SINGAPORE KITCHEN EQUIPMENT LIMITED

GREAT KITCHENS
WE MAKE IT HAPPEN!

ANNUAL REPORT 2018

SKE is a people business, treasuring the human capital above financial considerations. And SKE had proven that once the right foundation is laid, success will follow, no matter. Year 2018 saw SKE cruising ahead to the finishing line in good stead. Our customers stayed loyal, our suppliers stayed competitive and supportive, our staff stayed dedicated and professional and SKE met the corporate revenue target! SKE has not forgotten to give unstintingly to the less fortunate in our community midst and beyond. The vulnerable, the young adults looking for a shot to better themselves and their families and not forgetting the destitute.

Mission

- Service Excellence
- Product Excellence
- Partnering Our Customers!

Vision

Every Kitchen, A Q'son.

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGXST") this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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Corporate Profile

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

Established in 1996, Q'son has grown to become a one-stop kitchen solutions provider that is synonymous with quality, efficiency and reliability and a value proposition that is widely-recognised in the industry.

Q'son's expertise lies in its fabrication and servicing competencies. Redefining Chinese restaurant kitchens in Singapore, the Group has changed the commercial kitchen scene from an expensive and elaborate set up to a streamlined and economical one that promises the same level of food quality. Venturing beyond Chinese kitchens, Q'son has also contributed to the success of various F&B and hospitality establishments in Singapore and overseas within the private and public sectors including central kitchens, restaurants, integrated resorts, hotels and government agencies.

Providing one-stop kitchen solutions for its commercial and industrial kitchen customers, Q'son specialises in design and consultancy services, equipment fabrication, installation and distribution. The Group also operates one of Singapore's largest maintenance and servicing team to support the growing F&B and hospitality services industries in Singapore.

With a proven track record, Q'son's maintenance and servicing customers extends beyond its fabrication project customers. Priming for growth via scale and scope, SKE has been listed on the Catalist Board of the Singapore Exchange Securities Trading Limited since 22 July 2013.


Les Amis

TimHoWan

Great Kitchens by Q'son

Supporting our Valued Clients with Quality Products & Services to Deliver the Best for Their Customers

Ya Kun

Potato Head


American Club

Black Tap


1855 Bottle Shop

Swensen's

Tim Ho Wan
As one of the most authentic purveyors of mouth-watering Cantonese dim sum in Singapore, Tim Ho Wan consistently wins the hearts of many food-lovers! If you crave for bona fide dim sum, simply head down to the Tim Ho Wan's outlet near you! Or are you still busy booking your air ticket to Hong Kong?

1855 The Bottle Shop
As one of the leading purveyors of fine wine and spirits, The Bottle Shop's outlets are located island-wide, with its latest addition conveniently situated at Marina One. All is fine with fine food and wine, especially when they are prepared with Q'son's range of kitchen equipment.


Eighteen Chefs

Long Beach

Wee Nam Kee

Pu Tien

Jumbo

TWG Tea

Ya Kun
Unparalleled breakfast of kaya toast, aromatic coffee and local fare served since the 1940s, Ya Kun continues to conjure surprises with its consistent output of premium taste and comfort food, as well as providing a sweet spot to savour the good old times.

Les Amis
Upscale fine French cuisine and dining with the finest wine pairing, Les Amis is definitely for the discerning. Since 1994, Les Amis never fails in its delivery of excellent dining experience. As a strategic partner to Les Amis, Q'son congratulates Les Amis heartily on their notable achievements.

Wee Nam Kee
Having clinched Top Hawker at the AsiaOne People's Choice Award 2010, Wee Nam Kee Hainanese Chicken Rice continues to amass loyal following at all five outlets. This being the latest at Jurong Point is no exception.

American Club
American Club society was mooted to bring closer affiliation among Americans in Singapore. Today, American Club has opened its doors to other nationalities to join them as associate members. Established in 1948 to be a place for socialising, recreation, community services and networking, the American Club celebrated its 70th Anniversary this year, as it underwent a makeover, with seven new F&B establishments. This is THE club to be in.

