kitchen
culture

2018
/19
ANNUAL REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS
LIM WEE LI
Executive Chairman and Chief Executive Officer

WILLIAM TEO CHOON KOW
Lead Independent Director

KESAVAN NAIR
Independent Director

AUDIT COMMITTEE
WILLIAM TEO CHOON KOW – Chairman
KESAVAN NAIR

NOMINATING COMMITTEE
KESAVAN NAIR – Chairman
WILLIAM TEO CHOON KOW

REMUNERATION COMMITTEE
KESAVAN NAIR – Chairman
WILLIAM TEO CHOON KOW

COMPANY SECRETARY
WEE WOON HONG, LLB (Hons)

REGISTERED OFFICE
2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086
Tel: +65 6661 9580
Fax: +65 6475 6776
Website:
www.kitchencultureholdings.com

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

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
80 Robinson Road #25-00
Singapore 068898

Loh Ji Kin, Audit Partner
(With effect from financial period ended 30 June 2017)

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

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

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

OUR MISSION

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

PHILOSOPHY

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

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

CONTENTS

CORPORATE PROFILE

Listed on the SGX-Catalist in 2011, Kitchen Culture Holdings Ltd. ("**Kitchen Culture**" or the "**Company**", and together with its subsidiaries, the "**Group**") ranks among Singapore's leading distributors of high-end kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories from Europe. Backed by more than 28 years of experience and track record in the business, Kitchen Culture has established itself as a premier kitchen solutions provider for discerning and well-heeled consumers in Singapore, China, Hong Kong and Malaysia.

Over the past few years, Kitchen Culture has established its presence in Hong Kong and also entered the China markets by opening showrooms in Chengdu, Sichuan province. The Company now has showroom locations in Singapore, China, Hong Kong and Malaysia.

In 2016, the Company had re-fitted some of the showrooms in Hong Kong and revamped its Singapore flagship showroom for a brand new look. 2016 also marks its 25th anniversary. In 2017, the Company relocated its Malaysia showroom to its own standalone showroom. In 2019, the Company opened a new showroom in Chengdu located at a lifestyle furniture mall and entered into collaboration with Haier under China Expansion Plan.

While Kitchen Culture engages in distribution and retail sales, much of its success can be attributed to its collaborations with property developers. The Company first supplied kitchen appliances for a luxury development along Cuscaden Walk in 1991. This notable project provided the platform for forging strong working relationships with major property developers, and consequently paved the way for Kitchen Culture's business diversification into residential projects.

As a testament to its success, Kitchen Culture has received several accolades and a few of the recent ones were "Singapore 1000 Company – Public Listed Companies 2017" given out by DP Information Group, "Singapore Tatler - Best Kitchen (Fitted) 2015" from Singapore Tatler and "1000 High-Growth Companies in Asia-Pacific" awarded by Financial Times in 2018.

MILESTONES

2019

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

2018

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

2017

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

2016

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

2015

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

2014

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

2013

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

2012

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

2011

- Listed on SGX-Catalist
- Incorporated Kitchen Culture (Hong Kong) Limited and Kitchen Culture (China) Limited in Hong Kong

BRANDS
KITCHEN SYSTEMS

POGGENPOHL
S M

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

LA CORNUE
S M HK C

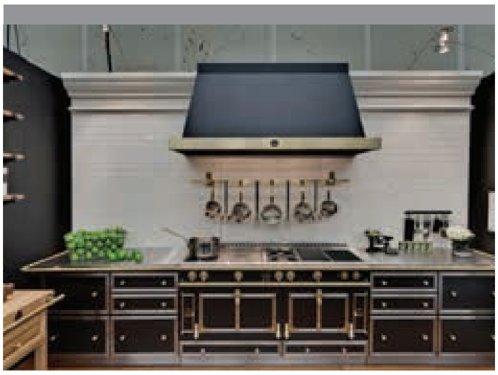
La Cornue is determined to preserve the noble values traditionally associated with hand-craft production. The products are individually hand-made with patience and pride till today and use modern technology for its cooking purposes.

EGGERSMANN
S M HK

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

RATIONAL
S M

A trusted brand name for more than 40 years, Rational ensures high quality fitted kitchens that have been rigorously tested in every detail, and has devoted itself to consistently develop and produce kitchens by people for people.



HÄCKER
S M

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

PUREFORM
S M

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

SNAIDERO
HK C

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

LEICHT
S

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

S Singapore M Malaysia HK Hong Kong C China

BRANDS
KITCHEN APPLIANCES AND ACCESSORIES

BORA S M HK

Intent and focused on developing the market's most efficient cooktop extraction system and the cooktops to go with it. BORA's product range offers different products for different customer groups, all tailored to their desires and requirements.

INVENTUM S

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

KÜPPERSBUSCH S

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

STEEL S M

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

FOSTER S HK

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

BARAZZA S M

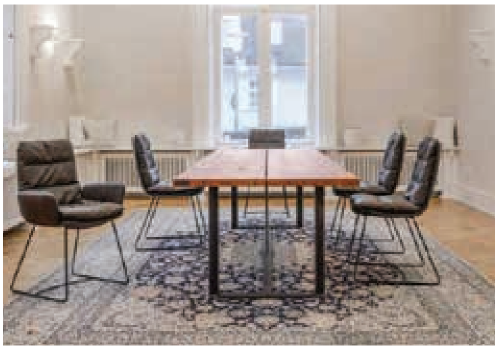
Barazza is a name synonymous with an uncompromising attention to quality and elegance of design. Based in Santa Lucia di Piave in Northern Italy, Barazza have forged an inspirational legacy of creating appliances that inject both functionality and style into your home. Barazza's diverse range of stylish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

S Singapore M Malaysia HK Hong Kong

BRANDS
HOUSEHOLD FURNITURE

FIMES
S M HK

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



KFF
S HK

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

TISETTANTA

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

DALL'AGNESE
S M

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

TRE-P & TRE-PIÙ
S

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

S Singapore M Malaysia HK Hong Kong

OUR BUSINESS

The demand for quality residences is expected to rise, not only in Singapore but also in the region as these economies develop. Today's homeowner does not only consider the choice of location, but also the presence of quality residential infrastructure, all woven in a lifestyle expression of individuality. Developers are responding to this evolution by providing more inspired architecture, sound engineering, better lifestyle facilities and high quality finishes, while leaving no detail to chance. Today's modern home is not only a residential symbol of what the owners have achieved, but also a reflection of the lifestyle they aspire to live in.

It is this trend that inspires Kitchen Culture to continue to bring to market the best available brands of kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories, while at the same time, providing a premier service that starts from consultation and goes beyond the sale of products. Kitchen Culture will continue to maintain its excellent working relationships with its brand partners and suppliers, while continually bringing new brands and products to market so as to provide customers with more lifestyle choice options.

At Kitchen Culture, our business is organised into **Residential Projects** and **Distribution and Retail**.

RESIDENTIAL PROJECTS

Since starting our business in 1991, we have over the years forged close working relationships with major property developers operating in Singapore for luxury residential projects. Today, Kitchen Culture is seen as the go-to company for branded and sophisticated kitchen systems and kitchen appliances by developers and construction companies. We have developed a reputation among our customers for meticulous attention and precision lavished on the finest details and the installation of kitchen systems and appliances of quality, sophistication and elegance.

In the recent years, the Group's kitchen solutions have been presented in various iconic luxury residential projects such as "Marina One", "New Futura", "V on Shenton", "Spottiswoode Suites", "Greenwood Mews", "South Beach" in Singapore as well as "8 Mount Nicholson" in Hong Kong and "M5 Private Hotel" in China.

In the recent years, we have also expanded into the interior fit-out business including customized carpentry works for kitchens, wardrobes, vanity, DB/shoe cabinets.

Our experience in the imported kitchen and wardrobe system led to our very own in house artisan brand – Pureform. Apart from iconic luxury residential projects such as "Riviere" in Singapore, "Nigella Park – Forest City" in Malaysia and "8 Mount Nicholson" in Hong Kong, we have also been awarded projects in our Pureform brand, namely – "8 Hullet", "Parc Botannia", "Mont Botanik", "Arena Residences", "RV Altitude", "The Lilium" and "The Gazania".

Moving forward, the Group's residential project portfolio will comprehensibly cover both high-end and mid-level developments.

DISTRIBUTION AND RETAIL

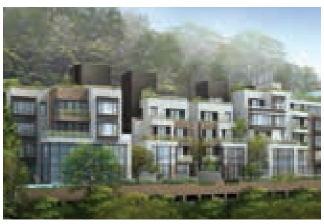
Under our "kitchen culture" brand, we brand manage, sell and distribute a wide range of premium imported kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories mainly from Europe. We reach our discerning individual customers through our "kitchen culture" retail showrooms. We also have a wide network of dealers and licensees in Singapore and Malaysia. Our "kitchen culture" stores in Singapore, Malaysia, Hong Kong and China offer renowned brands of kitchen systems, appliances and accessories and make the shopping and planning for a kitchen more pleasurable.

At Kitchen Culture, we believe in understanding and appreciating our customers. That's why we have an in-house design team supporting our two business segments. The design team considers individual customers' psyches, tastes and preferences for the sole purpose of customising space and product solutions to complement their style and needs. This subtle partnership of design, product and consumer understanding adds an entirely new dimension to our business. Beyond that, we also provide value added services such as installation and carpentry through our pre-qualified third party contractors and after-sales maintenance services for our products under warranty.

RESIDENTIAL PROJECTS

SINGAPORE

PROJECT NAME	DEVELOPER
119 Keng Lee Road	Khian Heng Construction
16 Greendale Avenue	Link (THM) Group
36 & 38 Armenian	Space
7 Namly View	Link (THM) Group
8 Hullet	Hullet Development Pte Ltd
8 Nassim Hill	Tennessee
Altez	Far East Organization
Amber Residences	Voda Land
Andrew Road Cluster Houses	Koh Brothers
Anguilla Park	Elevation Developments
Ardmore 3	Wheelock Properties
Ardmore 7	Pontiac Land
Ardmore 8	SC Global Developments
Ardmore Residences	Pontiac Land
Areana Residences	Roxy-Pacific Holdings Limited
Arthur 118	Fortune Development
Bishopsgate	Kajima Overseas Asia
Bluwater	Novelty Group
Boutiq @ Killiney	Heeton Holdings
Bvld Super Penthouses	SC Global Developments
Cable Road	Straits Developments
Cairnhill Residences	Allgreen Properties
Charleston	Cosland Development
Chepstow Ville	Uni-Global Enterprises
Clermont Residence	Guocoland
Coral Island	Ho Bee Land
Corals at Keppel Bay	Keppel Bay
Cyan	Far East Organization
D'Leedon	CapitaLand
D'Pavillion	MCL Land
East Galleria	Fortune Development
Eden Residences Capitol	Capitol Investment Holdings
Elevation	Elevation Developments
Fernhill Cottage	SB Development
Floridian	Far East Organization
Gallop Road	Elevation Developments
Goodman Crescent	Uni-Global Enterprises
Grange Infinite	CEL Development
Green Collection	Elevation Developments
Greenleaf View	Link (THM) Group
Greenwood Mews	Far East Organization
Hamilton Scotts	Reignwood Holding
Hana	Pontiac Land
Hana @ Tomlinson	Pontiac Land
Handy Road	JBE Properties
Harlyn Road	Elevation Developments
Hillcrest Villa	MCL Land
Holland Suites	Kinly Investment
Horizon	Far East Organization
iLiv @ Grange	Heeton Holdings
Jalan Unggas	Elevation Developments
Jardin	Far East Organization
Lakeshore Drive	Elevation Developments
Leonie Parc View	Soilbuild Group
Link (THM) HQ	Link (THM) Group
Lynwood Eight	Uni-Global Enterprises
Marina One	MS Residential
Martia Residences	Roxy Development
Miro Residence	Far East Organization
Mont Botanik	Tuan Sing Holdings Limited
Mustafa	Khian Heng Construction
Namly Garden	Novelty Group
Nathan Suites	TID
New Futura	City Sunshine Holdings
Ocean Drive	Elevation Developments
Paradise Island	Ho Bee Land
Parc Botannia	Sing Holdings Limited
Paterson II	Keong Hong Properties
Paterson Suites	Bukit Sembawang Estates
Peirce Village	City Development
Platinum Edge	Novelty Land
Radix @ Jalan Wakaff	Novelty Group
Reflections By The Bay	Keppel Land
Resort World Sentosa	Resort World
Ritz Carlton Residences	Royce Properties
Ritz Residences	Hayden Properties
Rivergate	CapitaLand
Riviere	Frasers Property Limited
RV Altitude	Roxy-Pacific Holdings Limited
Sandy Island	YTL Corporation
Scotts High Park	CapitaLand
Seawind	Far East Organization
Sentosa Dev – Penthouses	Nobel Design
Setia Residences	Setia
Silversea	Far East Organization
Sound	Far East Organization
South Beach	South Beach Consortium
Spottiswoode Suites	Centurion Properties & Lian Beng Group
Sui Generis	Kajima Overseas Asia
Swettenham	LCD Developments
Swettenham Road	LCD Property Management
The Fernhill	MCL Land
The Gazania	SingHaiyi Group
The Glyndebourne	City Development
The Greenwood	Far East Organization
The Hilltop	SC Global Developments
The Lilium	SingHaiyi Group
The Loft	CapitaLand
The Lumos	Koh Brothers/Heeton Holdings
The Marq	SC Global Developments
The Meyerise	Hong Leong Holdings
The Nassim	CapitaLand
The Orange Grove	Ho Bee Land
The Orchard Residences	Orchard Turn Development & CapitaLand
The Tomlinson	Wing Tai Properties
The Vanadium	Novelty Group
Trillight	Ho Bee Land
V on Shenton	UIC Investment (Properties)
Victoria Street	Perennial Real Estate
Vida Residences	Far East Organization
Vista Residences	Far East Organization
Volari	City Development
Waterfall Gardens	MCL Land

