | Ang Chiang Meng |
|---|---|---|---|
| Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | : | No | Yes<br>As part of his role as a restructuring professional with Borrelli Walsh Pte Ltd ("Borrelli"), Mr Ang was appointed as a director of Opus Offshore Pte. Ltd., Opus Off shore Drilling M.E. Pte. Ltd., Opus Off shore Drilling India Pte. Ltd., Opus Mercur Pte. Ltd., and Songa Opus Off shore Drilling Pte. Ltd. (collectively known as the "Opus Entities") in February 2017 to drive the restructuring of the Opus group of companies. Mr Ang resigned as a director of the Opus Entities following his resignation from Borrelli in April 2019. Subsequent to Mr Ang's resignation, the restructuring of the Opus group of companies did not materialise given the state of the oil and gas industry, and the Opus Entities were subsequently either dissolved via compulsory winding up (insolvency) or creditors' voluntary winding up, or in liquidation via creditors' voluntary winding up.<br><br>As part of his role as a restructuring professional with Argile Partners Pte. Ltd., Mr Ang was appointed as a director of Agritrade Resources Limited ("ARL"), which was placed under soft-touch provisional liquidation for restructuring purposes by the Bermuda courts in June 2020, in August 2021 to drive the restructuring of the ARL group of companies. The restructuring of the ARL group of companies did not materialise and ARL was placed under full provisional liquidation by the Bermuda courts in January 2022. |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

| **Name** | **:** | **Chua Chwee Choo** | **Ang Chiang Meng** |
|---|---|---|---|
| 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 |
| 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 |

| Name | : | Chua Chwee Choo | Ang Chiang Meng |
|---|---|---|---|
| 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 |
| Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— | | | |
| i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | : | Save for the matters disclosed by the Company in previous announcements dated 11 August 2021 and 11 April 2022, no. | Save for the matters disclosed by the Company in previous announcements dated 11 August 2021 and 11 April 2022, no. |
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | : | No | No |

| Name | : | Chua Chwee Choo | Ang Chiang Meng |
|---|---|---|---|
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | : | No | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | : | No | No |
| Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | : | Yes<br><br>Interviewed by the Commercial Affairs Department as part of its investigations into a potential offence under the Penal Code 1871 of Singapore. Please refer to the Company's announcement dated 14 June 2023 for more details.<br><br>Interviewed by the Corrupt Practices Investigation Bureau ("CPIB") in relation to investigations into offence(s) under Section 6(b) of the Prevention of Corruption Act (Chapter 241). Please refer to the Company's announcement dated 13 September 2020 for more details. On 28 January 2022, The Company announced that it has been informed that the CPIB is taking no further action in its investigations against Ms Chua Chwee Choo Sally. | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO ARTICLE 98 OF THE COMPANY'S CONSTITUTION

| Name | : | Chua Chwee Choo | Ang Chiang Meng |
|---|---|---|---|
| Any prior experience as a director of an listed issuer listed on the Exchange?<br><br>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.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable) | : | Not applicable as this relates to the reappointment of Director. | Not applicable as this relates to the reappointment of Director. |

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**SINGAPORE KITCHEN EQUIPMENT LIMITED**
Company Registration No. 201312671M
(Incorporated In The Republic of Singapore)

**ANNUAL GENERAL MEETING**
**PROXY FORM**

**IMPORTANT:**
1. The Annual Report and Notice of AGM dated 15 April 2024 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. 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 15 April 2024.

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 **Tuesday, 30 April 2024 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 2023 | | | |
| 2 | Declaration of a tax-exempt one-tier final dividend | | | |
| 3 | Re-election of Ms Chua Chwee Choo as Director | | | |
| 4 | Re-election of Mr Ang Chiang Meng as Director | | | |
| 5 | Approval of Directors' Fees of up to S$135,000 for the financial year ending 31 December 2024, 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 to exercise all your votes "For" or "Against" or "Abstain" a Resolution, please tick [✓] or [X] within the "For" or "Against" or "Abstain" box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in the relevant Resolution.*

Dated this __________ day of ________________ 2024

| Total number of shares in: | No. of shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
*Signature of Shareholder(s)*
*or, Common Seal of Corporate Shareholder*

* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

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 of Singapore (including Supplementary Retirement Scheme ("SRS") investors and holders under depository agents) and who wish to exercise their votes 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, by **5.00 p.m. on 18 April 2024**.

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 28 April 2024**.

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.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2024.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 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

Tel: (65) 6472 7337
Fax: (65) 6472 6497

www.singaporekitchenequipmentltd.com