Black Tap
Premium burgers and burger salads, top-notch craft beers and out-of-this-world milkshakes, Black Tap redefines great American food! Debut at the iconic Marina Bay Sands, it is hard not to notice the long queues and crowds snaking outside Black Tap every day!

Sentosa Village Hotel
Have an experiential stay in this vibrant get-away hotel nestled in the "State of Fun" – the Sentosa Island! With sophisticated back-of-house cooking equipment, talented chefs and tantalising menu, patrons can definitely satisfy their tastebuds here!

Jumbo
Providing seafood well-loved by locals and foreigners alike, Jumbo's famous Chilli Crab and other delightful foodfare never fails to tantalise the tastebuds of every patron. With its latest establishment located in Orchard, hungry shoppers at the bustling shopping belt will never go home with an empty stomach.

Pu Tien
Debut at Kitchener Road, Pu Tien had expanded by leaps and bounds. As one of our valued clients, we spare no effort to provide them with our utmost support and quality services. Kudos to Pu Tien for its exponential growth and achievements in Singapore and beyond!

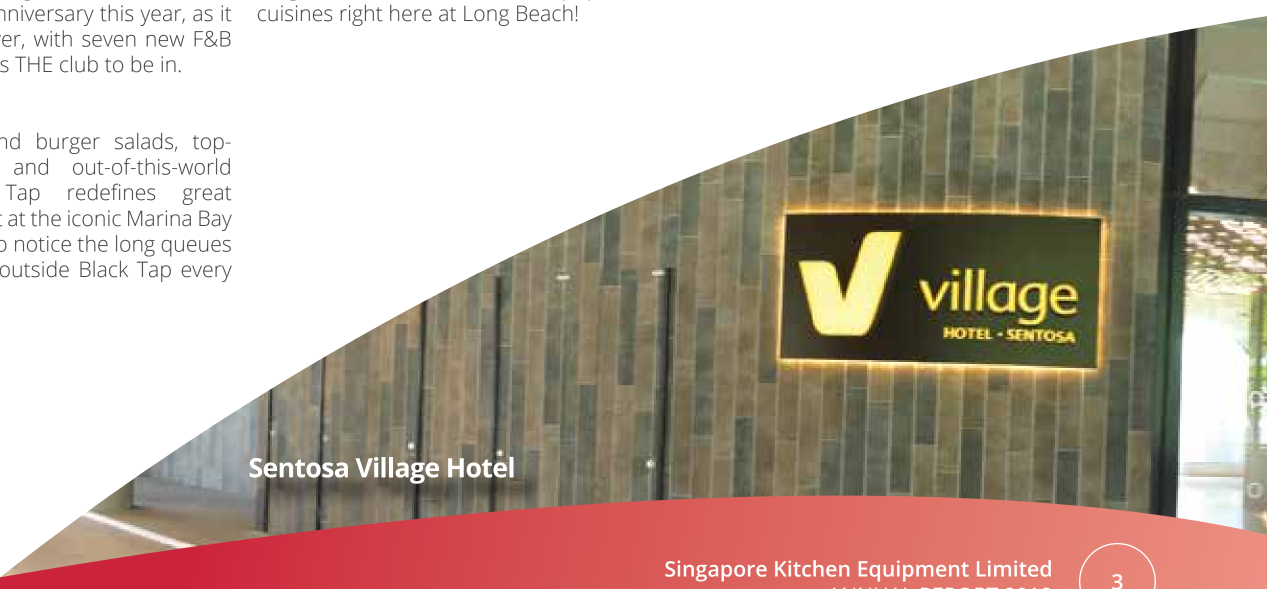
Long Beach
Widely known for its signature Black Pepper Crab, Long Beach has continuously provided exotic and delectable live seafood, attracting crowds for the past seven decades. Indulge in great seafood with other popular local cuisines right here at Long Beach!