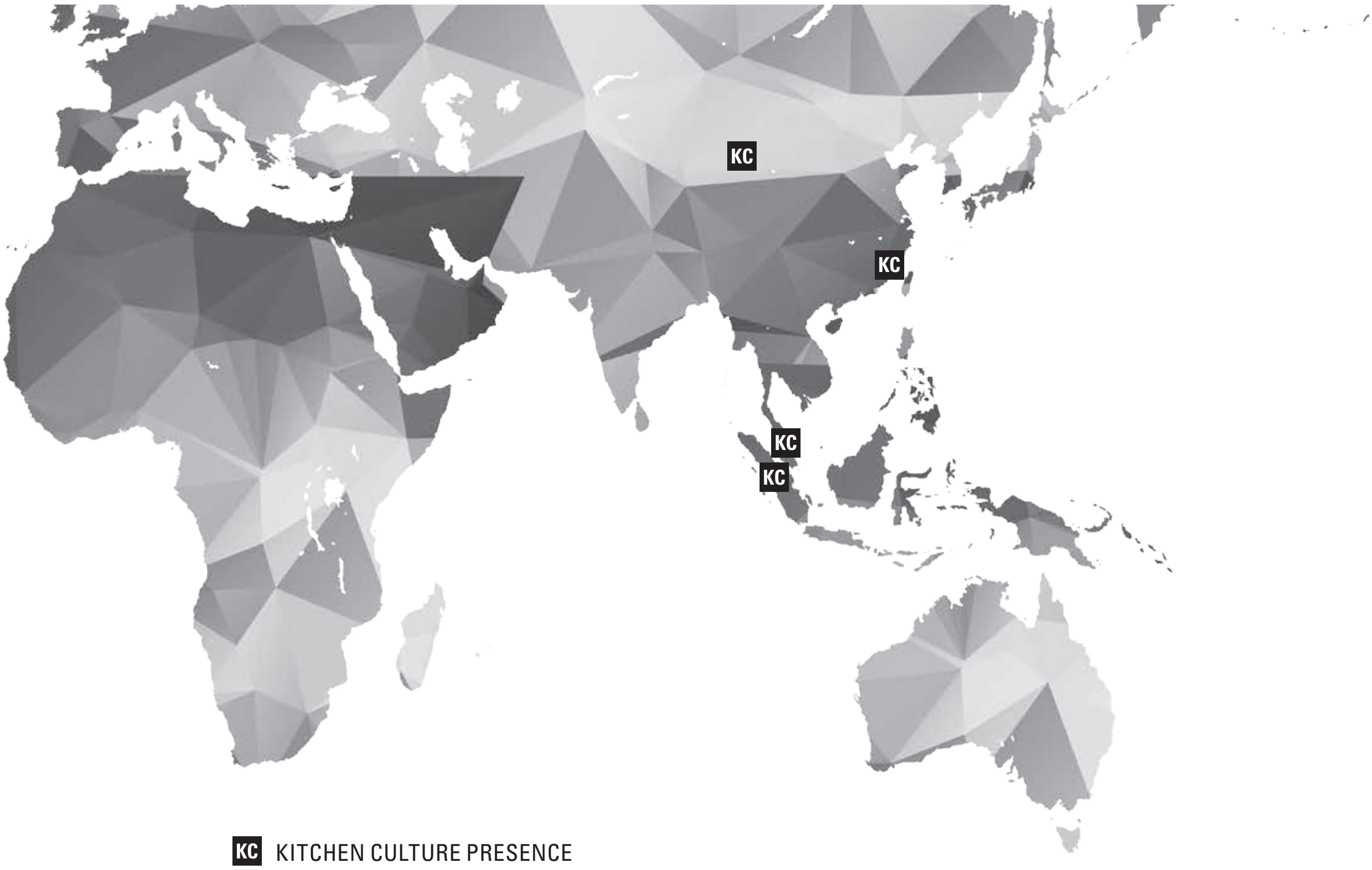
RESIDENTIAL PROJECTS

SINGAPORE – LATEST IN FY2019

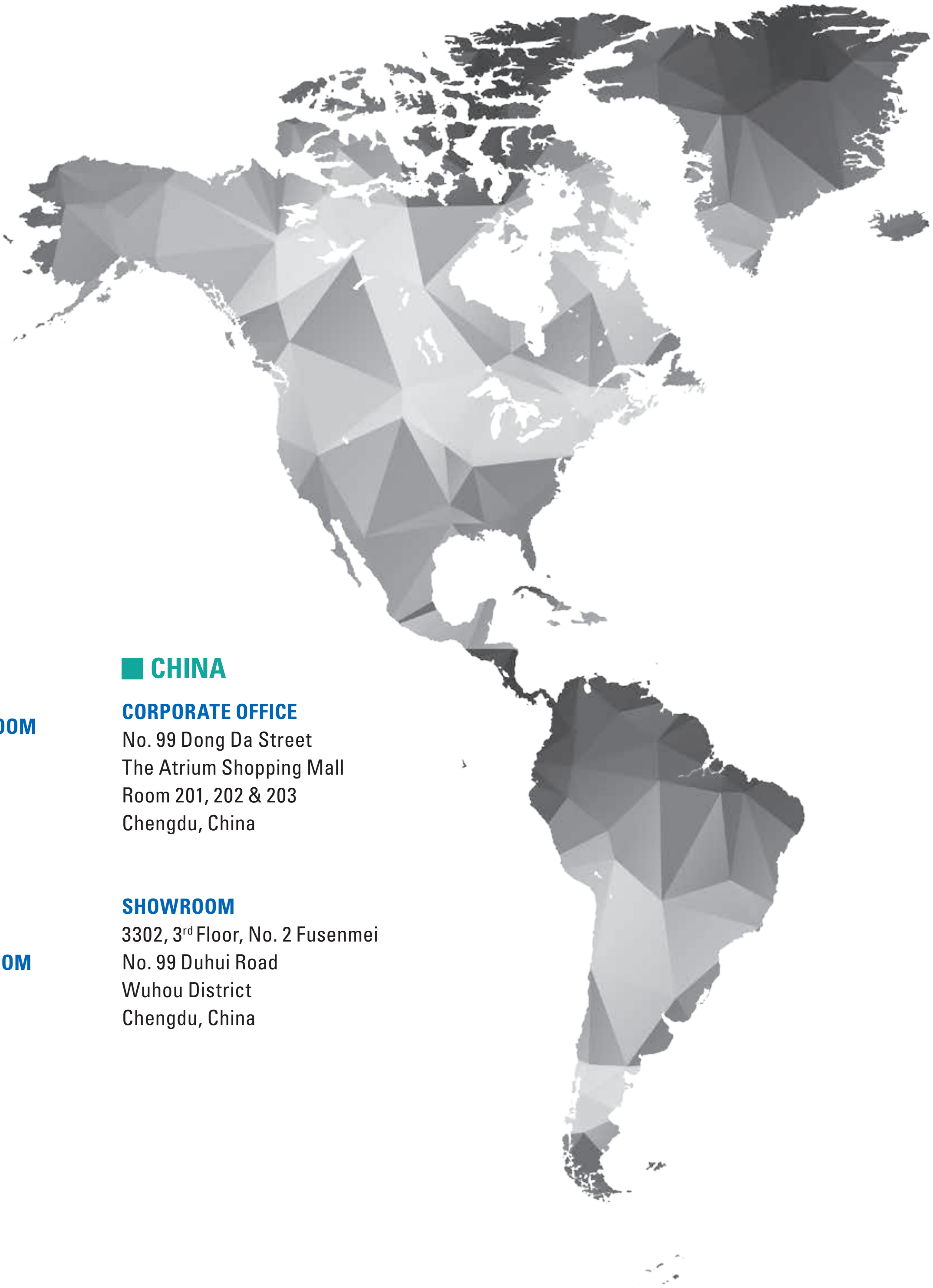
PROJECT NAME	DEVELOPER
8 Hullet	Hullet Development Pte Ltd
Areana Residences	Roxy-Pacific Holdings Limited
Mont Botanik	Tuan Sing Holdings Limited
Parc Botannia	Sing Holdings Limited
Riviere	Frasers Property Limited
RV Altitude	Roxy-Pacific Holdings Limited
The Gazania	SingHaiyi Group
The Lilium	SingHaiyi Group

REGIONAL

PROJECT NAME	DEVELOPER
3-7 Wing Hing Street	Wu Yi (Holdings) Co Ltd
8 Mount Nicholson Road	Wheelock Properties
8-12 Deep Water Bay Drive	Nan Fung Group
8-12 Deep Water Bay Drive	Nan Fung Group
Anderson Road	Alpha Building Construction
Banjai on the Park	Layar Intan
Beringin Residences	Beringin Terrace
Damansara City	GLM Property Development
Deep Water Bay Drive	Nan Fung Group
Deep Water Bay Road	Kadoorie Estates
Emerald Bay	Bandar Raya Developemnts
Henderson Road	Asia Standard International Group Ltd.
Kadoorie Avenue	Kadoorie Estates
Kam Sheung Road	Hui Bao International Investment
Le Nouvel	Wing Tai Malaysia
M5 Private Hotel	Chengdu Chongwen Hotel Management
Mount Kellet Road	Nam Fung Group/Chun Yip Construction
Nigella Park, Forest City	Country Garden Pacific View Sdn Bhd
No.1 Shouson Hill Road East	Sea Group
No.3 Lung Kui Road, Beacon Hill	Kerry Project Management (H.K.) Ltd
No.3 Lung Kui Road, Beacon Hill	Kerry Project Management (H.K.) Ltd
No.4 Headland Road, Repulse Bay	Pokfulam Development Company Limited
No.7 Headland Road, Repulse Bay	Kadoorie Estates Ltd.
No.8 Bount Nicholson Rd.	Wheelock Properties
One Menerung	Bandar Raya Developments
Pak Shek Kok 2014	Great Eagle Holdings Ltd.
Prince Edward West	Trump Elegant
Rua do Padre João Climaco	Vember (Macau) LIMITADA
Stanley Village Road	WMKY
Travistock, Mid-Level	Kerry Properties
Water Villas	IJM Land
Winfield Building	Nam Fung Group



KITCHEN CULTURE PRESENCE



SINGAPORE

CORPORATE OFFICE
2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086

KITCHEN CULTURE SHOWROOM
2 Leng Kee Road
#01-02/05 Thye Hong Centre
Singapore 159086

KCROOM SHOWROOM
2 Leng Kee Road
#01-07 Thye Hong Centre
Singapore 159086

MALAYSIA

CORPORATE OFFICE AND SHOWROOM
154 Jalan Maarof
Bukit Bandaraya
59000 Kuala Lumpur
Malaysia

HONG KONG

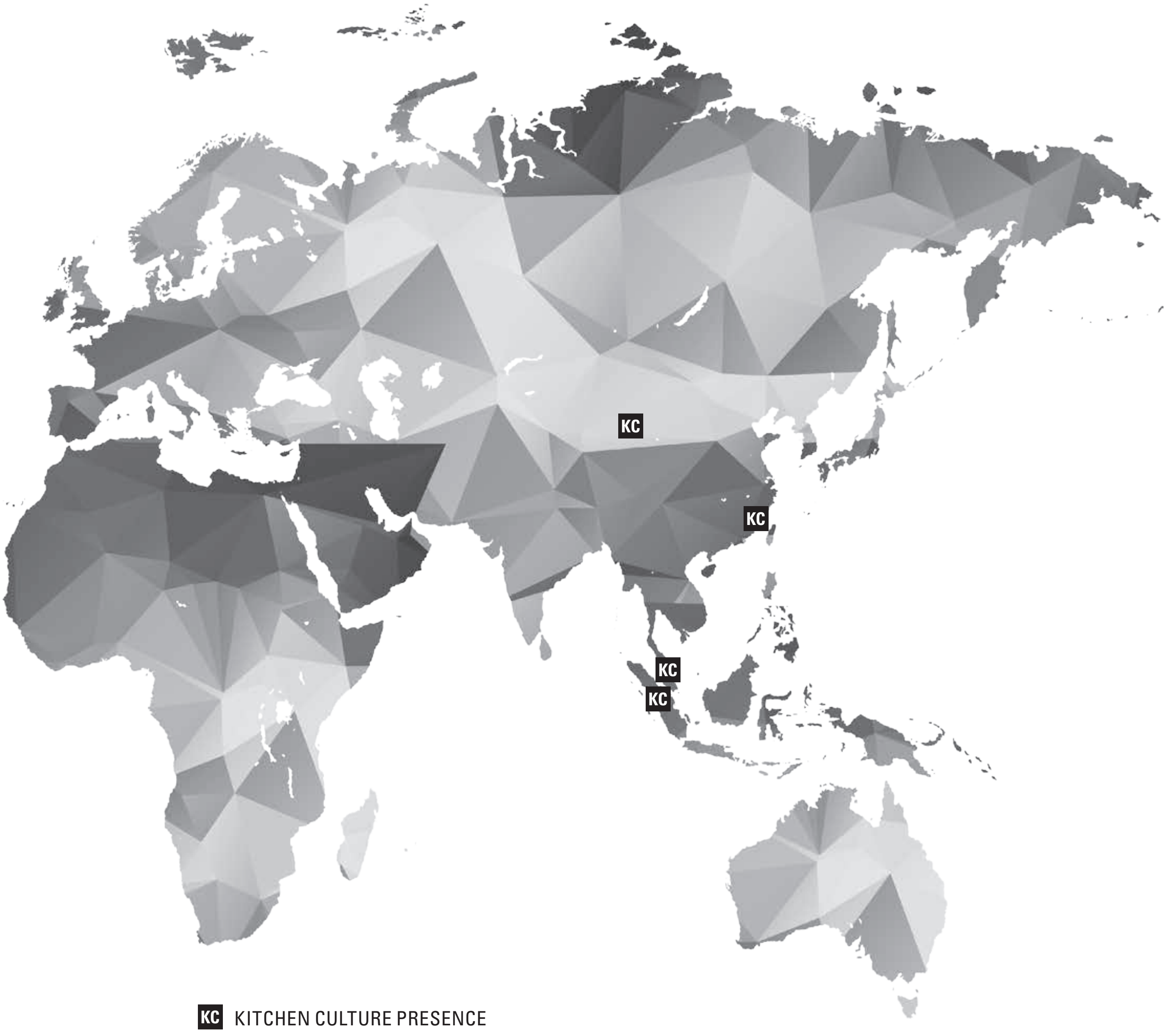
CORPORATE OFFICE AND SHOWROOM
Room 904 Centre Point
181-185 Glouscester Road
Wanchai, Hong Kong

CHINA

CORPORATE OFFICE
No. 99 Dong Da Street
The Atrium Shopping Mall
Room 201, 202 & 203
Chengdu, China

SHOWROOM
3302, 3rd Floor, No. 2 Fusenmei
No. 99 Duhui Road
Wuhou District
Chengdu, China

KITCHEN CULTURE PRESENCE



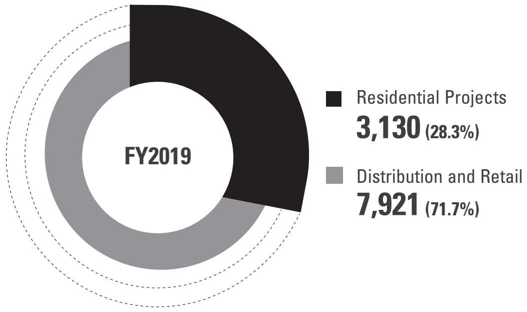
OUR CORPORATE STRUCTURE

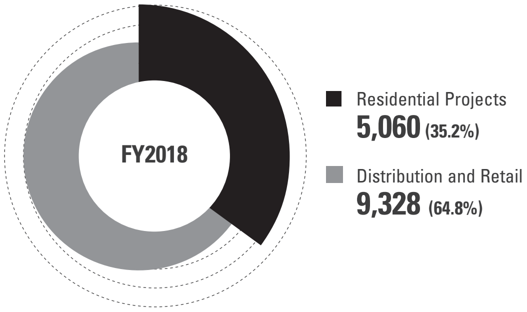
KITCHEN CULTURE HOLDINGS LTD.
(SINGAPORE)

- 100% KHL MARKETING ASIA-PACIFIC PTE. LTD. (SINGAPORE)
  - 100% KITCHEN CULTURE PTE. LTD. (SINGAPORE)
  - 100% HAUS FURNISHINGS AND INTERIORS PTE. LTD. (SINGAPORE)
  - 100% KITCHEN CULTURE SDN. BHD. (MALAYSIA)
  - 100% KCROOM PTE. LTD. (SINGAPORE)
  - 100% KCUBE PTE. LTD. (SINGAPORE)
  - 100% KITCHEN CULTURE (SICHUAN) CO., LTD. (CHINA)
- 100% KHL (HONG KONG) LIMITED (HONG KONG)
  - 70% KITCHEN CULTURE (HONG KONG) LIMITED (HONG KONG)
  - 70% KITCHEN CULTURE (MACAU) LIMITED (MACAU)
- 100% KITCHEN CULTURE (CHINA) LIMITED (HONG KONG)
- 100% BEEF UP GLOBAL PTE. LTD. (SINGAPORE)

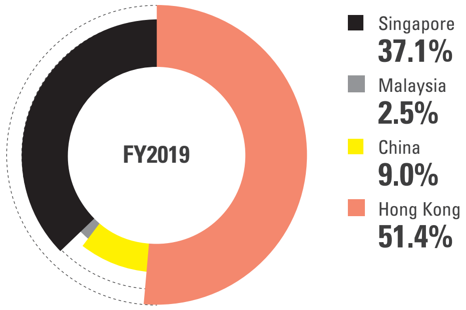
FINANCIAL HIGHLIGHTS

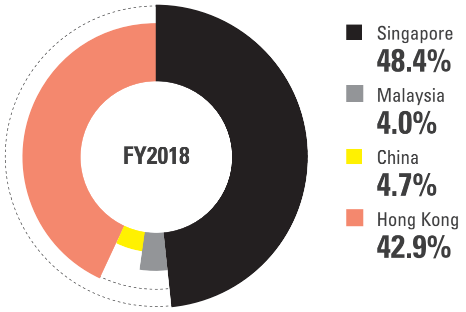
REVENUE BY BUSINESS SEGMENT (S$'000)





REVENUE BY GEOGRAPHICAL REGION (%)





S$'000	FY2019	FY2018	FP2017	FY2015	FY2014
Revenue	**11,051**	**14,388**	**49,552**	**26,610**	**22,104**
Cost of sales	(6,280)	(8,111)	(34,895)	(13,946)	(12,625)
Gross profit	**4,771**	**6,277**	**14,657**	**12,664**	**9,479**
Other income	279	485	247	1,072	134
Selling and distribution expenses	(2,856)	(4,510)	(10,028)	(9,143)	(7,286)
Other operating expenses	(825)	(780)	(561)	(5,098)	(148)
General and administrative expenses	(4,723)	(4,785)	(9,901)	(5,159)	(3,234)
Finance costs	(432)	(702)	(1,332)	(835)	(298)
Loss before tax	**(3,786)**	**(4,015)**	**(6,918)**	**(6,499)**	**(1,353)**
Tax (expense)/credit	(337)	–	–	452	(41)
Loss for the year/period	**(4,123)**	**(4,015)**	**(6,918)**	**(6,047)**	**(1,394)**
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	247	(207)	40	317	48
Exchange differences transferred to profit or loss upon remeasurement of investment	–	–	–	(11)	–
Total comprehensive loss for the year/period	**(3,876)**	**(4,222)**	**(6,878)**	**(5,741)**	**(1,346)**
(Loss)/Profit attributable to:					
Owners of the Company	(3,874)	(4,026)	(6,930)	(5,344)	(1,328)
Non-controlling interests	(249)	11	12	(703)	(66)
	(4,123)	**(4,015)**	**(6,918)**	**(6,047)**	**(1,394)**
Total comprehensive (loss)/income attributable to:					
Owners of the Company	(3,625)	(4,241)	(6,901)	(5,058)	(1,279)
Non-controlling interests	(251)	19	23	(683)	(67)
	(3,876)	**(4,222)**	**(6,878)**	**(5,741)**	**(1,346)**

CHAIRMAN AND CEO STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Kitchen Culture Holdings Ltd. ("**Kitchen Culture**" or the "**Company**" and together with its subsidiaries, the "**Group**"), I am pleased to present to you the Annual Report of the Company for the financial year ended 30 June 2019 ("**FY2019**").

Due to the global economic and political uncertainties in the past year, FY2019 was a challenging year for the Group. Nonetheless, we have continued to strive to maintain our brand name and reputation for quality and service. In FY2019, the Group secured new projects worth S$14.3 million, bringing total order book to S$24.7 million, comprising 6 residential projects in Singapore and 2 residential projects in Hong Kong. Subsequent to FY2019, the Group secured a further S$9.6 million in new projects, bringing our total order book to S$34.3 million, comprising 8 residential projects in Singapore and 3 residential projects in Hong Kong.

As the operating environment became more and more challenging, cost management has become a critical issue that the Company is focusing on with the aim of eventually reducing cost to an optimal level. Therefore, despite an overall decrease of 23.2% in revenue to S$11.1 million in FY2019 (FY2018: S$14.4 million), the Group recorded a lower loss before tax of S$3.8 million in FY2019 (FY2018: S$4.0 million).

MOVING FORWARD

With the present economic and political uncertainty in the global economy, we expect business conditions in Singapore, Malaysia, Hong Kong and China to remain competitive over the next 12 months. Notwithstanding this, we will continue to secure new projects to bolster our order book.

In Singapore, despite the additional cooling measures implemented by the government in FY2019, the residential property sector is expected to stay resilient as developers continue to deliver on new launches. As such, we continue to see pockets of opportunity in new market segments that we can leverage on our brand name and reputation to achieve. In FY2019, the Group secured S$14.3 million worth of projects in Singapore alone. With our revitalised Pureform brand for kitchen and wardrobe systems as well as our wide range of well-established products, we will actively seek out opportunities that will allow us to capitalise on our strong reputation for delivering excellence.

In Malaysia, the rebalancing residential housing market remains attractive in the longer term, but is affected by the weakened Malaysian ringgit. At our own standalone showroom in Kuala Lumpur, renovations have been completed in March 2019 and the showroom is now fully operational.

CHAIRMAN AND CEO STATEMENT

In Hong Kong, uncertainties over the recent unrest will continue to weigh on the residential property sector. Revenue in Hong Kong decreased slightly by 8.0% to S$5.7 million in FY2019 compared with S$6.2 million in FY2018. However, the Group is well positioned with projects on hand worth S$10.1 million to be delivered over the next 18 months. We will continue to monitor the situation closely while delivering on our existing projects.

In China, due to an increase in sales and promotional initiatives in our showrooms in Chengdu, revenue grew by 46.2% to S$1.0 million in FY2019 compared with S$0.7 million in FY2018. However, concurrently, operating expenses have also increased. We will continue to monitor the performance of the Chengdu operations.

IN APPRECIATION

In closing, I would like to thank the Board of Directors for their guidance and stewardship. I would also like to thank our customers, principals, business partners, and shareholders for their support. Lastly, I wish to thank every single member of staff for their hard work and dedication in making Kitchen Culture what it is today. With your support, we are more than able to meet any challenges, and to further raise the Kitchen Culture flag higher.

LIM WEE LI
Executive Chairman and
Chief Executive Officer

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS REVIEW

REVENUE

Group revenue in FY2019 amounted to $11.1 million, a decrease of 23.2% or $3.3 million from $14.4 million in FY2018. The decrease was attributable to lower revenue contribution from the Residential Projects segment by 38.1% or $1.9 million and the Distribution and Retail segment by 15.1% or $1.4 million.

The Residential Projects segment accounted for 28.3% or $3.1 million of the Group's revenue, derived from 7 ongoing projects carried over from FY2018. Residential Projects revenue declined 38.1% or $1.9 million due to fewer projects on hand. Comparatively, revenue for Residential Projects in FY2018 was from 10 ongoing projects carried forward from FY2017 and accounted for 35.2% or $5.1 million of the Group's revenue. The decrease in revenue for this segment occurred in Singapore ($0.6 million) and Hong Kong ($1.4 million) partially offset by an increase in Malaysia ($0.1 million).

The Distribution and Retail segment accounted for 71.7% or $7.9 million of the Group's revenue in FY2019. This is a decrease of 15.1% or $1.4 million compared with FY2018 wherein the Distribution and Retail segment accounted for 64.8% or $9.3 million of the Group's revenue. The decrease in revenue for this segment was in the Group's largest market Singapore ($2.3 million), followed by Malaysia ($0.4 million) partially offset by increases in Hong Kong ($0.9 million) and China ($0.3 million).

GROSS PROFIT

Gross profit in FY2019 was $4.8 million. This is a decrease of 24.0% or $1.5 million from $6.3 million in FY2018, in line with lower revenue. Overall gross profit margin was maintained at 43.2%, a marginal decrease from 43.6% in FY2018.

The Residential Projects segment recorded a decrease in gross profit margin of 14 percentage points as a result of increased costs incurred on projects in Hong Kong, while the Distribution and Retail segment recorded an increase in gross profit margin of 5 percentage points as a result of a curb on sales discounts given in Singapore.

OTHER INCOME

Other income decreased by 42.4% or $0.2 million from $0.5 million in FY2018 to $0.3 million in FY2019, largely due to decrease in government grant and non-recurrence of one-time receipts in FY2018, mainly proceeds from an insurance claim of $0.2 million and reimbursement from supplier of $0.1 million, partially off-set by an increase in service income.

OPERATING EXPENSES

Selling and distribution expenses decreased by 36.7% or $1.6 million, from $4.5 million in FY2018 to $2.9 million in FY2019. The decrease was due largely to cost cutting measures adopted during FY2019 resulting in decreases in staff costs of $1.1 million and showroom and warehouse rental expenses of $0.5 million.

OPERATIONS AND FINANCIAL REVIEW

FINANCE COST

Finance cost decreased by 38.4% or $0.3 million, from $0.7 million in FY2018 to $0.4 million in FY2019, mainly due to a decrease in borrowings.

RESULTS FOR THE FINANCIAL YEAR

The Group recorded loss before income tax of $3.8 million in FY2019 as compared to loss of $4.0 million in FY2018 due to the reasons explained above.

ASSETS

The Group's total assets decreased by $3.3 million from $17.1 million as at 30 June 2018 to $13.8 million as at 30 June 2019.

The decrease in total assets was mainly attributable to:

a. a decrease in trade receivables of $1.1 million, mainly due to collections from debtors;

b. a decrease in other receivables of $0.7 million, mainly due to advances made to suppliers in FY2018 converted into purchases in FY2019;

c. a decrease in contract assets of $0.5 million, mainly due to invoices issued to customers for work completed but not billed at the end of the previous reporting date;

d. a decrease in inventories of $0.4 million, mainly used in operations and included in cost of sales;

e. a decrease in net carrying value of property, plant and equipment of $0.2 million due mainly to depreciation charge of $0.3 million, partially offset by additions during the year of $0.1 million; and

f. deferred tax assets written off amounting to $0.3 million.

LIABILITIES

The Group's total liabilities increased by $0.6 million from $18.5 million as at 30 June 2018 to $19.1 million as at 30 June 2019.

The increase in total liabilities was mainly attributable to:

a. an increase in trade payables of $0.3 million, mainly due to an increase in credit purchases;

b. an increase in other payables of $0.4 million, due to:

   (i) an increase in other payables for purchase of goods and services of $0.9 million,

   (ii) an increase in accrued operating expenses of $0.2 million, and

   (iii) partially offset by a decrease in amount due to directors of $0.7 million; and

c. partially offset by a decrease in borrowings of $0.6 million, due to repayment of term loans to financial institutions and the full redemption of the non-convertible bond amounting to $0.4 million as announced on 21 May 2019.

SHAREHOLDER'S EQUITY

Total equity decreased to negative $5.3 million as at 30 June 2019, compared with negative $1.5 million as at 30 June 2018 due mainly to the loss after tax recorded in FY2019. The Group's net asset value per share attributable to equity holders of the Company as at 30 June 2019 decreased to (4.2) cents compared with (1.1) cents as at 30 June 2018.

BOARD OF DIRECTORS

MR LIM WEE LI Executive Chairman and CEO

Mr Lim Wee Li is the Executive Chairman and CEO of the Company and is responsible for the formulation of the Group's strategic directions and expansion plans. He established and founded the Group in 1991 and has spearheaded the business and operation. He oversees the sales, marketing and business development of the Group and liaises with brand principals for securing distribution rights for the Group. Mr Lim graduated with a Bachelor of Business Administration, majoring in Corporate Finance from University of North Texas, USA in 1988. He was awarded Top Entrepreneur of the Year 2008 by the Association of Small and Medium Enterprise and Rotary Club of Singapore. He is a member of the Singapore Chinese Chamber of Commerce. In 2012, Mr Lim was presented another prestigious entrepreneurial award, the Outstanding Entrepreneurship Award, by Enterprise Asia. He was conferred the Darjah Indera Mahkota Pahang (DIMP) award which carries the title 'Dato' by State Secretary of Pahang in April 2012.

BOARD OF DIRECTORS

TEO CHOON KOW @ WILLIAM TEO Lead Independent Director

Mr William Teo is the Lead Independent Director of the Company and was appointed on 1 February 2019. Mr Teo has retired since 2004 and is now focusing on his independent directorships in Singapore listed companies and on other principal commitments. Mr Teo is currently an independent director of Wee Hur Holdings Ltd, PSL Holdings Limited, DLF Holdings Limited and Datapulse Technology Limited. Prior to that, he was a director of Ascendent Technology Pte. Ltd. and Fral Ballistic Pte. Ltd. From 1997 to 2004, he was the vice-president of Walden International Investment Group where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work. He is a Fellow of Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master in Management from Asian Institute of Management, Philippines.

MR KESAVAN NAIR Independent Director

Mr Kesavan Nair is an Independent Director of the Company and was appointed to the Board on 27 June 2011. Mr Nair is an Advocate and Solicitor and commenced his practice with M.P.D. Nair & Co., in 1992. He is presently a Director with Bayfront Law LLC. Mr Nair graduated with a Bachelor of Laws (Honours) from The University College of Wales. He was admitted as a Barrister-at Law, Middle Temple in 1990, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory in 1991 and an Advocate & Solicitor of the Supreme Court of Singapore in 1992. Mr Nair also serves as an independent director of other listed companies in Singapore.

KEY MANAGEMENT

MR LEE FOO TUCK Financial Controller

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

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company believes that the Singapore Code of Corporate Governance 2012 (the "**Code**") serves as a practical guide in defining duties and responsibilities of the Board. This report outlines the Group's corporate governance practices and procedures with specific reference to the Code. The Board confirms that for the financial year ended 30 June 2019 ("**FY2019**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and an accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structure in place to comply with the 2018 Code, where appropriate, in its next annual report for the financial year ending 30 June 2020.

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

BOARD MATTERS

The Board's Conduct of Affairs

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

The Board currently comprises one Executive Director and two Independent Directors, who have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group. The Independent Directors make up more than half of the Board and there is a strong independent element in the Board.

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

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

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and Company's assets;

- review the performance of the Company's management (the "**Management**");

- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

CORPORATE GOVERNANCE REPORT

- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

- consider sustainability issues as part of its strategic formulation.

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

Board committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures.

The Board meets at least twice a year at regular intervals. Telephonic attendance at Board meetings is allowed under the Company's Constitution. The Board and Board committees may also make decisions by way of circulating resolutions. Besides the scheduled Board meetings, the Board meets on an ad hoc basis as warranted by particular circumstances.

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

- corporate strategy and business plans;

- investment and divestment proposals;

- funding decisions of the Group;

- nominations of Directors for appointment or re-appointment to the Board and appointment of key personnel;

- announcement of half-year and full-year results, the annual report and audited financial statements;

- material acquisitions and disposal of assets;

- major corporate actions;

- declaration of dividends;

- all matters of strategic importance; and

- corporate governance matters including interested person transactions.

During FY2019, the Company experienced the following changes to the Board:

– Cessation of Ms Joanne Khoo Su Nee as Independent Director, Chairman of the RC and member of the AC and NC on 1 February 2019;

– Cessation of Mr Ong Beng Chye as Lead Independent Director, Chairman of the AC and member of the RC and NC on 1 February 2019;

CORPORATE GOVERNANCE REPORT

- Appointment of Mr Kesavan Nair as Chairman of RC with effect from 7 February 2019;

- Appointment of Mr William Teo Choon Kow as Lead Independent Director with effect from 1 February 2019, and Chairman of the AC and member of the RC and NC with effect from 7 February 2019; and

- Appointment of Mr Tan Han Beng as Independent Director with effect from 1 February 2019 and member of the AC, RC and NC with effect from 7 February 2019. Mr Tan Han Beng subsequently ceased to be a Director of the Company on 31 July 2019.

In accordance with recent revisions to Catalist Rules, with effect from 1 January 2019, the NC will ensure that any new Director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. As Mr William Teo Choon Kow and Mr Tan Han Beng have prior experience as directors of issuers listed on the SGX-ST, the mandatory training courses are not applicable to them.

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

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

During FY2019, the number of meetings held and attended by each member of the Board is as follows:

Types of Meetings / Names of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Lim Wee Li	3	3#	3	3*	1	1*	1	1*
William Teo Choon Kow(1)	3	1	3	1#	1	0	1	0
Kesavan Nair(2)	3	3	3	3	1	1#	1	1
Tan Han Beng(3)	3	1	3	1	1	0	1	0
Ong Beng Chye(4)	3	2	3	2#	1	1	1	1
Joanne Khoo Su Nee(5)	3	2	3	2	1	1	1	1#

CORPORATE GOVERNANCE REPORT

Notes:
Chairman
* By invitation

(1) Mr William Teo Choon Kow was appointed as Lead Independent Director with effect from 1 February 2019, and Chairman of the AC and member of the RC and NC with effect from 7 February 2019.

(2) Mr Kesavan Nair was appointed as Chairman of the RC with effect from 7 February 2019.

(3) Mr Tan Han Beng was appointed as Independent Director with effect from 1 February 2019 and member of the AC, RC and NC with effect from 7 February 2019, and has ceased to be a Director of the Company on 31 July 2019.

(4) Mr Ong Beng Chye ceased to be Lead Independent Director, Chairman of the AC and member of the RC and NC on 1 February 2019.

(5) Ms Joanne Khoo Su Nee ceased to be Independent Director, Chairman of the RC and member of the AC and NC on 1 February 2019.

Board Composition and Guidance

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

The Board currently consists of three members, two of whom are Independent Directors. This composition complies with the Code's guideline that at least half of the Board should be made up of Independent Directors, where the Chairman of the Board and the Chief Executive Officer (the "**CEO**") is the same person. Provision 2.2 of the 2018 Code provides that Independent Directors shall make up a majority of the Board where the Chairman of the Board is not independent. The current Board composition complies with the 2018 Code's guideline, which is effective for the Company's financial year commencing 1 July 2019.

Executive Director
Mr Lim Wee Li (Executive Chairman and CEO)

Independent Directors
Mr William Teo Choon Kow (Lead Independent Director)
Mr Kesavan Nair

The independence of each Director is reviewed annually and as and when circumstances require, by the NC, based on the guidelines set forth in the Code, the 2018 Code and the Catalist Rules to ensure the Board consists of persons who, together, will provide core competencies and independent business judgements and perspectives which are necessary to meet the Company's objectives.

In accordance to the recent revisions to the Catalist Rules, Rule 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019 stipulates that a director will not be considered as independent if (i) he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or (ii) he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationship with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

CORPORATE GOVERNANCE REPORT

The NC is of the view that Mr William Teo Choon Kow and Mr Kesavan Nair are independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

There was no Director who has served on the Board beyond nine years from the date of his first appointment. Should there be any Director who has served on the Board beyond nine years, his independence will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board.

Notwithstanding that the Board committees currently fall short of the requisite 3 members as recommended by the 2018 Code, the Board, through the NC, has examined its size and composition and is of the view that effective decision-making is still achieved, taking into account the scope and nature of the operations of the Group. The Company has applied to the SGX-ST to seek a 2-month extension of time to fill the vacancy in the Board committees by 31 December 2019 (instead of by 31 October 2019 as required by the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Director later. The Board and the NC are of the view that no individual or small group of individuals dominates the Board's decision-making process.

There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in law, accounting, finance, business and management as well as strategic planning. The Independent Directors participate actively in Board meetings and provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives. Where necessary, the Independent Directors meet and discuss on the Group's affairs without the presence of the Management.

Chairman and Chief Executive Officer

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

Mr Lim Wee Li currently assumes the roles of both the Executive Chairman and CEO. As the Executive Chairman, he is responsible for leading the Board to ensure its effectiveness on all respects of its role, ensuring effective communication with shareholders, encouraging constructive relations within the Board and between the Board and the Management, and promoting high standards of corporate governance. With the assistance of the Company Secretary, he also ensures Board meetings are held as required, sets the agenda for the Board meetings and ensures that all members of the Board receive timely and adequate information. As the CEO, he is responsible for the formulation of the Group's strategic directions and expansion plans, and managing the Group's overall business development.

Taking into account the current corporate structure, size, nature and scope of the Group's operations, the Board is of the view that it is not necessary to separate the roles of the Executive Chairman and CEO.

To promote a high standard of corporate governance, Mr William Teo Choon Kow has been appointed as the Lead Independent Director. In accordance with the Code, Mr William Teo Choon Kow is available to shareholders when they have concerns where contact through the normal channels of the Executive Chairman and CEO, and/or Financial Controller (or its equivalent role) has failed to resolve or for which such contact is inappropriate. The Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves without the presence of the Executive Chairman and CEO where necessary. The Lead Independent Director will also provide feedback to the Executive Chairman and CEO after such discussions or meetings.

CORPORATE GOVERNANCE REPORT

Board Membership

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

The NC consists of two Independent Directors, namely Mr Kesavan Nair and Mr William Teo Choon Kow. The Chairman of the NC is Mr Kesavan Nair. The NC has written terms of reference that describe the responsibilities of its members. The current composition of the NC falls short of the requisite minimum of 3 members following the cessation of Mr Tan Han Beng with effect from 31 July 2019. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancy in the NC by 31 December 2019 to comply with the guidelines set forth in the 2018 Code.

The principal functions of the NC are as follows:

(a) to review and recommend to the Board appointments and re-appointments of the Directors having regard to the Director's contribution and performance;

(b) to determine, on an annual basis, if a Director is independent, guided by the independence guidelines contained in the Catalist Rules and the 2018 Code;

(c) to decide whether or not a Director is able to and has been adequately carrying out his or her duties as a Director;

(d) to assess the effectiveness of the Board as a whole and the Board committees as well as the contribution of each Director to the effectiveness of the Board;

(e) to make plans for succession, in particular for the Chairman of the Board and CEO; and

(f) to recommend to the Board comprehensive induction training programmes for new Directors and review the training and professional development programmes for the Board.