Eighteen Chefs
Taste, ambience, value – a successful concoction that keeps diners coming back for more. Eighteen Chefs continues the wow factor in their newly-renovated locale at Ang Mo Kio Hub, providing great food in a unique ambience.

TWG Tea
As the finest luxury tea brand in the world, it exudes exquisiteness, offering exclusive blends, tea patisseries and tea-infused delicacies. At TWG Tea, besides indulging in a cup of luxurious tea, tea-lovers can also quench their thirst for tea knowledge.

Potato Head
With its first international outpost in Singapore, this American chain serves bespoke artisan burgers with homemade slow-cooked sauces. Coupled with tropical cocktails, diners can surely immerse in a unique dining experience.

Swensen's
Famous for its diverse ice-cream flavours, this Canadian restaurant chain offers a casual dining atmosphere with a wide selection of hearty food, desserts and ice-creams! No matter what flavour you are, you can unleash the sweetness in you!



Sentosa Village Hotel

Our Business

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

Urgent repairs, cleaning and degreasing of kitchen equipment

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

Growing service team; increasing operational fleet of 34 vehicles

HOUSE BRANDS

innoFLAME

InnoFlame
(Chinese cooking range)

QOOLUX PERFORMANCE

Qoolux
(Industrial refrigeration products)

The Group's two key business segments are **Fabrication and Distribution Segment** and **Maintenance and Servicing Segment.**

Fabrication and Distribution Segment

Sticking to what we do best since day one, Q'son is able to leverage on our fundamental strength to expand and grow the business. From a small workshop, Q'son had gone on to be a savvy fabricator of stainless steel products for the commercial kitchens, many of the processes which are automated for savings in resources and wastage reduction. Output had gone up by up to 100 times since 1996. With a factory space of 25,000 sq ft and 65 production workers, Q'son had made provisions for anticipated increase in output capacity.

Not just on production of stainless steel products, designing of the products had been given a boost with upgraded skills and certification of our in-house designers to satisfy higher end requirements.

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

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

Maintenance and Servicing Segment

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

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

THIRD PARTY / OEM BRANDS

Sole Distributor




Third Party Kitchen Equipment




Letter to Shareholders

LEFT:
CHAIRMAN
Tay-Tan Bee Kiew Eileen

RIGHT:
EXECUTIVE DIRECTOR &
CHIEF EXECUTIVE OFFICER
Chua Chwee Choo Sally

> "With an ageing and acute shortage of manpower in Singapore and globally, we are certain that tapping on new technology can help reduce the reliance on physical manpower and yet address the growth of volume cooking by caterers, restaurants and industrial cookhouses."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you Singapore Kitchen Equipment Limited's annual report for the financial year ended 31 December 2018 ("FY2018").

Despite a challenging and competitive business environment, FY2018 proved to be another eventful year for Singapore Kitchen Equipment Limited ("SKE" or "Group"). We continued to leverage on our reputation for quality products and services, as well as built on our established brand name and track record to achieve a steady growth.

Internally, we stepped up our marketing efforts and coupled with a stronger sales team, we undertook more mid-sized and large-sized projects in both the private and public sectors. This drove our revenue to approximately S$33.6 million in FY2018, a 9.5% increase from S$30.7 million in FY2017. In line with higher revenue, our gross profit surged by 11.1% to approximately S$11.0 million, as compared to S$9.9 million in FY2017.

In view of the Group's steady performance, the Board is pleased to recommend and propose a final dividend of 0.25 Singapore cents per share, subject to the approval of the shareholders at the upcoming Annual General Meeting ("AGM").

YEAR IN REVIEW

During the year, our primary operating industry - the Food & Beverages ("F&B") industry in Singapore continued to grow but at a slower pace. In January 2018, F&B sales contracted by about 11% year-on-year and bounced back to a growth of more than 5% by February before lingering within the 5% growth mark for the rest of the year. This may be partially due to reduced spending by tourists on F&B in Singapore, in spite of a 6.2% increase in tourist arrivals to 18.5 million visitors.

However, the Group was able to achieve stable growth and increased market share amidst the challenges as we focused on our intensive and innovative sales and marketing strategies, as well as staying customer-centric. We remained committed to our vision of Creating Great Kitchens for our valued customers, to ensure that our pricing and positioning strategies cater to their needs and address their concerns.

CREATING GREAT KITCHENS UNDER Q'SON

Through our commitment to excellence and our strong technical support, local and overseas renowned brands such as Long Beach, Tim Ho Wan, Jumbo, Black Tap and many others placed their trust in us to deliver quality customised kitchens at a timely manner.

From mid-range to fine dining, and from public sector to industrial spaces, Q'son has the design and technical skills to ensure optimum working processes for our customers. You can refer to the "Great Kitchens by Q'son" on page 2 and 3 to view some of our creative works over the past year.

To allow our customers to better understand our products and services, we established a demo kitchen at Blk 115A Commonwealth Drive #01-30 during the year. It not only serves as a showroom that showcases our latest automated solutions and the kitchen staples we offer, but also functions as a live kitchen for private dine-ins.

We believe that smart kitchen is the way to go for the future, as we continue to adopt innovative initiatives in our kitchen solutions. With an ageing and acute shortage of manpower in Singapore and globally, we are certain that tapping on new technology can help reduce the reliance on physical manpower and yet address the growth of volume cooking by caterers, restaurants and industrial cookhouses.

On the other hand, the fully-equipped demo kitchen caters to cooking of all cuisine types for any private functions. It was a hit, as it witnessed the likes of ministers, heads of government hospitals, high-profile entertainment artistes and potential customers being hosted here. Through this avenue, we managed to seal a number of new projects.

VENTURING BEYOND

Since end 2017, we have made our first foray into the supply and installation of cold storage facilities as we recognised this new market as a potential growth area. In January 2018, we developed this extension of our production, distribution and installation capabilities further. Our concerted efforts to carve out this product extension commenced by adding relevantly-skilled manpower of a Lead Supervisor and 3 technical support. One year on, we saw burgeoning sales in our cold storage facilities, together with a growing department of 2 Lead Supervisors and 9 technical support.

As a new sub-division under the Fabrication & Distribution segment, the Cold Room achieved S$1.6 million in sales revenue in FY2018, a whopping 4.8% of total revenue generated from this segment. With rising demand, we foresee that growth momentum will continue in FY2019.

During the year, with the support of our loyal customers, we continued to expand our operations overseas. We partnered them to set up their kitchens in countries such as Malaysia, Maldives and Indonesia. To date, we have completed and delivered five overseas projects in total, with one still in progress.

STRATEGISING AHEAD

Driven by the dine-out culture of Singaporeans and higher tourist arrivals, we foresee a strong demand for new food places, which in turn fuels the need for

Letter to Shareholders

commercial and industrial kitchen equipment within the region. According to a recent study by global data analytics company Nelsen, 24% of the Singaporeans surveyed chose to eat out on a daily basis, a rise as compared to the 19% in 2015. More also chose to dine out on a weekly basis with 55% of the respondents eating out weekly as compared to 51% in 2015.

In addition, the flourishing online food delivery services fuelled by younger, tech-savvy Singaporeans will also drive higher demand and expansions for food establishments. According to a survey by e-commerce company ShopBack, 44% of the surveyed Singaporeans have tried purchasing restaurant deliveries or meal-kit delivery service online, which is higher than the global average of 33%. Survey also found that Singaporeans spent the most on food, with an annual spending of US$17,000.

As more new shopping malls and hotels are coming up in 2019, we believe that there are many opportunities in the F&B and hospitality industries. With our strong track record, we are poised to ride on new malls like Funan and the prominent Jewel Changi Airport which will house more than 200 restaurants and food outlets, as well as food industrial complexes to be built over the next year.

In light of the global and local economic factors which affected our business environment, we continue to focus on managing our rising operating expenses. We had tapped on smart office business solutions to greatly reduce administrative costs as there is no recurring maintenance cost for these solutions. This significantly enhanced our efficiency and synergy within the Group.