The NC also determines, on an annual basis, the independence of Directors. For FY2019, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Code, the 2018 Code and the Catalist Rules).

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

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

CORPORATE GOVERNANCE REPORT

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC, in considering the re-election of a Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his or her own re-election. The NC has recommended the re-election of two retiring Directors, namely Mr Lim Wee Li and Mr William Teo Choon Kow at the forthcoming AGM. The Board has accepted the NC's recommendation. Please refer to the section entitled "Information on Directors seeking re-election" in this report for disclosures pursuant to Rule 720(5) of the Catalist Rules.

The dates of initial appointment and re-election of the Directors as well as the Directors' directorships in other listed companies are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
			Present	Past (Last 3 Years)
Lim Wee Li	25 March 2011	27 October 2017	Nil	Nil
Kesavan Nair	27 June 2011	24 October 2018	• Arion Entertainment Singapore Limited • Artivision Technologies Ltd. • HG Metal Manufacturing Limited • IEV Holdings Limited	Nil
William Teo Choon Kow	1 February 2019	–	• Wee Hur Holdings Ltd. • PSL Holdings Limited • DLF Holdings Limited • Datapulse Technology Limited	CWX Global Limited

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his or her duties as a Director of the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. There is no alternate Director on the Board.

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

CORPORATE GOVERNANCE REPORT

Board Performance

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

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

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

Assessment checklists are disseminated to each Director for completion and the assessment results are collated and discussed at the NC meeting. The Executive Chairman will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as a Director. No external facilitator had been engaged by the Board for this purpose.

Access to Information

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

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board and Board committee meetings. In respect of budgets or internal forecasts, any material variance between the projections and the actual results should be disclosed to and explained to the Board. The Directors are also provided with the contact details of the Management and the Company Secretary to facilitate separate and independent access. The Directors are entitled to request from the Management and should be provided with such additional information as needed to make informed decisions and the Management shall provide the same in a timely manner.

The Company Secretary and/or her representatives attend Board and Board committee meetings. Together with the Management, the Company Secretary is responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 (the "**Companies Act**") and the provisions in the Catalist Rules are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC consists of two Independent Directors, namely Mr Kesavan Nair and Mr William Teo Choon Kow. The Chairman of the RC is Mr Kesavan Nair. The RC has written terms of reference that describe the responsibilities of its members. The current composition of the RC falls short of the requisite minimum of 3 members following the cessation of Mr Tan Han Beng with effect from 31 July 2019. The Company is in the midst of identifying suitable candidates and will endeavour to fill the vacancy in the RC by 31 December 2019 to comply with the guidelines set forth in the 2018 Code.

The principal functions of the RC are as follows:

(a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company; and

(b) to review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

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

The RC did not seek any external professional advice on remuneration of the Directors in FY2019. Where necessary, the RC will seek independent professional advice on remuneration matters at the expense of the Company, and shall ensure that any relationship between the appointed consultant and the Company or any of its Directors will not affect the independence and objectivity of the remuneration consultant.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

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

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

Mr Lim Wee Li (Executive Chairman and CEO) is paid based on his service agreement with the Company. Under the service agreement, Mr Lim Wee Li will be paid an annual fixed bonus of one month of his last drawn salary. He is also entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it exceeds S$1,000,000 for the financial year. No annual performance bonus has been paid for FY2019. The service agreement provides that the Company shall be entitled to recover from Mr Lim Wee Li the relevant portion of the bonus and any sum paid under the service agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Lim Wee Li resulting in financial loss to the Company. The service agreement is automatically renewed upon expiry on such terms and conditions as the parties may agree, and provided for, *inter alia*, termination by either party upon giving not less than six months' notice in writing.

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

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

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

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

A breakdown, showing the level and mix of each Director's remuneration for FY2019 is as follows:

Remuneration Band and Name of Director	Fee (%)	Salary (%)	Bonus (%)	Benefits (%)	Total (%)
S$250,000 to below S$500,000					
Lim Wee Li	–	100	–	–	100
Below S$250,000					
William Teo Choon Kow[(1)]	100	–	–	–	100
Kesavan Nair	100	–	–	–	100
Ong Beng Chye[(2)]	100	–	–	–	100
Joanne Khoo Su Nee[(2)]	100	–	–	–	100
Tan Han Beng[(3)]	100	–	–	–	100

Notes:

(1) Mr William Teo Choon Kow was appointed as a Director of the Company with effect from 1 February 2019.

(2) Mr Ong Beng Chye and Ms Joanne Khoo Su Nee have ceased to be Directors of the Company on 1 February 2019.

(3) Mr Tan Han Beng was appointed as a Director of the Company with effect from 1 February 2019, and ceased to be a Director of the Company on 31 July 2019.

A breakdown, showing the level and mix of each key management personnel's remuneration for FY2019 is as follows:

Remuneration Band and Name of Key Management Personnel[(1)]	Salary (%)	Bonus (%)	Benefits (%)	Total (%)
Below S$250,000				
Lee Foo Tuck	100	–	–	100
Mathew Sim Siang Ping[(2)]	93	–	7	100

Notes:

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

(2) Mr Mathew Sim Siang Ping ceased his employment as General Manager (Appliances Division) on 26 October 2018.

Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing in full the remuneration of each Director and key management personnel of the Group. However, the Company adopts the disclosure of remuneration in bands of S$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

The aggregate total remuneration paid to the above key management personnel (excluding the Executive Chairman and CEO) amounted to approximately S$109,537 for FY2019.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the Executive Chairman and CEO, and key management personnel of the Group. Currently, the Company has not implemented any employee share schemes.

Save for Mrs Nancy Lim, the wife of Mr Lim Wee Li, whose remuneration as Sales Manager was in the range of S$50,000 to below S$100,000, there was no employee of the Group who is an immediate family member of the Directors, or the Executive Chairman and CEO and whose remuneration exceeded S$50,000 in FY2019.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

ACCOUNTABILITY AND AUDIT

Accountability

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

For the financial performance reporting via SGXNET, and the annual report to the shareholders, the Board has a responsibility to present a fair assessment of the Group's financial position, including the prospects of the Group. The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules.

The Board reviews compliance requirements with the Management to ensure that the Group complies with the relevant requirements. In line with the requirements of the Catalist Rules, the Board provides a negative assurance statement to the shareholders in its half-year results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. In addition, the Company had, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all the Directors and executive officers that they each shall, in the exercise of their powers and duties as directors or executive officers of the Group, use their best endeavours to comply with the provisions of the Catalist Rules and will also procure the Company to do so.

The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a half-yearly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Board papers are given prior to any Board meeting to facilitate effective discussion and decision-making.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

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

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

The Company has a risk management committee chaired by the Lead Independent Director and consists of all the Board members as well as Daryl Kwok (Project Director) and Ivan Peh (Business Development Director). The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has appointed an international professional services firm, Wensen Consulting Asia (S) Pte. Ltd., to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance on its policies and procedures manual. Wensen Consulting Asia (S) Pte. Ltd. and the independent auditor are two separate entities and are independent of each other.

The Board has received assurance from the Executive Chairman and CEO as well as the Financial Controller that (a) the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and (b) the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

CORPORATE GOVERNANCE REPORT

The Board of Directors noted the following material internal control weaknesses, which were raised by the internal auditor, Wensen Consulting Asia (S) Pte. Ltd., as well as the independent auditor, Nexia TS Public Accounting Corporation, in FY2019:

(a) No standardised or mandatory procedures adopted to assess the creditworthiness of potential new project customers.

(b) Existence of long outstanding debts.

(c) No segregation of duties between purchase order processing and goods receipt recording.

(d) Discrepancies between physical inventory and inventory records.

(e) Physical inventory at the Company's warehouse were not systematically segregated by types or arranged in an orderly manner.

To address the above material internal control weaknesses, the Company has taken the following courses of action ("**IC Rectifications**") as recommended by Wensen Consulting Asia (S) Pte. Ltd. and Nexia TS Public Accounting Corporation:

(i) Implemented credit assessment procedures that applies to corporate (project) customers.

(ii) Accounts receivable balances are closely monitored and promptly followed up for payment and appropriate provision for doubtful debts is made in cases where collectability is not certain.

(iii) Implemented segregation of duties between purchase order processing and goods receipt recording.

(iv) Full-time warehouse personnel has been employed and the inventory records have been updated. Improved communication between warehouse personnel and accounting/administrative personnel, thereby eliminating errors in recording of inventory items. Going forward, all updates of records should be done on the same day of receipt, or in any case, not later than 3 days.

(v) Invested in plant and equipment, enabled inventory to be re-arranged by types (appliances, accessories), and by brands. Shelves are labelled with brand names for easy reference.

The Company has taken steps to remediate these identified material weaknesses and continue to review and evaluate its internal control over financial reporting. In addition to the review of the Group's risk management systems and internal controls, the Company will engage its internal auditor to conduct a follow-up review of the above material internal control weaknesses.

Notwithstanding the above, based on the internal controls established and maintained by the Group, work performed by the internal and independent auditors, the adoption of the IC Rectifications, and reviews performed by the risk management committee, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems in place are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 30 June 2019. The Board and the AC note 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 Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control system.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12:	*The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.*

The AC consists of two Independent Directors, namely Mr William Teo Choon Kow and Mr Kesavan Nair. The Chairman of the AC is Mr William Teo Choon Kow. The current composition of the AC falls short of the requisite minimum of 3 members. The Company has applied to the SGX-ST to seek a 2-month extension of time to fill the vacancy in the AC by 31 December 2019 (instead of by 31 October 2019 as required by Rule 704(7) of the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Director later. The Company is still actively identifying a suitable candidate to fill the vacant position in the AC. Notwithstanding the absence of a third member, the Company confirms that the AC is able to function effectively for the time being.

The AC has written terms of reference that describe the responsibilities of its members. As Mr William Teo Choon Kow is trained in accounting and financial management, the Board is of the view that the AC has the necessary experience and expertise required to discharge its duties. The Company will endeavor to identify a candidate, to fill the vacancy in the AC, with recent and relevant accounting or related financial management expertise or experience, to comply with the guidelines set forth in the 2018 Code.

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

(a) to review the audit plans of the independent auditor and internal auditor, including the results of the independent auditor and internal auditor's review and evaluation of the system of internal controls of the Group;

(b) to review the annual consolidated financial statements and the independent auditor's report on the financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

(c) to review the periodic consolidated financial statements comprising the statement of comprehensive income of the Group, statement of cash flows of the Group, statements of financial position of the Group and the Company and statements of changes in equity of the Group and the Company and such other information required by the Catalist Rules before submission to the Board for approval;

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

(e) to review the co-operation given by the Management to the independent auditor;

(f) to consider the appointment or re-appointment of the independent auditor;

(g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

(h) to review any potential conflicts of interests;

CORPORATE GOVERNANCE REPORT

(i) to review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

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

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

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

The AC had met with the independent auditor and internal auditor, without the presence of the Management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and to discuss the observations of the independent auditor and internal auditor on the Management or on processes and procedures of the Group.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. In the AC's opinion, the independent auditor, Nexia TS Public Accounting Corporation, is suitable for re-appointment and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditor of the Company at the forthcoming AGM. During FY2019, the aggregate amount of fees paid or payable to the independent auditor for the audit services is reflected in Note 22 to the audited financial statements of the Group for FY2019. There are no non-audit fees paid or payable to the independent auditor for non-audit services for FY2019.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group for FY2019.

The Board has, on the recommendation of the AC, implemented a whistle-blowing policy for the Group, with the objective of providing an avenue for the staff of the Group to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware. Details of the whistle-blowing policies and arrangements have been made available to the staff of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal. No such whistle-blowing letter was received in FY2019.

The AC considered the report from the independent auditor, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the independent auditor have been included as Key Audit Matters ("**KAM**") in the audit report for FY2019 in pages 49 to 51 of this Annual Report. In assessing the KAM, the AC took into consideration the approach and methodology applied as well as on the reasonableness of the estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in the KAM were appropriate.

CORPORATE GOVERNANCE REPORT

It is the Company's practice for the independent auditor to present to the AC its audit plan and with updates relating to any change in accounting standards impacting the financial statements. During FY2019, the changes in accounting standards did not have any material impact on the Group's financial statements.

None of the AC members was a previous director or has any financial interest in the Company's existing auditing firm.

Internal Audit

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

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

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Wensen Consulting Asia (S) Pte. Ltd., an international professional services firm, to undertake the functions of an internal auditor for the Group. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and administratively to the Executive Chairman and CEO.

Wensen Consulting Asia (S) Pte. Ltd. is an international professional services firm and performs its work based on its internal audit methodology and knowledge base in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The AC has met with Wensen Consulting Asia (S) Pte. Ltd., without the presence of the Management, to discuss its findings on the Group's observance of internal control measures that are in place.

The AC has reviewed the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the Group's internal audit function is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience, and has an appropriate standing within the Company. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including the access to the AC.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

CORPORATE GOVERNANCE REPORT

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

Communication with Shareholders

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

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

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

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive is disseminated without delay via announcements via SGXNET;

(b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(c) Operate an open policy with regard to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2019 as the Group was making a loss in FY2019.

Conduct of Shareholder Meetings

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

All shareholders will receive the Company's annual report, circulars and notice of AGM or general meetings. Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at the AGM or any general meetings. Resolutions at general meetings are on each substantially separate issue.

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The Chairman of the Board and of each Board committee are required to be present to address questions at the AGM or any general meetings. The independent auditor will also be present at such meetings to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management are made available to the shareholders upon their request.

The Constitution of the Company allows any shareholder of the Company, if he is unable to attend a general meeting, to appoint not more than two proxies to attend and vote on his behalf at the meeting through proxy form sent in advance. A proxy need not be a member of the Company. Pursuant to the provisions of the Companies Act, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders. As the authentication of members' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

The Board adheres to the requirements of the Catalist Rules where all resolutions are to be voted by way of poll for general meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after any general meetings. The Company will employ electronic polling if necessary.

ADDITIONAL INFORMATION

Dealing in Securities

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

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

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

Interested Person Transaction

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction. All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions entered into by the Group for FY2019 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid/payable to the Company's sponsor, SAC Capital Private Limited, for FY2019.

Material Contracts and Loans

With reference to Rule 1204(8) of the Catalist Rules, there were no material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Chairman and CEO or any Director or controlling shareholder of the Company, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Information on Directors Seeking Re-election

Mr Lim Wee Li and Mr William Teo Choon Kow are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 29 November 2019. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Lim Wee Li and Mr William Teo Choon Kow in accordance to Appendix 7F of the Catalist Rules is set out below and to be read in conjunction with their respective profiles under the "Board of Directors" section of this Annual Report:

	LIM WEE LI	WILLIAM TEO CHOON KOW
Date of appointment	25 March 2011	1 February 2019
Date of last re-appointment (if applicable)	27 October 2017	N.A.
Age	52	72
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has reviewed and considered the overall contributions and performance of Mr Lim Wee Li ("**Mr Lim**") and is of the view that he is suitable for re-appointment as Executive Chairman and CEO of the Company.	The Board has reviewed and considered the overall contributions, performance and independence of Mr William Teo Choon Kow ("**Mr Teo**") and is of the view that he is suitable for re-appointment as Lead Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Lim's profile under the "Board of Directors" section of this Annual Report.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and CEO	Lead Independent Director, Chairman of the AC and member of the NC and RC
Professional qualifications	Bachelor of Business Administration (major in Corporate Finance), University of North Texas, USA	Fellow of the Association of Chartered Certified Accountants (UK) and member of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	As set out in Mr Lim's profile under the "Board of Directors" section of this Annual Report.	As set out in Mr Teo's profile under the "Board of Directors" section of this Annual Report.

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	LIM WEE LI	WILLIAM TEO CHOON KOW
Shareholding interest in the listed issuer and its subsidiaries	93,177,000 ordinary shares in the Company	Nil
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	Past (for the last 5 years) *Directorships:* Wenul Assets (Industrial) Pte. Ltd. Newfort Realty Pte. Ltd. *Other Principal Commitments:* Nil Present *Directorships:* KHL Marketing Asia-Pacific Pte Ltd KHL (Hong Kong) Limited KHL Home Appliances Sdn. Bhd. Kitchen Culture (China) Limited Kitchen Culture (Hong Kong) Limited Kitchen Culture (Macau) Limited Kitchen Culture Sdn. Bhd. Kitchen Culture (Sichuan) Co., Ltd. Kitchen Culture Pte. Ltd. KCRoom Pte. Ltd. KCube Pte. Ltd. Haus Furnishings and Interiors Pte. Ltd. 3E Leisure Pte. Ltd. LWL Investments Pte. Ltd. Beef Up Global Pte. Ltd. *Other Principal Commitments:* Nil	Past (for the last 5 years) *Directorships:* CWX Global Limited SHS Holdings Ltd. Silkroad Nickel Ltd. Fral Ballistics Pte. Ltd. Ascendant Technologies Pte. Ltd. *Other Principal Commitments:* Nil Present *Directorships:* Wee Hur Holdings Ltd. PSL Holdings Limited Zunhou Capital Pte. Ltd. DLF Holdings Limited Datapulse Technology Limited *Other Principal Commitments:* Chairman of Sengkang West Community Development Welfare Fund Vice Chairman of Ang Mo Kio Town Council Finance Committee Treasurer of School Advisory Council for Pei Hwa Secondary School

CORPORATE GOVERNANCE REPORT

	LIM WEE LI	WILLIAM TEO CHOON KOW
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes Mr Teo served as an independent director in Hongwei Technologies Limited ("**HTL**") from June 2011 to March 2012. HTL had, on 13 December 2011, presented a petition to the Supreme Court of Bermuda for, *inter alia*, the appointment of joint provisional liquidators with the objectives of securing and safeguarding the assets of HTL. HTL was eventually delisted from the SGX-ST on 3 January 2014. Please refer to the attachment in the Company's announcement dated 1 February 2019 for further information in relation to HTL.
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE REPORT

	LIM WEE LI	WILLIAM TEO CHOON KOW
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

CORPORATE GOVERNANCE REPORT

	LIM WEE LI	WILLIAM TEO CHOON KOW
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) 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	Yes There was a composition fine of S$300 imposed against the directors of the Company by the Accounting and Corporate Regulatory Authority in 2016. Please refer to the Company's announcement dated 4 July 2016 for more information.	Yes. Please refer to the attachment in the Company's announcement dated 1 February 2019 for further information.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

CORPORATE GOVERNANCE REPORT

	LIM WEE LI	WILLIAM TEO CHOON KOW
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes a. In February 2018, Mr Lim received a supervisory warning from the Monetary Authority of Singapore to comply with the applicable laws and regulatory requirements relating to the timely disclosure of change of director or chief executive officer's interests in the securities of the Company. b. Mr Lim was fined an aggregate sum of S$2,800 for drink driving and speeding in 2004. The fines have been fully paid.	No

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company for the financial year ended 30 June 2019 and the statement of financial position of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the statement of financial position and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on the pages 55 to 122 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the changes in equity of the Company and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 2 of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lim Wee Li
William Teo Choon Kow (Appointed on 1 February 2019)
Kesavan Nair

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 30.06.19	At 01.07.18	At 30.06.19	At 01.07.18
The Company				
(No. of ordinary shares)				
Lim Wee Li	93,177,000	93,177,000	-	-
Subsidiary Corporations				
- Kitchen Culture (Hong Kong) Limited				
(No. of ordinary shares)				
Lim Wee Li	-	-	7,000,000	7,000,000

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

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	At 30.06.19	At 01.07.18	At 30.06.19	At 01.07.18
Subsidiary Corporations (cont'd)				
- Kitchen Culture (Macau) Limited				
(No. of ordinary shares)				
Lim Wee Li	-	-	MOP17,500	MOP17,500

Mr Lim Wee Li, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiary corporations of the Company.

The directors' interest in the ordinary shares of the Company as at 21 July 2019 were the same as those as at 30 June 2019.

Share options

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

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

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

Audit Committee

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

Mr William Teo Choon Kow (Chairman) (Appointed on 7 February 2019)
Mr Kesavan Nair
Mr Tan Han Beng (Resigned on 31 July 2019)

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The Audit Committee has met 3 times during the financial year ended 30 June 2019 and has reviewed the following, where relevant, with the executive director and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Company's and the Group's financial and operating results and accounting policies;

(c) the financial statements of the Group and external auditor's report on those financial statements before their submission to the directors of the Company;

(d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Audit Committee (cont'd)

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

(f) the re-appointment of the external auditors of the Group.

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

The Audit Committee has recommended to the directors that the independent auditor, Nexia TS Public Accounting Corporation be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation has expressed its willingness to accept re-appointment.

On behalf of the directors

Lim Wee Li	**William Teo Choon Kow**
Director	Director

12 November 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kitchen Culture Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 122.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) in Singapore ("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 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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 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 for the financial year ended 30 June 2019. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

Key Audit Matters (cont'd)

(1) Accounting for construction contracts in residential projects segment
[Refer to Notes 3.16 and 4]

Area of focus

For the financial year ended 30 June 2019, revenue from residential projects segment amounted to $3,130,207 (2018: $5,059,770). We focused on revenue recognition for this segment during the year to ensure that revenue was recorded appropriately, as described below.

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

As these contracts are usually long-term, sometimes spanning a number of reporting dates, changes in conditions and circumstances over time can result in variations to the original contract terms or cost overruns. Therefore, the exercise of judgement is required to estimate the stage of completion and the resultant profit margins to be recognised that is recorded in each reporting period.

In the event when it is probable that the total contract costs will exceed the total contract revenue, a provision for all foreseeable losses would be recognised as an expense immediately. This could result from, *inter alia*, disputes over variation works, claims that may be recoverable from customers and cost overruns which require further negotiation and settlements.

As a result of the judgements required to determine the stage of completion and profit margins to be recognised as well as the adequacy of provision for foreseeable losses that could arise from the on-going contracts, this is a key focus area in our audit.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- evaluated management's assessment of the application of SFRS(I) 15 and considered the appropriateness of the Group's revenue recognition accounting policies.

- reviewed contract terms and conditions and the contractual sum, and substantiated project revenue and costs incurred against the underlying documents.

- verified the contract amounts to customer contracts and variation orders. Our testing also included evaluating customer acceptance of the work (particularly for variation orders) performed to establish whether contractual milestones had been achieved, assessing the impact of any ongoing disputes, and reviewing the reasonableness of management's estimates of budgeted project costs and cost to complete the contract.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

Key Audit Matters (cont'd)

(1) Accounting for construction contracts in residential projects segment (cont'd)

How our audit addressed the area of focus (cont'd)

- reviewed journal entries posted to revenue accounts to identify if there are any unusual or irregular items recognised for those significant projects.
- performed sensitivity analysis to assess the impact on the amount of revenue and contract costs of uncompleted contracts by reasonable possible changes to these estimates.
- assessed the adequacy of provision for foreseeable losses on the projects by analysis of the estimated total costs exceeding the total contract revenue, and identified any major delays and/or cost overruns which might result in loss-making contracts.

(2) Valuation of inventories
[Refer to Notes 3.10 and 4]

Area of focus

For the financial year ended 30 June 2019, the carrying amount of inventories was $6,897,834 (30 June 2018: $7,281,897, 1 July 2017: $9,364,369). The Group's inventories mainly consist of kitchen appliances and systems, wardrobe systems, household furniture and accessories which are subject to changing consumer demands due to product design, trends and market conditions.

Inventories are measured at the lower of cost (weighted average method) and net realisable value ("NRV"). A review is made periodically by management on excess or obsolete inventories and inventories sold below cost as a result of reduction in customer demand. We focused on this area because significant judgement was involved in management's assessment to estimate the write down of inventories required.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- discussed the basis of writing down the inventories with the management and assessed the reasonableness of the assumptions used in the estimation of write down of inventories.
- ensured that the write down of inventories is consistent with Group policy.
- identified any obsolete or slow-moving inventories during the physical count observation.
- checked and tested inventories costing and NRV through sample selection.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

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. We have nothing to report in this regard.

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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

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, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITCHEN CULTURE HOLDINGS LTD.

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

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

Report on Other Legal and Regulatory Requirements

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

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
12 November 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Group 30 June 2019 $	30 June 2018 $ (Restated)	1 July 2017 $
Assets				
Cash and cash equivalents	5	333,677	321,821	755,017
Trade receivables	6	3,681,898	4,304,248	9,031,131
Other receivables	7	1,308,897	2,025,242	1,679,287
Contract assets	19	790,067	1,293,568	1,118,103
Inventories	8	6,897,834	7,281,897	9,364,369
Tax recoverable		4,211	38,223	89,374
Current assets		13,016,584	15,264,999	22,037,281
Property, plant and equipment	9	405,490	615,442	1,114,564
Investment property	10	233,225	246,002	258,825
Trade receivables	6	130,599	618,250	728,865
Deferred tax assets	12	-	337,337	342,926
Non-current assets		769,314	1,817,031	2,445,180
Total assets		13,785,898	17,082,030	24,482,461
Liabilities				
Trade payables	13	2,166,068	1,825,806	2,779,022
Other payables	14	8,717,107	8,291,859	10,088,534
Contract liabilities	19	4,212,571	3,776,317	4,417,399
Finance lease liabilities	15	54,407	42,889	48,093
Borrowings	16	1,208,036	3,450,655	3,639,551
Income tax payable		20,419	4,429	4,429
Current liabilities		16,378,608	17,391,955	20,977,028
Finance lease liabilities	15	134,715	141,651	110,460
Borrowings	16	2,600,000	1,000,000	3,125,000
Non-current liabilities		2,734,715	1,141,651	3,235,460
Total liabilities		19,113,323	18,533,606	24,212,488
Equity				
Share capital	17	8,731,259	8,731,259	6,231,259
Translation reserve	18	288,961	40,267	254,668
Accumulated losses		(13,946,536)	(10,072,188)	(6,046,170)
Capital and reserves attributable to equity holders of the Company		(4,926,316)	(1,300,662)	439,757
Non-controlling interests		(401,109)	(150,914)	(169,784)
Total (capital deficit)/equity		(5,327,425)	(1,451,576)	269,973
Total liabilities and equity		13,785,898	17,082,030	24,482,461

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Company		
	Note	30 June 2019 $	30 June 2018 $	1 July 2017 $
Assets				
Cash and cash equivalents	5	9,269	2,692	9,539
Other receivables	7	4,913,247	8,752,843	4,520,289
Current assets		4,922,516	8,755,535	4,529,828
Subsidiary corporations	11	2	1,500,005	1,500,005
Non-current assets		2	1,500,005	1,500,005
Total assets		4,922,518	10,255,540	6,029,833
Liabilities				
Other payables	14	4,910,360	3,005,535	477,267
Borrowings	16	-	375,000	375,000
Current liabilities		4,910,360	3,380,535	852,267
Borrowings	16	-	-	375,000
Non-current liabilities		-	-	375,000
Total liabilities		4,910,360	3,380,535	1,227,267
Equity				
Share capital	17	8,731,259	8,731,259	6,231,259
Accumulated losses		(8,719,101)	(1,856,254)	(1,428,693)
Capital and reserves attributable to equity holders of the Company, representing total equity		12,158	6,875,005	4,802,566
Total liabilities and equity		4,922,518	10,255,540	6,029,833

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 $	2018 $
Revenue	19	11,050,616	14,388,410
Cost of sales		(6,280,105)	(8,111,158)
Gross profit		4,770,511	6,277,252
Other income	20	279,288	485,264
Selling and distribution expenses		(2,855,584)	(4,510,422)
Other operating expenses		(825,262)	(779,893)
General and administrative expenses		(4,722,514)	(4,785,056)
Loss from operations		(3,353,561)	(3,312,855)
Finance cost	21	(432,094)	(701,702)
Loss before income tax		(3,785,655)	(4,014,557)
Income tax expense	23	(337,290)	-
Net loss		(4,122,945)	(4,014,557)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		247,096	(206,992)
Other comprehensive income/(loss), net of tax		247,096	(206,992)
Total comprehensive loss		(3,875,849)	(4,221,549)
Net (loss)/income attributable to:			
Equity holders of the Company		(3,874,348)	(4,026,018)
Non-controlling interests		(248,597)	11,461
		(4,122,945)	(4,014,557)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(3,625,654)	(4,240,419)
Non-controlling interests		(250,195)	18,870
		(3,875,849)	(4,221,549)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	24	(3.3)	(4.0)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		← Attributable to equity holders of the Company →					
Group	**Note**	**Share capital $**	**Currency translation reserve $**	**Accumulated losses $**	**Attributable to equity holders of the Company $**	**Non-controlling interests $**	**Total equity/ (capital deficit) $**
2018							
Beginning of financial year, as previously reported		6,231,259	404,263	(6,195,765)	439,757	(169,784)	269,973
Adoption of SFRS (I)	3.2A1	-	(149,595)	149,595	-	-	-
Beginning of financial year, restated		6,231,259	254,668	(6,046,170)	439,757	(169,784)	269,973
Issuance of new ordinary shares	17	2,500,000	-	-	2,500,000	-	2,500,000
(Loss)/profit for the year		-	-	(4,026,018)	(4,026,018)	11,461	(4,014,557)
Other comprehensive (loss)/income							
Exchange differences on translation of foreign operations		-	(214,401)	-	(214,401)	7,409	(206,992)
Total comprehensive (loss)/income for the year			(214,401)	(4,026,018)	(4,240,419)	18,870	(4,221,549)
End of financial year		8,731,259	40,267	(10,072,188)	(1,300,662)	(150,914)	(1,451,576)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		← Attributable to equity holders of the Company →					
Group	**Note**	**Share capital $**	**Currency translation reserve $**	**Accumulated losses $**	**Attributable to equity holders of the Company $**	**Non-controlling interests $**	**Total equity/ (capital deficit) $**
2019							
Beginning of financial year		8,731,259	40,267	(10,072,188)	(1,300,662)	(150,914)	(1,451,576)
(Loss)/profit for the year		-		(3,874,348)	(3,874,348)	(248,597)	(4,122,945)
Other comprehensive (loss)/income							
Exchange differences on translation of foreign operations		-	248,694		248,694	(1,598)	247,096
Total comprehensive income/(loss) for the year		-	248,694	(3,874,348)	(3,625,654)	(250,195)	(3,875,849)
End of financial year		8,731,259	288,961	(13,946,536)	(4,926,316)	(401,109)	(5,327,425)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Company	**Share capital $**	**Accumulated losses $**	**Total $**
2018			
Beginning of financial year	6,231,259	(1,428,693)	4,802,566
Issuance of new ordinary shares	2,500,000	-	2,500,000
Total comprehensive loss for the year	-	(427,561)	(427,561)
End of financial year	8,731,259	(1,856,254)	6,875,005
2019			
Beginning of financial year	8,731,259	(1,856,254)	6,875,005
Total comprehensive loss for the year	-	(6,862,847)	(6,862,847)
End of financial year	8,731,259	(8,719,101)	12,158

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 $	Group 2018 $ (Restated)
Cash flows from operating activities			
Loss after tax		(4,122,945)	(4,014,557)
Adjustments for:			
- Income tax expenses	23	337,290	-
- Depreciation of property, plant and equipment	22	330,590	713,253
- Amortisation of investment property	22	12,777	12,823
- Gain on disposal of property, plant and equipment	22	(52,111)	(93,081)
- Property, plant and equipment written off	22	-	36,198
- Interest expense	21	432,094	701,702
- Interest income		(731)	(441)
- Unrealised foreign exchange differences		261,996	(178,058)
		(2,801,040)	(2,822,161)
Change in working capital:			
- Inventories		384,063	2,082,472
- Trade and other receivables		1,826,345	4,432,079
- Contract assets		503,501	(175,465)
- Trade and other payables		532,456	(1,902,471)
- Contract liabilities		436,254	(641,082)
Cash generated from operations		881,579	973,372
Income tax refunded		33,718	51,151
Net cash provided by operating activities		915,297	1,024,523
Cash flows from investing activities			
Interest received		731	441
Additions to property, plant and equipment		(66,306)	(172,592)
Disposal of property, plant and equipment		55,809	93,082
Net cash used in investing activities		(9,766)	(79,069)
Cash flows from financing activities			
Fixed deposit pledged to bank		115,998	(85)
Proceeds from bank borrowings		-	197,337
Repayment of bank borrowings		(252,829)	(1,642,192)
Repayment of finance leases		(56,123)	(56,266)
Repayment of non-convertible loan		(375,000)	(375,000)
Drawdown of term loan from directors		-	1,630,011
Repayment of term loan from directors		(102,866)	(250,000)
Interest paid		(89,572)	(379,061)
Proceeds of term loan from external third parties		200,000	400,000
Repayment of term loan from external third parties		(90,000)	(50,000)
Repayment of term loan from shareholders		-	(250,000)
Net cash used in financing activities		(650,392)	(775,256)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 $	2018 $ (Restated)
Net increase in cash and cash equivalents		255,139	170,198
Cash and cash equivalents			
Beginning of financial year	5	(69,085)	(229,845)
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies		(2,495)	(9,438)
End of financial year	5	183,559	(69,085)

Reconciliation of liabilities arising from financing activities

	1 July 2018 $	Principal and interest (payments)/ receipts $	Non-cash changes: Offset against assets $	Non-cash changes: Issue of share capital $	Non-cash changes: Interest expense $	Changes in foreign exchange $	30 June 2019 $
Bank borrowings	252,829	(327,683)	-	-	74,854	-	-
Non-convertible loan	375,000	(375,000)	-	-	-	-	-
Finance lease liabilities	184,540	(61,842)	56,900	-	5,718	3,806	189,122
Loan from directors	2,218,979	(102,866)	-	-	-	11	2,116,124
Loan from shareholders	1,000,000	-	-	-	-	-	1,000,000
Loan from external third parties	2,600,000	101,000	-	-	9,000	-	2,710,000

	1 July 2017 $	Principal and interest (payments)/ receipts $	Non-cash changes: Offset against assets/ (liabilities) $	Non-cash changes: Issue of share capital $	Non-cash changes: Interest expense $	Changes in foreign exchange $	30 June 2018 $
Bank borrowings	1,697,684	(1,507,945)	-	-	63,090	-	252,829
Non-convertible loan	750,000	(464,910)	-	-	89,910	-	375,000
Finance lease liabilities	158,533	(64,300)	82,800	-	8,054	(547)	184,540
Loan from directors	3,952,687	755,802	-	(2,500,000)	10,479	11	2,218,979
Loan from shareholders	1,250,000	(302,397)	(47,740)	-	100,137	-	1,000,000
Loan from external third parties	2,250,000	246,339	(122,753)	-	226,414	-	2,600,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

The financial statements of the Group for the financial year ended 30 June 2019 were authorised for issue in accordance with resolution of the Board of Directors of Kitchen Culture Holdings Ltd. on 12 November 2019.

1 General information

Kitchen Culture Holdings Ltd. (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Leng Kee Road #01-08, Thye Hong Centre, Singapore 159086.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are set out in Note 11 to the financial statements. The Group is primarily involved in the selling and distribution of imported high-end kitchen systems and appliances, wardrobe systems and household furniture and accessories.