As high-volume purchases of kitchen equipment from the suppliers remain as one of our critical cost components, we had also set out plans to move upstream by manufacturing our own kitchen products during the year. We believe that this will alleviate our risks and reliance on external factors and bring about greater profitability to the Group.

UPDATE ON DUAL LISTING

On 17 January 2018, we announced the proposed dual primary listing of our ordinary shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("SEHK"), and submitted our application in June 2018 for the listing of, and permission to deal in, the Shares on GEM of the SEHK.

On 23 December 2018, the Proposed SEHK Listing has lapsed and the Board has submitted a renewed application to the SEHK for the Proposed SEHK Listing on 20 February 2019. The Group will, in compliance with the relevant requirements under the SGX-ST Listing Manual Section B: Rules of Catalist, make announcement(s) to keep Shareholders updated on any material developments of the Proposed SEHK Listing, as and when appropriate. Though the Proposed SEHK Listing will incur listing expenses which may impact our net profit, we believe that this is a necessary move to build our brand and leverage on the capital market for greater developments in the future.

IN APPRECIATION

In closing, we would first like to thank Mr Eugene Wong for his past contributions to the Board, as well as welcome Mr Samuel Lui to join the Board as our new Independent Non-Executive Director. We look forward to leverage on his rich knowledge and experience. We also wish to express our heartfelt appreciation to our fellow Directors and Senior Management for their guidance, as well as our customers, business partners, and shareholders for your unwavering support. Our gratitude also goes to all the staff for putting in their hard work and dedication to make SKE what it is today.

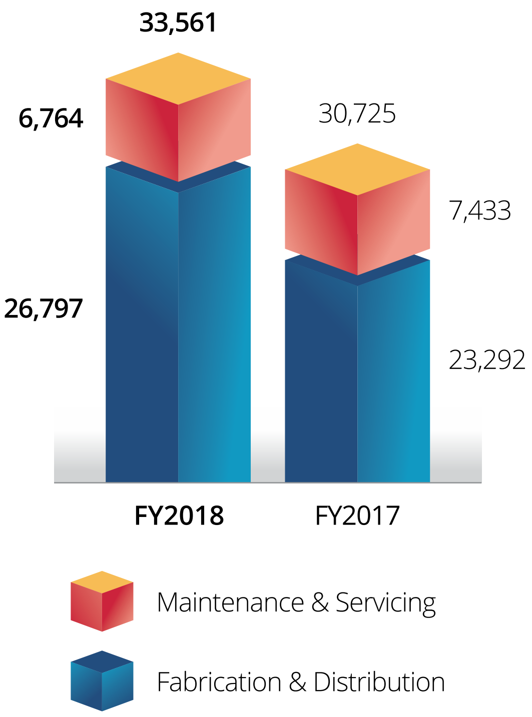
Each year brings with it exciting opportunities for growth, as well as new challenges to overcome. We are confident that together, we can rise above the challenges, to capture exciting opportunities, and to bring the Group and our brand to the next level.