2 Going concern

The Group incurred a net loss of $4.1 million (2018: $4.0 million) for the financial year ended 30 June 2019, and recorded a net operating cash inflow of $0.9 million (2018: $1.0 million). As at 30 June 2019, the Group’s current liabilities exceeded its current assets by $3.4 million (30 June 2018: $2.1 million, 1 July 2017: $Nil).

These financial results indicate the existence of events or conditions on the Group’s ability to continue as a going concern and discharge its liabilities in the ordinary course of business. Nevertheless, the directors believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 30 June 2019 is appropriate after taking into consideration the following factors:

(a) Management has obtained written commitments from a shareholder and other third party lenders not to demand payment for at least the next 12 months for an aggregate loans of $1.1 million.

(b) Mr. Lim Wee Li, who had extended an interest free loan of $2.1 million to the Group for working capital purposes as at 30 June 2019, has undertaken not to call for repayment until the Group has sufficient additional working capital. Mr Lim Wee Li has undertaken to provide further financial support if the need arises to enable the Group to continue in operation.

(c) An amount of $4.2 million in the contract liabilities relates to sales deposits collected from customers for kitchen systems purchased, which will be recognised as revenue subsequently upon delivery of the kitchen systems to the customers and do not represent payment obligations of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies

3.1 Basis of accounting

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

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

3.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Company’s previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group’s opening statement of financial position has been prepared as at 1 July 2017, which is the Group’s date of transition to SFRS(I) (“date of transition”).

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Business combinations

SFRS(I) 3 Business Combinations has not been applied to business combinations that occurred before the date of transition on 1 July 2017. The same classification as in its previous SFRS financial statements has been adopted

The Group has not applied SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 July 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.2 Adoption of SFRS(I) (cont'd)

(a) Optional exemptions applied (cont'd)

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(ii) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 July 2017.

(iii) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(iv) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(v) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 July 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- For completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- For contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- For the financial year ended 30 June 2019, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.2 Adoption of SFRS(I) (cont'd)

(b) Reconciliation of the Company's certain assets and liabilities reported in accordance with SFRS to SFRS(I)

	Reported under SFRS $	Effects of applying SFRS(I) $	Effects of applying SFRS(I) 15 $	Reported under SFRS(I) $
As at 1 July 2017				
Trade receivables	10,149,234	-	(1,118,103)	9,031,131
Contract assets	-	-	1,118,103	1,118,103
Trade payables	7,196,421	-	(4,417,399)	2,779,022
Contract liabilities	-	-	4,417,399	4,417,399
Translation reserve	404,263	(149,595)	-	254,668
Accumulated losses	6,195,765	(149,595)	-	6,046,170
As at 30 June 2018				
Trade receivables	5,597,816	-	(1,293,568)	4,304,248
Contract assets	-	-	1,293,568	1,293,568
Trade payables	5,602,123	-	(3,776,317)	1,825,806
Contract liabilities	-	-	3,776,317	3,776,317
Translation reserve	189,862	(149,595)	-	40,267
Accumulated losses	10,221,783	(149,595)	-	10,072,188

There were no material impact to the Company's balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 15.

A Optional exemptions

As disclosed in Note 3.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

A1. Cumulative translation differences

As disclosed in Note 3.2(a)(ii), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 July 2017. As a result, other reserves and retained profits as at 1 July 2017 and 30 June 2018 was reduced/increased by $149,595 respectively.

B Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 3.2(a)(v), the Group has also elected to apply the transition provisions under paragraph C5 of the SFRS(I) 15 at 1 July 2018.

3 Significant accounting policies (cont'd)

3.2 Adoption of SFRS(I) (cont'd)

B Adoption of SFRS(I) 15 (cont'd)

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued FRS financial statements as explained below:

B1. Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statement of financial position as at 30 June 2018 on adopting SFRS(I) 15:

(i) Contract assets relating to construction contracts were previously presented as "amounts due from customers arising from construction contracts" of $1,293,568 (1 July 2017: $1,118,103) under FRS.

(ii) Contract liabilities in relation to construction contracts were previously presented as "amounts due to customers arising from construction contracts" of $226,907 (1 July 2017: $703,181) under SFRS (I).

(iii) Contract liabilities in relation to sales of goods were previously presented as "sales deposits received" of $3,549,410 (1 July 2017: $3,714,218) under SFRS (I).

C Adoption of SFRS(I) 9

As disclosed in Note 3.2(a)(iv), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 3.4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.2 Adoption of SFRS(I) (cont'd)

C Adoption of SFRS(I) 9

C1. Classification and measurement of financial assets

For financial assets held by the Group on 1 July 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9.

(i) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15;
- debt instruments measured at FVOCI and amortised cost; and
- loans to related parties and other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 3.4 and Note 25(c)(iv).

There were no material adjustments to the Company's total comprehensive income and statement of cash flows arising from the transition from FRS to SFRS(I).

3.3 Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

3 Significant accounting policies (cont'd)

3.3 Basis of consolidation (cont'd)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.3 Business combination

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

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

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS (I) 1-12 Income Taxes and SFRS (I) 1-19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS (I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

3 Significant accounting policies (cont'd)

3.3 Business combination (cont'd)

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

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

3.4 Financial instruments

The accounting for financial instruments before 1 July 2018 under FRS 39 is as follows:

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

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

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

The Group classifies financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Loans and receivables comprise cash and cash equivalent and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

The accounting for financial instruments before 1 July 2018 under FRS 39 is as follows (cont'd):

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

The accounting for financial instruments before 1 July 2018 under FRS 39 is as follows (cont'd):

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing loans, bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group’s accounting policy for borrowing costs.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

The accounting for financial instruments from 1 July 2018 under SFRS(I) 9 is as follows:

Classification and measurement

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

At initial recognition

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

At subsequent measurement

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

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

Impairment

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

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

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

3 Significant accounting policies (cont'd)

3.5 Offsetting arrangements

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

3.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.7 Construction contracts

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

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

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

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

3.8 Trade and other payables

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

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

3.9 Fair value estimation of financial assets and liabilities

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

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

3.10 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.11 Property, plant and equipment

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

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

	No. of years
Leasehold property	over the lease terms of 25 years
Renovations	5 years
Office equipment	5 years
Furniture and fittings	5 years
Motor vehicles	5 to 10 years
Operating equipment	5 years

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

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

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

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

3.12 Investment property

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

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

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

3 Significant accounting policies (cont'd)

3.13 Impairment of tangible assets

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

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

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

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

3.14 Provisions

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

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

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

3 Significant accounting policies (cont'd)

3.14 Provisions (cont'd)

Onerous contracts

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

Warranties

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

3.15 Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.16 Revenue recognition

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

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

Revenue from construction contracts – installation of kitchen appliances and system

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

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

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

Sale of goods – kitchen appliances

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

Rendering of services

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

Interest income

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

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Defined contribution plans

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

3.19 Employee leave entitlement

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

3.20 Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.20 Income tax (cont'd)

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

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

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

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

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

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

3.21 Foreign currency transactions and translation

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.21 Foreign currency transactions and translation (cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 Significant accounting policies (cont'd)

3.22 Segment reporting

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

3.23 Cash and cash equivalents

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

3.24 Share capital

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

4 Critical judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the entity's accounting policies

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

Key sources of estimation uncertainty

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

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

Impairment of trade receivables and contract assets

As at 30 June 2019, the Group's trade receivables and contract assets amounted to $3,782,402 (Note 6) and $790,067 (Note 19) respectively, arising from the Group's different revenue segments.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of $558,536 for trade receivables was recognised as at 30 June 2019.

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

The Group's credit risk exposure for trade receivables and contract assets by different revenue segment are set out in Note 25 and Note 19 respectively.

Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and a write off or write down is recorded against the carrying amount of the inventory balance for any such obsolescence, excess and declines. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting date and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write off or write down include management's expectations for future sales and inventory management which may materially affect the carrying amount of inventories as at financial year end. Possible changes in these estimates could result in revisions to the stated value of the inventories but these changes would not arise from the assumptions or other sources of estimation uncertainty at the end of the financial year. As at 30 June 2019, management has written down and write off inventories of $36,584 and $283,931 (2018: $Nil and $555,408) respectively during the year.

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

Construction contracts

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

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

If the revenue on uncompleted contracts at the reporting date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by $133,463 (2018: $3,236,912) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $115,580 (2018: $265,381) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5 Cash and cash equivalents

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$	$	$	$	$	$
Bank balances	281,595	153,741	587,022	9,269	2,692	9,539
Fixed deposit	52,082	168,080	167,995	-	-	-
	333,677	321,821	755,017	9,269	2,692	9,539

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

	Group		
	30 June 2019	30 June 2018	1 July 2017
	$	$	$
Cash and cash equivalents (as above)	333,677	321,821	755,017
Less: Pledged fixed deposit	(52,082)	(168,080)	(167,995)
Less: Bank overdraft (Note 16)	(98,036)	(222,826)	(816,867)
Cash and cash equivalents in the consolidated statement of cash flows	183,559	(69,085)	(229,845)

Fixed deposit bears interest rate of 0.05% (30 June 2018: 0.05%, 1 July 2017: 0.05%) per annum with maturity date of one month after the end of the reporting date. The fixed deposit was pledged to a bank to secure banking facilities.

6 Trade receivables

	Group		
	30 June 2019	30 June 2018	1 July 2017
	$	$	$
		(Restated)	
Current			
Trade receivables	2,630,980	3,033,106	7,426,308
Retention sums	1,609,454	1,649,980	1,910,415
	4,240,434	4,683,086	9,336,723
Loss allowances (Note 25(c))	(558,536)	(378,838)	(305,592)
Net trade receivables, current	3,681,898	4,304,248	9,031,131
Non-current			
Prepayment	30,095	-	-
Retention sums	100,504	618,250	728,865
Net trade receivables, non-current	130,599	618,250	728,865

The average credit period on sale of goods is 60 days (30 June 2018: 60 days, 1 July 2017: 60 days). No interest is charged on the trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7 Other receivables

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$	$	$	$	$	$
Deposits	142,776	649,620	859,902	-	-	-
Prepayments	139,929	228,663	134,830	4,467	16,433	5,500
Advances to suppliers	431,613	855,770	553,752	-	-	-
Other receivables	594,579	291,189	130,803	-	-	-
Amounts due from subsidiary corporations	-	-	-	10,383,023	9,791,462	5,569,841
	1,308,897	2,025,242	1,679,287	10,387,490	9,807,895	5,575,341
Loss allowances (Note 25(c))	-	-	-	(5,474,243)	(1,055,052)	(1,055,052)
	1,308,897	2,025,242	1,679,287	4,913,247	8,752,843	4,520,289

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

8 Inventories

	Group		
	30 June 2019	2018	1 July 2017
	$	$	$
Finished goods – at net realisable value	6,897,834	7,281,897	9,222,424
Goods-in-transit – at cost	-	-	141,945
	6,897,834	7,281,897	9,364,369

The cost of inventories recognised as an expense includes $36,584 (2018: $Nil) in respect of write-downs of inventory to net realisable value and $283,931 (2018: $555,408) in respect of inventory written off, and has been offset by $Nil (2018: $25,399) in respect of reversal of previously written down inventories in the current financial year. The charge and reversal to the current financial year's profit or loss were included in "Other operating expenses".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

9 Property, plant and equipment

Group	Renovations $	Furniture and fittings $	Office equipment $	Motor vehicles $	Operating equipment $	Total $
Cost						
At 1 July 2017	2,105,927	431,370	744,728	1,023,388	8,925	4,314,338
Additions	74,163	2,650	40,579	138,000	-	255,392
Written off	(489,307)	(91,915)	(13,740)	(27,967)	-	(622,929)
Disposal	-	-	-	(340,000)	-	(340,000)
Exchange differences	(5,841)	390	878	(451)	-	(5,024)
At 30 June 2018	**1,684,942**	**342,495**	**772,445**	**792,970**	**8,925**	**3,601,777**
Additions	42,495	2,880	3,431	67,800	6,600	123,206
Disposal	-	-	-	(300,594)	-	(300,594)
Exchange differences	(5,047)	(845)	(3,582)	(3,855)	-	(13,329)
At 30 June 2019	**1,722,390**	**344,530**	**772,294**	**556,321**	**15,525**	**3,411,060**
Accumulated depreciation						
At 1 July 2017	1,438,968	395,917	559,149	801,123	4,617	3,199,774
Depreciation for the year	506,659	24,927	88,174	92,551	942	713,253
Written off	(468,547)	(91,627)	(13,021)	(13,536)	-	(586,731)
Disposal	-	-	-	(339,999)	-	(339,999)
Exchange differences	(910)	420	514	14	-	38
At 30 June 2018	**1,476,170**	**329,637**	**634,816**	**540,153**	**5,559**	**2,986,335**
Depreciation for the year	142,325	10,115	76,472	99,714	1,964	330,590
Disposal	-	-	-	(296,896)	-	(296,896)
Exchange differences	(8,673)	(571)	(2,456)	(2,759)	-	(14,459)
At 30 June 2019	**1,609,822**	**339,181**	**708,832**	**340,212**	**7,523**	**3,005,570**
Carrying amount						
At 1 July 2017	666,959	35,453	185,579	222,265	4,308	1,114,564
At 30 June 2018	208,772	12,858	137,629	252,817	3,366	615,442
At 30 June 2019	**112,568**	**5,349**	**63,462**	**216,109**	**8,002**	**405,490**

9 Property, plant and equipment (cont'd)

Included in the consolidated financial statements are motor vehicles acquired under finance lease, amounting to $67,800 (30 Jun 2018 : $82,800, 1 July 2017:$77,500).

The Group has motor vehicles with carrying amounts of $201,356 (30 June 2018: $209,325, 1 July 2017: $128,651) under finance leases arrangements.

10 Investment property

	Group	
	30 June 2019	**30 June 2018**
	$	**$**
Cost		
Beginning of financial year	246,002	258,825
Amortisation charge for the year (Note 22)	(12,777)	(12,823)
End of financial year	233,225	246,002

The Group's investment property is held for capital appreciation and/or to earn rental and is expected to be recovered through sale. The Group has recognised rental income amounting to $8,981 (2018: $9,202) in profit and loss. There are no significant direct operating expenses (including repairs and maintenance) incurred on the investment property.

The investment property held by the Group is as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
Unit 91, Montigo Resorts, Nongsa, Batam, Riau Island	Holiday resort	Leasehold	18 years

Fair value measurement of the Group's investment property

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

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

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 30 June 2019, the fair values of the properties have been determined by Roma Appraisals Limited and is valued to be approximately $500,000. The previous year's fair values of the property has been determined by the directors of the Group who formed an opinion based on transactions of similar property in the vicinity and that the value of the investment property is approximately $718,000.

There were no transfer between fair value hierarchies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 Subsidiary corporations

	Company		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$	**$**	**$**
Unquoted equity shares at cost	1,500,005	1,500,005	1,500,005
Allowance for impairment	(1,500,003)	-	-
	2	1,500,005	1,500,005

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

	Company	
	30 June 2019	**30 June 2018**
	$	**$**
Beginning of financial year	-	-
Allowance made during the year	1,500,003	-
End of financial year	1,500,003	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 Subsidiary corporations (cont'd)

Details of significant subsidiary corporations are as follows:

Name of subsidiary corporation	Principal activities	Country of incorporation and operations	Proportion or ordinary shares held by the Group			Proportion or ordinary shares held by non-controlling interests		
			30 June 2019 %	30 June 2018 %	1 July 2017 %	30 June 2019 %	30 June 2018 %	1 July 2017 %
Held by the Company								
KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM")	Sales and distribution of kitchen system and appliances, wardrobe system, household furniture and appliances	Singapore	100	100	100	-	-	-
Kitchen Culture (China) Limited (i)	Dormant	Hong Kong	100	100	100	-	-	-
KHL (Hong Kong) Limited (i)	Investment holding	Hong Kong	100	100	100	-	-	-
Beef Up Global Pte. Ltd. (vi)	Dormant	Singapore	100	100	-	-	-	-
Held by KHL Marketing Asia-Pacific Pte. Ltd.								
Kitchen Culture Sdn. Bhd. (ii)(iii)	Trading in furniture and fittings, kitchen equipment and related products	Malaysia	100	100	100	-	-	-
Kitchen Culture Pte. Ltd. (vi)	Dormant	Singapore	100	100	100	-	-	-
Haus Furnishings and Interiors Pte. Ltd.	Provision of labour services	Singapore	100	100	100	-	-	-
KCube Pte. Ltd.	Trading in mid-range kitchen equipment and related products	Singapore	100	100	100	-	-	-
Kitchen Culture (Sichuan) Co., Ltd. (iv)	Sales and distribution of kitchen systems and appliances, wardrobe system, household furniture and appliances	The People's Republic of China	100	100	100	-	-	-
KCROOM Pte. Ltd. (vi)	Dormant	Singapore	100	100	100	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 Subsidiary corporations (cont'd)

Name of subsidiary corporation	Principal activities	Country of incorporation and operations	Proportion or ordinary shares held by the Group			Proportion or ordinary shares held by non-controlling interests		
			30 June 2019 %	30 June 2018 %	1 July 2017 %	30 June 2019 %	30 June 2018 %	1 July 2017 %
<u>Held by KHL (Hong Kong) Limited</u>								
Kitchen Culture (Macau) Limited [(v)]	Dormant	Macau	70	70	70	30	30	30
Kitchen Culture (Hong Kong) Limited [(i)]	Sales and distribution of kitchen system, kitchen appliances, wardrobe system, household furniture and appliances	Hong Kong	70	70	70	30	30	30

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

(i) Audited by Fan, Chan & Co, Hong Kong ("FC")

(ii) Audited by ST & Partners PLT, Malaysia ("ST") for the financial year ended 30 June 2019

(iii) Audited by Nexia SSY, Malaysia ("SY") for the financial year/period ended 30 June 2018 and 30 June 2017

(iv) Audited by Grant Thornton LLP, China ("GT")

(v) Audited by Keng Ou CPAs, Macau ("KOCPA")

(vi) Not required to be audited

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

11 Subsidiary corporations (cont'd)

	Non-controlling interest 30 June 2019 $	30 June 2018 $	1 July 2017 $
Kitchen Culture (Hong Kong) Limited	(396,442)	(331,389)	(351,577)

Summarised financial information of subsidiaries with material non-controlling interests

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

(i) Summarised balance sheet

	30 June 2019 $	30 June 2018 $	1 July 2017 $
Current			
Assets	4,408,519	5,534,058	6,221,975
Liabilties	(5,821,466)	(7,010,323)	(8,005,875)
Total current net liabilities	(1,412,947)	(1,476,265)	(1,783,900)
Non-current			
Assets	91,474	395,102	658,921
Liabilties	-	(23,466)	(46,943)
Total non-current net assets	91,474	371,636	611,978
Net liabilities	(1,321,473)	(1,104,629)	(1,171,922)

(ii) Summarised income statements

	For the year ended 30 June 2019 $	30 June 2018 $
Revenue	5,679,854	6,175,121
Profit before income tax	43,119	45,102
Income tax expense	(266,192)	-
Post tax (loss) profit from continuing operations	(223,073)	45,102
Total comprehensive income	(223,073)	45,102
Total comprehensive (loss) income allocated to non-controlling interests	(66,922)	13,531

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 Subsidiary corporations (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests (cont'd)

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

(iii) Summarised cash flows

	For the year ended	
	30 June 2019	**30 June 2018**
	$	**$**
Net cash generated from operating activities	670,238	692,426
Net cash used in investing activities	(33,682)	(91,515)
Net cash used in financing activities	(491,542)	(908,002)

There were no material transactions with non-controlling interests for the financial year ended 30 June 2019, 30 June 2018 and 1 July 2017.