Ms Tay-Tan Bee Kiew Eileen
Independent Non-Executive Director & Chairman

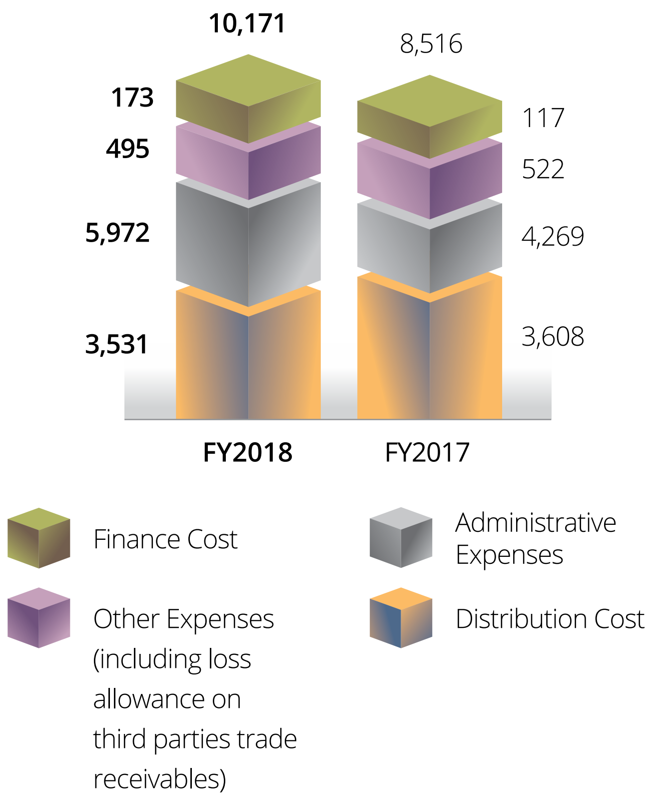
Ms Chua Chwee Choo Sally
Executive Director & Chief Executive Officer

Financial Highlights

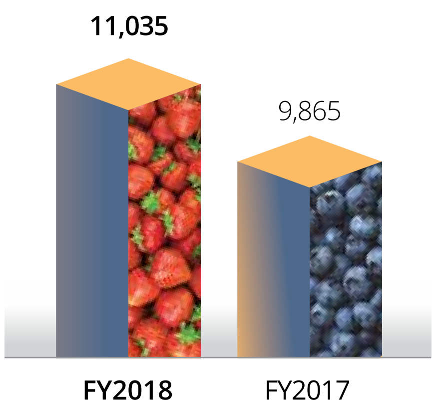
Revenue (S$'000)



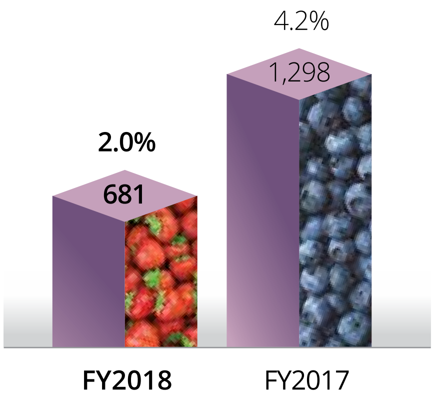
Total Expenses (S$'000)



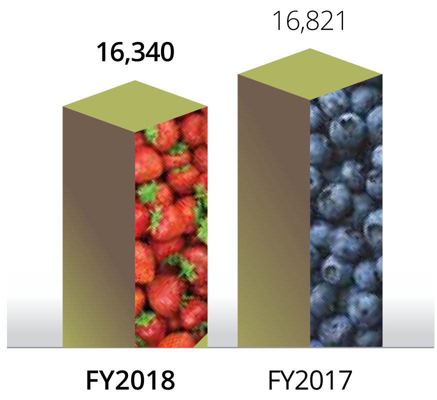
Gross Profit (S$'000)



Net Profit (S$'000) and Margin (%)



Total Shareholders' Equity (S$'000)



Operations and Financial Review

A YEAR OF STEADY PERFORMANCE

Despite an overall challenging operating environment, the Group recorded revenue amounting to S$33.6 million, an increase of 9.2% as compared to S$30.7 million in the previous corresponding year. This revenue growth of S$2.9 million was attributable to higher sales generated from the Fabrication and Distribution business segment.

REVENUE FROM FABRICATION & DISTRIBUTION SEGMENT

Revenue from the Fabrication and Distribution segment had seen a moderate increase from approximately S$23.3 million in FY2017 to approximately S$26.8 million in FY2018. The continued growth of this segment was contributed through our focused marketing strategy and a stronger sales team, enabling us to secure more large-sized projects from both private and public sectors in FY2018.

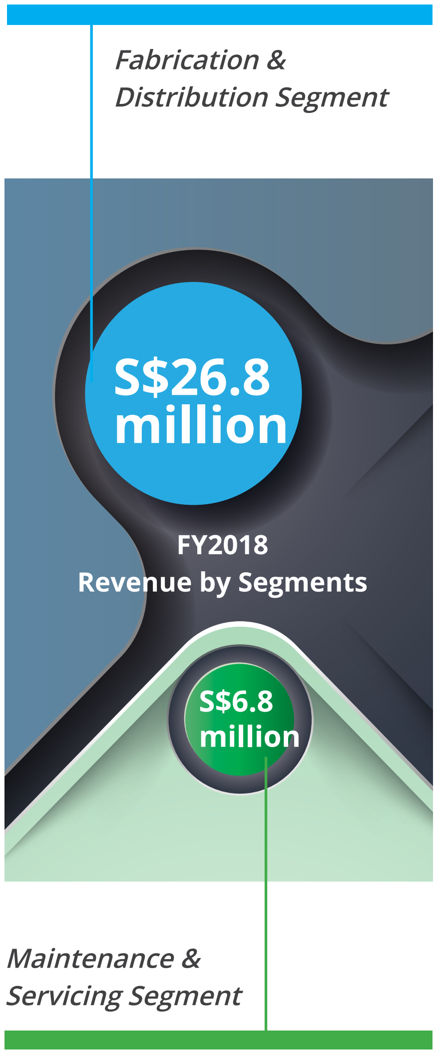
These projects include renowned brands like TWG Tea, Black Tap, Tim Ho Wan, Fei Siong Group (Malaysia Boleh outlets), Sentosa Village Hotel, American Club, Blue Waves, Ali Jiang (at VivoCity) , Tanah Merah Country Club, Singapore Buddhist Lodge, Alexandra Health Group and etc.

Besides contributing significantly to the Group's revenue, these projects highlighted the Group's capability in reaching out to diverse industries. From mid-range to fine dining, to the public sector and industrial spaces, the Group is well-equipped with the integrated kitchen solutions comprising design and technical skills to fulfill our customers' needs for their commercial and industrial kitchens.

REVENUE FROM MAINTENANCE & SERVICING SEGMENT

Revenue from the Maintenance & Servicing segment amounted to approximately S$6.8 million in FY2018, a marginal dip from approximately S$7.4 million in FY2017. To fight the intense competition for public and private tenders and Capex, we managed to carve our Unique Selling Proposition (USP) by leveraging on our strengths in after-sales support through providing preventive maintenance (PM) during the year.

However, though we successfully won more tenders during the year, PM was provided as a complimentary value-added service within a year, which was non-quantitative in nature. As such, the revenue from Maintenance and Servicing segment was inevitably affected during the year.



COST OF SALES & GROSS PROFIT

The Group's cost of sales increased slightly by approximately 8.0% from approximately S$20.9 million in FY2017 to approximately S$22.5 million in FY2018. This was contributed by an increase in the Group's cost of materials, equipment and manufactured goods of approximately S$1.2 million, as well as an increase in staff costs and overheads of approximately S$0.6 million.

Backed by strong revenue growth and constant reinforcement of effective cost and quality control measures, the Group reported gross profit of approximately S$11.0 million for FY2018, a 11.1% increase as compared to S$9.9 million in FY2017.

OTHER INCOME

Other income increased by approximately S$0.3 million from approximately S$0.2 million in FY2017 to approximately S$0.5 million in FY2018. The increase was mainly due to government grant of S$0.27 million received from Employment and Employability Institute Pte Ltd (E2i) for the efforts of redesigning jobs, transforming workplace environment as well as hiring disabled employees.

OPERATING EXPENSES

Distribution Costs

With a reduced spending on advertising and business travelling, distribution expenses dipped by approximately S$0.1 million from approximately S$3.6 million in FY2017 to approximately S$3.5 million in FY2018.

Administrative Expenses

Our administrative expenses increased by approximately S$1.7 million, primarily due to the incurrence of listing expenses of approximately S$1.7 million.