12 Deferred income taxes

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

	Property, plant and equipment $	Tax loss carry forward $	Total $
Group			
At 1 January 2017	(81,460)	(261,466)	(342,926)
Exchange differences	1,675	3,914	5,589
At 30 June 2018	(79,785)	(257,552)	(337,337)
Exchange differences	47	-	47
Reversal of deferred tax assets	79,738	257,552	337,290
At 30 June 2019	-	-	-

Subject to the agreement by the tax authorities, at the end of the reporting date, the Group has unutilised tax losses of $16,977,726 (30 June 2018: $13,192,071, 1 July 2017: $10,496,085) available for offset against future profits. A deferred tax asset has been recognised in respect of $Nil (30 June 2018: $257,552, 1 July 2017: $261,466) of such losses based on management's assessment of probable taxable profits of a subsidiary corporation.

Unutilised tax losses may be carried forward indefinitely subject to the conditions imposed by the tax authorities including the retention of majority shareholders as defined.

13 Trade payables

	Group		
	30 June 2019 $	30 June 2018 $ (Restated)	1 July 2017 $
Trade payables	2,166,068	1,825,806	2,779,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14 Other payables

	Group			Company		
	30 June 2019 $	30 June 2018 $	1 July 2017 $	30 June 2019 $	30 June 2018 $	1 July 2017 $
Other payables	4,911,058	4,020,042	3,625,632	511,210	400,756	216,267
Amount due to subsidiary	-	-	-	1,706,200	-	-
Loan from a director	2,116,124	2,832,709	3,952,687	2,115,259	2,218,979	-
Loan from a shareholder of a subsidiary corporation	459,713	434,627	1,728,989	-	-	-
Accrued operating expenses	1,230,212	1,004,481	781,226	577,691	385,800	261,000
	8,717,107	8,291,859	10,088,534	4,910,360	3,005,535	477,267

The loan from a director and shareholder of a subsidiary corporation are unsecured, interest-free and repayable on demand except for an amount of $459,713 (30 June 2018: $434,627, 1 July 2017: $1,331,250) relating to loan from a shareholder of a subsidiary corporation which bears interest of 10% per annum.

15 Finance lease liabilities

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	30 June 2019 $	30 June 2018 $	1 July 2017 $	30 June 2019 $	30 June 2018 $	1 July 2017 $
Minimum lease payments due:						
- Not later than one year	60,890	51,367	54,562	54,407	42,889	48,093
- Between one and five years	160,559	162,217	137,346	134,715	141,651	110,460
	221,449	213,584	191,908	189,122	184,540	158,553
Less: Future finance charges	(32,327)	(29,044)	(33,355)	-	-	-
Present value of finance lease liabilities	189,122	184,540	158,553	189,122	184,540	158,553
Less: Amount due for settlement within 12 months (shown as current liabilities)				(54,407)	(42,889)	(48,093)
Amount due for settlement after 12 months				134,715	141,651	110,460

Finance lease terms are for an average of 7 years (30 June 2018: 7 years, 1 July 2017: 7 years). The average effective borrowing rate was 2.3% to 2.8% (30 June 2018: 2.3% to 2.8%, 1 July 2017: 1.9% to 2.8%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15 Finance lease liabilities (cont'd)

Finance lease liabilities was guaranteed by the Company's Director, namely Lim Wee Li of $63,076 (30 June 2018: $89,489, 1 July 2017: $83,823) and the Company of $102,690 (30 June 2018: $95,051, 1 July 2017: $74,730).

The fair value of the Group's lease obligations approximates its carrying amount.

16 Borrowings

	Year of Maturity	Group 2019 $	Group 2018 $	Group 2017 $	Company 2019 $	Company 2018 $	Company 2017 $
Group							
Borrowings from financial institutions							
Term loan I	2018	-	55,492	522,078	-	-	-
Term loan II	2017	-	-	20,811	-	-	-
Term loan III	2017	-	-	61,453	-	-	-
Term loan IV	2018	-	-	224,519	-	-	-
Short term revolving loans	2018	-	197,337	-	-	-	-
Accounts receivable financing	2018	-	-	688	-	-	-
Bills payable	2018	-	-	868,135	-	-	-
Non-convertible bond	2019	-	375,000	750,000	-	375,000	750,000
Bank overdraft (Note 5)		98,036	222,826	816,867	-	-	-
		98,036	850,655	3,264,551	-	375,000	750,000
Borrowings from non-financial institutions							
Loan from shareholder	2018	-	1,000,000	1,250,000	-	-	-
Loan from shareholder	2021	1,000,000	-	-	-	-	-
Loan from other third parties	2018	1,110,000	2,600,000	2,250,000	-	-	-
Loan from other third parties	2021	1,600,000	-	-	-	-	-
		3,710,000	3,600,000	3,500,000	-	-	-
Net		3,808,036	4,450,655	6,764,551	-	375,000	750,000
Presented as:							
Current		1,208,036	3,450,655	3,639,551	-	375,000	375,000
Non-current		2,600,000	1,000,000	3,125,000	-	-	375,000
		3,808,036	4,450,655	6,764,551	-	375,000	750,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

16 Borrowings (cont'd)

Term loan I

Term loan I bears interest at 2.5% fixed rate per annum and is repayable in 48 monthly instalments of $43,828 commencing 1 July 2014. The term loan has been fully repaid during the financial year.

Term loan II

Term loan II bears interest at 3.0% fixed rate per annum and is repayable in 36 monthly instalments of $27,778 commencing 14 March 2014. The term loan has been fully repaid in the previous financial year.

Term loan III

Term loan III bears interest at 2.95% fixed rate per annum and is repayable in 36 monthly instalments of $24,189 commencing 30 September 2014. The term loan has been fully repaid in the previous financial year.

Term loan IV

Term loan IV bears interest at 3.0% fixed rate per annum and is repayable in 36 monthly instalments of $15,139 commencing 6 November 2015. The term loan has been fully repaid in the previous financial year.

Short-term revolving loans

The short-term revolving loans bear interest at interest rates at 4.0% per annum above the bank's cost of funds and are repayable within 5 months after the end of the reporting date. The short-term revolving loans has been fully repaid during the financial year.

Accounts receivable financing

Accounts receivable financing relates to bank financing on certain sales invoices, and bears interest rates at 3.43% per annum and are repayable within 3 months after the end of the reporting period. The accounts receivable financing has been fully repaid in the previous financial year.

Bills payable

Bills payable to banks bear effective interest rates ranging from 1.85% to 3.00% per annum and are repayable within 6 months after the end of the reporting period. The bills payable has been fully repaid in the previous financial year.

Non-convertible bond

The non-convertible bond is secured by the Company's ordinary shares held by the substantial shareholder, bears interest of 9% per annum and has been fully repaid during the financial year.

Except for the non-convertible bond, all other borrowings from financial and non-financial institutions are secured by corporate guarantees from the Company.

Borrowings from non-financial institutions

Borrowings from non-financial institutions bear interest at 10% fixed rate per annum and is repayable upon maturity on 31 December 2018 except for $2,600,000 loan repayable after next 12 months.

16 Borrowings (cont'd)

Fair value of non-current borrowings

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
Group	**$**	**$**	**$**
Non-financial institutions	2,536,230	844,347	2,991,417

The fair values above are determined from cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	30 June 2019	**30 June 2018**	**1 July 2017**
	%	**%**	**%**
Non-financial institutions	10.00	2.86	2.86

17 Share capital

	Group and Company			
	No. of shares		**Amount**	
	2019	**2018**	**$**	**$**
Issued and paid-up				
Beginning of financial year	118,477,000	100,000,000	8,731,259	6,231,259
Shares issued	-	18,477,000	-	2,500,000
End of financial year	118,477,000	118,477,000	8,731,259	8,731,259

In the previous financial year, the Company issued and allotted 18,477,000 new ordinary shares with no par value for a total consideration of $2,500,000 for working capital purposes. The shares were issued to a director of the Company and the consideration is settled through capitalisation of loan from the director.

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

18 Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

19 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

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

	At a point in time $	Over time $	Total $
2019			
Revenue from construction contracts			
- Singapore	-	1,615,342	1,615,342
- Hong Kong	-	1,448,724	1,448,724
- Malaysia	-	66,141	66,141
	-	3,130,207	3,130,207
Sales of goods			
- Singapore	2,490,034	-	2,490,034
- Hong Kong	4,231,130	-	4,231,130
- Malaysia	206,880	-	206,880
- China	992,365	-	992,365
	7,920,409	-	7,920,409
	7,920,409	**3,130,207**	**11,050,616**
2018			
Revenue from construction contracts			
- Singapore	-	2,202,505	2,202,505
- Hong Kong	-	2,857,265	2,857,265
	-	5,059,770	5,059,770
Sales of goods			
- Singapore	4,751,861	-	4,751,861
- Hong Kong	3,317,857	-	3,317,857
- Malaysia	579,997	-	579,997
- China	678,925	-	678,925
	9,328,640	-	9,328,640
	9,328,640	5,059,770	14,388,410

19 Revenue from contracts with customers (cont'd)

(b) Contract assets and liabilities (cont'd)

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$	**$**	**$**
Over time:			
Contract assets – construction contracts	790,067	1,293,568	1,118,103
Over time:			
Contract liabilities – construction contracts	13,703	226,907	703,181
Point in time:			
Contract liabilities – sales of goods	4,198,868	3,549,410	3,714,218
Net	4,212,571	3,776,317	4,417,399

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

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

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

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

	Group	
	2019	**2018**
	$	**$**
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Construction contracts	**1,341,129**	476,274
- Sales of goods	**83,010**	164,808
	1,424,139	641,082

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

19 Revenue from contracts with customers (cont'd)

(c) Assets recognised from costs to fulfil contracts

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

Based on the Group's assessment, the expected costs to complete the remaining construction contracts as at 31 December 2018 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial year ended 30 June 2019 (2018: $Nil).

20 Other income

	Group	
	2019	**2018**
	$	**$**
Government grant	9,919	65,261
Insurance claimed	-	151,556
Interest income on bank deposits	731	441
Reimbursement from supplier	-	100,226
Service income	103,254	86,958
Sundry income	165,384	80,822
	279,288	485,264

21 Finance cost

	Group	
	2019	**2018**
	$	**$**
Accretion of interest on deferred consideration and loan	-	189,055
Interest expense on loans and bills payable	426,375	504,593
Finance lease interest	5,719	8,054
	432,094	701,702

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

22 Loss before tax

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

	Group	
	2019	**2018**
	$	**$**
Allowance for doubtful receivables:		
- trade (third parties) (Note 25(c)(iv))	180,145	185,513
Allowance for doubtful receivables written back:		
- trade (third parties) (Note 25(c)(iv))	-	(14,076)
Bad debts written-off	148,091	459,793
Audit fees paid to:		
- auditors of the Company	86,016	75,000
- other auditors	24,568	47,561
Cost of inventories recognised as an expense included in cost of sales	1,640,893	3,485,341
Depreciation of property, plant and equipment (Note 9)	330,590	713,253
Amortisation of investment property (Note 10)	12,777	12,823
Directors' fees	163,366	106,000
Inventories written down	36,584	-
Inventories written off	283,931	555,408
Reversal of inventories written down	-	(25,399)
Net loss/(gain) on foreign exchange difference	490,242	(487,145)
Net gain on disposal of property, plant and equipment	(52,111)	(93,081)
Property, plant and equipment written off	-	36,198
Rental expense on operating lease	1,666,813	2,369,901
Salaries and related costs	2,831,548	4,407,742
Contributions to defined contribution plans	295,905	376,380

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 Income tax expense

	Group 2019 $	Group 2018 $
Deferred tax expense	(337,290)	-

	Group 2019 $	Group 2018 $
Reconciliation of effective tax rate		
Loss before income tax	(3,785,655)	(4,014,557)
Tax calculated using Singapore tax rate of 17% (2018: 17%)	(643,561)	(682,475)
Effect of different tax rates in other countries	47	(42,843)
Income not subject to tax	-	(151,076)
Effects of unrecognised tax benefits	585,142	508,039
Expenses not deductible for tax purposes	58,372	368,355
Over provision of deferred tax assets in prior year	(337,290)	-
Income tax expense	(337,290)	-

24 Loss per share

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

	Group 2019 $	Group 2018 $
Loss for the year attributable to equity holders of the Company	(3,874,348)	(4,026,018)
Weighted average number of ordinary shares in issue	118,477,000	100,101,244
Basic and diluted loss per share	(3.3)	(4.0)

Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares.

25 Financial instruments, financial risks and capital management

(a) Categories of financial instruments

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

	Group			Company		
	30 June 2019	**30 June 2018**	**1 July 2017**	**30 June 2019**	**30 June 2018**	**1 July 2017**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Financial assets, at amortised cost*	4,519,757	-	-	4,908,780	-	-
Cash and cash equivalents	333,677	321,821	755,017	9,269	2,692	9,539
Loans and receivables*	-	5,245,057	10,021,836	-	8,736,410	4,514,789
	4,853,434	5,566,878	10,776,853	4,918,049	8,739,102	4,524,328
Financial liabilities						
Trade and other payables	10,883,175	10,117,665	12,867,556	4,910,360	3,005,535	477,267
Finance lease liabilities	189,122	184,540	158,553	-	-	-
Borrowings	3,808,036	4,450,655	6,764,551	-	375,000	750,000
	14,880,333	14,752,860	19,790,660	4,910,360	3,380,535	1,227,267

* Excludes prepayments and advances to suppliers

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

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

(c) Financial risk management policies and objectives

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

The Group does not hold nor issue derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

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

(i) Foreign currency risk management

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

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

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

	Group			Company		
	30 June 2019 $	30 June 2018 $	1 July 2017 $	30 June 2019 $	30 June 2018 $	1 July 2017 $
Financial assets						
HKD	4,291,680	3,539,026	3,540,524	3,125,520	3,540,524	3,540,524
EUR	-	18,930	29,210	-	-	-
RMB	397,948	-	-	-	-	-
USD	-	339	705	-	-	-
MYR	711,991	114	61,016	-	114	114
Financial liabilities						
HKD	471,165	19,852	4,952	-	-	-
SGD	8,788,974	8,924,395	9,771,250	-	-	-
EUR	712,809	307,814	732,496	-	-	-
USD	3,359	-	16,858	-	-	-
MYR	576,325	-	-	-	-	-
RMB	21,836	-	-	-	-	-

Foreign currency sensitivity

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

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

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

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

Foreign currency sensitivity (cont'd)

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

	Group (Decrease)/Increase in loss before tax For the financial year ended		Company (Decrease)/Increase in loss before tax For the financial year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	$	$	$	$
HKD	382,051	351,917	312,552	353,903
SGD	(878,897)	(892,440)	-	-
EUR	(71,281)	(28,888)	-	-
USD	(336)	34	-	-
MYR	13,567	11	-	11
RMB	37,611	-	-	-

(ii) Interest rate risk management

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

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

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year would increase/decrease by $2,160 (2018: $2,101) respectively. This is mainly attributable to the Group's exposure to variable interest rates on its interest-bearing borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

(ii) Interest rate risk management (cont'd)

Fair value sensitivity analysis for fixed rate instruments

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

(iii) Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Short-term funding is obtained from overdraft facilities, loans from a director and short-term bank loans. Any temporary shortfall of funds of the Company or its subsidiary corporations would be managed via short-term funding.

As disclosed in Note 2, on the basis, *inter alia*, that the Group has continuous financial support from its substantial shareholder, the Board of Directors is confident that adequate liquidity exists to finance the requirements of the Group for at least the next twelve months. In addition, as at the date of these financial statements, the substantial shareholder undertakes not to demand for repayment of the loans unless the Group has sufficient funds to meet its obligations as and when due.

Liquidity and interest risk analysis

Non-derivative financial liabilities

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

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

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

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

(iii) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

	Less than 1 year $	Between 1 and 5 year $
Group		
30 June 2019		
Trade payables	2,166,068	-
Other payables	8,717,107	-
Finance lease liabilities	60,890	160,559
Borrowings – fixed rate instruments	1,319,036	3,234,652
30 June 2018		
Trade payables	1,825,806	-
Other payables	8,291,859	-
Finance lease liabilities	51,367	162,617
Borrowings – fixed rate instruments	3,803,719	1,100,000
Borrowings – variable rate instruments	430,286	-
1 July 2017		
Trade payables	2,779,022	-
Other payables	10,088,534	-
Finance lease liabilities	54,562	137,346
Borrowings – fixed rate instruments	4,232,961	3,025,000
Borrowings – variable rate instruments	1,712,851	-
Company		
30 June 2019		
Other payables	4,910,360	-
30 June 2018		
Other payables	3,005,535	-
Borrowings – fixed rate instruments	408,750	-
Intra-group financial guarantee	475,655	-
1 July 2017		
Other payables	477,267	-
Borrowings – fixed rate instruments	408,750	408,750
Intra-group financial guarantee	2,514,551	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

(iii) Liquidity risk management (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date based on the credit facilities and banker guarantees available to the subsidiary corporation was $Nil (30 June 2018: $475,655, 1 July 2017: $2,514,551). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee as the credit facilities has been fully repaid during the financial year (Note 16). The Company has yet to withdraw the bankers guarantee as at financial year end.

Financial support to subsidiary corporations

As at 30 June 2019, the Company has unsecured contingent liabilities in respect of undertakings to provide continuing financial support to its subsidiary corporations, KCube Pte. Ltd., Haus Furnishing and Interiors Pte Ltd, Kitchen Culture (Macau) Limited, Kitchen Culture (Hong Kong) Limited, KHL (Hong Kong) Limited, Kitchen Culture Sdn. Bhd., Kitchen Culture (Sichuan) Co., Ltd., and Kitchen Culture (China) Ltd. to continue their operations for the next twelve months after the date of their audited financial statements. The net current liabilities portion of those subsidiary corporations amounted to $10,693,671 (30 June 2018: $10,147,884, 1 July 2017: $10,144,221) as at year end.

(iv) Credit risk management

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

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

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

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

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

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

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

(iv) Credit risk management (cont'd)

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

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

	30 June 2019	**30 June 2018**	**1 July 2017**
	$	**$**	**$**
Group			
Singapore	2,529,317	1,966,567	5,884,068
Malaysia	709,509	1,187,505	1,382,142
Hong Kong	1,085,306	2,528,074	3,396,676
Others	195,626	181,161	87,815
	4,519,758	5,863,307	10,750,701
Company			
Singapore	1,706,200	5,192,105	970,544
Malaysia	114	114	114
Hong Kong	3,197,301	3,539,026	3,538,966
Others	5,165	5,165	5,165
	4,908,780	8,736,410	4,514,789

Trade receivables and contract assets

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

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

(iv) Credit risk management (cont'd)

At the end of the year, the Group has outstanding trade receivables from the top 4 (30 June 2018: 3, 1 July 2017: 4) customers which represent 23% (30 June 2018: 64%, 1 July 2017: 30%) of total trade and other receivables balance at year end. Ongoing credit evaluation is performed on the financial condition of customers.

Other receivables

At the end of the year, the Company has outstanding net other receivables (excluding prepayments) of $4,908,780 (30 June 2018: $8,736,410, 1 July 2017: $4,514,789) from its subsidiary corporations which represent 99% (30 June 2018: 99%, 1 July 2017: 99%) of its total other receivables. Ongoing credit evaluation is performed on the financial condition of its subsidiary corporations.

Movement in credit loss allowances are as follows:

	Trade receivables $	Other receivables $	Total $
Group			
Beginning of financial year under SFRS (I) 9 at 1 July 2018	378,838	-	378,838
Loss allowances recognised in profit or loss during the year			
- Assets acquired	180,145	-	180,145
Exchange differences	(447)	-	(447)
End of financial year at 30 June 2019	558,536	-	558,536
Company			
Beginning of financial year under SFRS (I) 9 at 1 July 2018	-	1,055,052	1,055,052
Loss allowances recognised in profit or loss during the year			
- Assets acquired	-	4,419,191	4,419,191
End of financial year at 30 June 2019	-	5,474,243	5,474,243

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue).

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

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

(iv) Credit risk management (cont'd)

Previous accounting policy for impairment of trade receivables (cont'd)

	Group 2018 $
Group	
Beginning of financial year	305,592
Allowances made during the year (Note 22)	185,513
Written back during the year (Note 22)	(14,076)
Written off during the year	(100,155)
Exchange differences	1,964
End of financial year	378,838

	Group 30 June 2018 $	**1 July 2017 $**
Trade receivables		
Not past due and not impaired	3,631,237	7,545,132
Past due but not impaired [(a)]	2,584,829	3,332,967
	6,216,066	10,878,099
Impaired receivables – individually assessed [(b)]		
Past due more than 180 days	378,838	305,592
Less: Allowance for impairment (Note 6)	(378,838)	(305,592)
	-	-
Trade receivables, net	6,216,066	10,878,099

(a) Aging of trade receivables that are past due but not impaired:

	Group 30 June 2018 $	**1 July 2017 $**
1 day to 60 days	569,578	1,381,574
More than 60 days	2,015,251	1,951,393
	2,584,829	3,332,967

Included in the Group's trade receivables are debtors with carrying amounts of $2,584,829 (1 July 2017: $3,332,967) which are past due at the end of the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

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

(iv) Credit risk management (cont'd)

(b) These amounts are stated before any deduction for impairment losses.

	Group 30 June 2018 $	1 July 2017 $
1 day to 60 days	569,578	1,381,574
More than 60 days	2,015,251	1,951,393
	2,584,829	3,332,967

Movement in allowance for impairment for other receivables:

	Company 30 June 2018 $
Beginning and end of the year	1,055,052

(v) Determination of fair values

Non-current trade receivables

The fair value of non-current trade receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Other financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, bank borrowings, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure externally imposed capital requirements are complied with.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising paid up capital, reserves and retained earnings and/or accumulated losses.

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

(d) Capital risk management policies and objectives (cont'd)

The Group's management will review the capital structure periodically. As part of this review, management will consider the cost of capital and the risks associated with each class of capital. The Group will seek to balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

26. Commitments

Capital commitments

Capital commitments contracted but not provided for in the financial statements:

		Group	
	30 June 2019	**30 June 2018**	**1 July 2017**
	$	**$**	**$**
Renovation	-	-	18,419

Operating lease arrangements

The Group as a lessee

At the end of the reporting date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

		Group	
	30 June 2019	**30 June 2018**	**1 July 2017**
	$	**$**	**$**
Future minimum lease payments payable:			
Within one year	1,048,127	884,042	2,311,568
In the second to fifth year inclusive	872,143	641,693	561,149
Net	1,920,270	1,525,735	2,872,717

Operating lease payments represent rentals payable by the Group for its office premises, various showrooms and warehouses under non-cancellable operating lease agreements. Leases are negotiated with varying terms, escalation clauses and rentals are fixed for an average of two to three years with renewal options.

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27 Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are residential projects, distribution and retail, and others.

Residential projects segment is involved in designing, assembling, installing, testing and inspection of various furniture and fittings, kitchen equipment and related products.

Distribution and retail segment is involved in selling and distributing of products through a network of authorised dealers and retailers.

Others are the investment holding, dormant and inactive companies.

Management monitors the operating results of its reportable segments separately for making decisions about allocation of resources and assessment of performances of each segment.

27 Segment information (cont'd)

The segment information provided to Management for the reportable segments is as follows:

	Residential Projects		Distribution and Retail		Others		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Reportable segment revenue	3,130,207	5,059,770	7,920,409	9,328,640	-	-	11,050,616	14,388,410
Reportable segment losses	(602,836)	(525,176)	(1,713,766)	(2,843,748)	(525,271)	(774,316)	(2,841,873)	(4,143,240)
Reportable segment assets	3,991,105	5,160,016	9,769,359	11,871,632	25,434	50,382	13,785,898	17,082,030
Segment liabilities	4,132,859	3,403,847	8,976,428	7,643,304	1,986,459	3,461,862	15,095,746	14,509,013
Capital expenditure	123,026	67,213	-	188,179	-	-	123,026	255,392
Other material non-cash expenses								
Depreciation of property, plant and equipment	(42,977)	(209,946)	(85,953)	(501,733)	(201,660)	(1,574)	(330,590)	(713,253)
Depreciation of investment property	-	-	-	-	(12,777)	(12,823)	(12,777)	(12,823)
Loss allowances	(72,058)	(58,038)	(108,087)	(127,475)	-	-	(180,145)	(185,513)
Property, plant and equipment written off	-	(4,515)	-	(31,683)	-	-	-	(36,198)
Inventories written off	(113,572)	(26,274)	(170,359)	(529,134)	-	-	(283,931)	(555,408)
Bad debts written off	(59,236)	(143,847)	(88,855)	(315,946)	-	-	(148,091)	(459,793)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the financial statements. Interest income, (loss)/gain on foreign exchange difference, interest on borrowings, goodwill written off and share of results of joint venture are not allocated to segments as these are managed on a group basis.

A reconciliation of segment loss to the loss before tax is as follows:

	Group	
	2019	**2018**
	$	**$**
Segment losses	(2,881,803)	(4,143,240)
Interest income	731	441
(Loss)/gain on foreign exchange difference	(490,242)	487,145
Interest on borrowings	(414,341)	(358,903)
Loss before tax	(3,785,655)	(4,014,557)
Total assets for reportable segments/consolidated total assets	13,785,898	17,082,030
Total liabilities for reportable segments	15,095,746	14,509,013
Other liabilities	4,017,577	4,024,593
Consolidated total liabilities	19,113,323	18,533,606

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and certain borrowings which are classified as unallocated liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

27 Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2019	2018	2019	2018
	$	$	$	$
Group				
Singapore	4,105,377	6,954,367	470,725	610,350
Hong Kong	5,679,854	6,175,121	91,473	128,862
Malaysia	273,020	579,997	58,791	87,152
The People's Republic of China	992,365	678,925	17,726	35,080
	11,050,616	14,388,410	638,715	861,444

Non-current assets information presented above are non-current assets (excluding financial assets and deferred tax assets) as presented on the consolidated statement of financial position.

Information about major customer

Revenue of approximately $906,689 (2018: $2,720,021) are derived from 1 (2018: 1) major external customer who individually contributed10 per cent or more of the Group's revenue, and is attributable to the residential project segment. The details are tabled below.

	Group	
	2019	2018
	$	$
Customer 1	906,689	2,720,021

28 Related corporations and related parties transactions

Related corporations in these financial statements refer to members of the holding company's group of companies. Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group	
	2019	2018
	$	$
Interest paid/payable		
- Director	10,479	10,479
- Shareholders	100,000	100,137
- Shareholder of a subsidiary corporation	32,926	14,555

28 Related corporations and related parties transactions (cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year/period are as follows:

	Group 2019 $	2018 $
Salaries, bonuses and short term benefits	985,612	1,267,182
Directors' fees	163,366	106,000
Employer's contribution to defined contribution plans including Central Provident Fund	110,392	52,477
	1,259,370	1,425,659
Comprised amounts paid to:		
Directors of the Company	654,737	538,190
Directors of subsidiary corporations	495,096	670,611
Other key management personnel	109,537	216,858
	1,259,370	1,425,659

29 Events occurring after the reporting date

(a) On 15 July 2019, the Company's subsidiary, Kitchen Culture (Hong Kong) Limited, signed the assignment on contracts and loan agreement to borrow a loan of EUR 820,000 in favour of the Company. The loan was secured by a deed of assignment, personal guarantee from a director, and the subsidiary's guarantee to the extent of HKD$20,180,000.

(b) On 5 September 2019, the Company's wholly owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd has secured contracts for two projects in Singapore worth a total of $3.7 million.

30 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

At commencement date of a lease, a lessee will recognised a liability to make lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) Its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 July 2019; or

(ii) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

In addition, the Group plans to elect the following practical expedients:

- Not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that we previously identified as leases;

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease terms ends within 12 months as of 1 July 2019; and

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30 New or revised accounting standards and interpretations (cont'd)

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019) (cont'd)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subjected to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On adoption of SFRS(I) 16, the Group does not expect any significant adjustments to the Group's financial statements.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 July 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2019

SHARE CAPITAL

Issued and fully paid capital – S$9,100,013#
Total number of shares in issue – 118,477,000
Number of treasury shares – Nil
Class of shares – Ordinary shares
Voting rights – 1 vote per share
Number of subsidiary holdings held – Nil

Note:

Being the issued and paid-up share capital of the Company extracted from the records of the Accounting and Corporate Regulatory Authority Singapore.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 14.39% of the total number of issued ordinary shares of the Company were held in the hands of the public as at 29 October 2019 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	4	5.19	4,000	0.00
1,001 – 10,000	19	24.68	115,900	0.10
10,001 – 1,000,000	47	61.04	7,712,700	6.51
1,000,001 and above	7	9.09	110,644,400	93.39
TOTAL	**77**	**100.00**	**118,477,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/N	Name	Number of Shares	%
1	LIM WEE LI	93,177,000	78.65
2	LIM HAN LI	8,250,000	6.96
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,775,300	2.34
4	LEE YONG MIANG	2,541,000	2.14
5	ONG SOON LIONG @ONG SOON CHONG	1,500,000	1.27
6	CHENG CHIH KWONG @THIE TJI KOANG	1,400,000	1.18
7	RAFFLES NOMINEES (PTE.) LIMITED	1,001,100	0.84
8	TSAI FUNG-CHUNG	1,000,000	0.84
9	TAN HENG MONG	700,000	0.59
10	FUNG CHU WAN	500,000	0.42
11	LIM SIAH MONG	500,000	0.42
12	TAN SIONG TIEW	470,000	0.40
13	GAY SOON WATT	400,000	0.34
14	TSENG I-MING	400,000	0.34
15	YEOW CHEE SIONG	400,000	0.34

STATISTICS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2019

S/N	Name	Number of Shares	%
16	CHAN HWAI CHEY GEORGE	390,000	0.33
17	HARTOKO SARWONO	370,000	0.31
18	CHI CHIA MING	170,000	0.14
19	KHUA KIAN KEONG	170,000	0.14
20	KOH YONG MENG	170,000	0.14
	TOTAL	**116,284,400**	**98.13**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
Lim Wee Li	93,177,000	78.65	–	–
Lim Han Li	8,250,000	6.96	–	–

NOTICE OF ANNUAL GENERAL MEETING

KITCHEN CULTURE HOLDINGS LTD.
(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of KITCHEN CULTURE HOLDINGS LTD. (the "**Company**") will be held at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 on Friday, 29 November 2019 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2 To approve the payment of additional Directors' fees of $58,000 for the financial year ended 30 June 2019. *(see explanatory note 1)* **(Resolution 2)**

3. To approve the payment of Directors' fees of $86,000 for the financial year ending 30 June 2020, payable half-yearly in arrears (Financial year ended 30 June 2019: $164,000). *(see explanatory note 1)* **(Resolution 3)**

4. To re-elect Mr Lim Wee Li, a Director retiring pursuant to Regulation 107 of the Company's Constitution. *(see explanatory note 2)* **(Resolution 4)**

5. To re-elect Mr William Teo Choon Kow, a Director retiring pursuant to Regulation 117 of the Company's Constitution. *(see explanatory note 3)* **(Resolution 5)**

6. To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors be authorised and empowered to: **(Resolution 7)**

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 4)

8. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary

14 November 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. The proposed payment of additional Directors' fees relates to an upward adjustment in the amount of the Directors' fees payable to the Independent Directors in FY2019, in view of the increase in time commitment. Subsequently, in view of the financial position of the Group, the existing Independent Directors agreed to accept lower fees for FY2020 and expected fee for a new independent director has also been factored in.

2. Mr Lim Wee Li will, upon re-election as a Director, remain as the Chairman of the Board of Directors of the Company. Detailed information on Mr Lim Wee Li can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2019.

3. Mr William Teo Choon Kow will, upon re-election as a Director, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Mr William Teo Choon Kow can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2019.

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

Notes:

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, 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 one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(ii) A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 not less than 48 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(iv) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

(v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal Data Privacy:

"**Personal data**" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes the member's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he proposes/seconds) may be recorded by the Company for such purpose.

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

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

KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and vote at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, such SRS Investors shall be precluded from attending the AGM.
2. This instrument of proxy is not valid for use by the SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________________ (Name) (NRIC/Passport/Registration Number______________)

of ____ (Address)

being a member/members* of **KITCHEN CULTURE HOLDINGS LTD.** (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			Number of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			Number of Shares	%

or failing him, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 on Friday, 29 November 2019 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

NO.	RESOLUTIONS	FOR**	AGAINST**
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon		
2.	To approve the payment of additional Directors' fees of $58,000 for the financial year ended 30 June 2019		
3.	To approve the payment of Directors' fees of $86,000 for the financial year ending 30 June 2020, payable half-yearly in arrears		
4.	To re-elect Mr Lim Wee Li as a Director of the Company		
5.	To re-elect Mr William Teo Choon Kow as a Director of the Company		
6.	To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix its remuneration		
	SPECIAL BUSINESS		
7.	To authorise the Directors to allot and issue shares and convertible securities		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.

Dated this __________ day of ________________ 2019

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, 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 one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 not less than 48 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.

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

8. The Company shall be entitled to reject this 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 this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 14 November 2019.

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