Other Expenses (Including Loss Allowance on Third Parties Trade Receivables)

Other expenses dropped by approximately S$0.02 million from approximately S$0.5 million in FY2018 as compared to approximately S$0.48 million in FY2017. This was as result of a decline in loss allowance on third parties trade receivables.

Finance Costs

Finance costs increased by approximately S$0.1 million from approximately S$0.1 million in FY2017 to approximately S$0.2 million in FY2018. The increase was contributed by higher utilisation of invoice financing and hire purchase facilities.

Income Tax Expense

Income tax expense amounted to approximately S$0.8 million in FY2018 as compared to tax expenses of approximately S$0.3 million in FY2017. The increase in income tax expense by approximately S$0.5 million was mainly due to the listing expenses of approximately S$1.7 million being non tax deductible.

PROFIT FOR THE FINANCIAL YEAR

In view of the above, the Group reported a lower profit attributable to equity shareholders of approximately S$0.7 million in FY2018 as compared to approximately S$1.3 million in FY2017.

The decrease in net profit was the result of the dual listing expenses of approximately S$1.7 million recognised as administrative expense in the financial statements. Excluding the dual listing expenses, the Group should achieve a net profit of approximately S$2.4 million.

Operations and Financial Review

STATEMENT OF FINANCIAL POSITION

Non-current Assets

The Group's non-current assets dipped marginally by approximately S$0.1 million to S$2.3 million as at 31 December 2018 (31 December 2017: S$2.4 million). The drop was mainly attributable to the depreciation of plant and equipment, and amortisation of intangible assets.

Current Assets

The Group's reported current assets amounting to approximately S$25.8 million as at 31 December 2018 (31 December 2017: S$24.8 million). This was mainly contributed by an increase in trade receivables and prepayments, deposits and other receivables, partially offset by a decline in cash and cash equivalents due to payment for the dual listing expenses and repayment of bank borrowings.

The increase in trade receivables by approximately S$1.8 million from S$7.9 million as at 31 December 2017 to S$9.7 million as at 31 December 2018 was driven by higher sales generated during end of the year in review. On the other hand, the increase in prepayments by approximately S$0.7 million was due to prepaid dual listing expenses.

The increase in pledged bank deposits of approximately S$0.01 million from S$0.71 million as at 31 December 2017 to S$0.72 million as at 31 December 2018 was mainly due to fixed deposit interest income.

Current Liabilities

The Group's current liabilities increased by approximately S$1.3 million from approximately S$8.9 million as at 31 December 2017 to approximately S$10.2 million as at 31 December 2018, mainly due to increase in trade payables, partially offset by decrease in bank borrowings.

The increase in trade payables by approximately S$1.2 million from approximately S$2.6 million as at 31 December 2017 to approximately S$3.8 million as at 31 December 2018 was contributed by higher purchases made.

The decrease in bank borrowings by approximately S$0.3 million from approximately S$3.2 million as at 31 December 2017 to approximately S$2.9 million as at 31 December 2018 was mainly due to the repayment of bank borrowings upon maturity.

The increase in income tax payable by approximately S$0.4 million from approximately S$0.3 million as at 31 December 2017 to S$0.7 million as at 31 December 2018 was mainly due to the provision of Group's income taxes on profits and listing expenses were not tax deductible.

Non-current Liabilities

The Group's non-current liabilities increased by S$0.02 million contributed by increase of finance lease obligations for purchase of new motor vehicles and reduction of deferred tax liabilities.

Shareholders' Equity

As at 31 December 2018, the Shareholders' Equity of the Group amounted to approximately S$16.3 million as compared to approximately S$16.8 million as at 31 December 2017. This was a result due to a decrease in retained earnings.

Consolidated Statement of Cash Flows

Cash and cash equivalents, excluding pledged fixed deposits, stood at approximately S$9.5 million as at 31 December 2018, representing a decrease of approximately S$0.8 million from the cash and cash equivalents of S$10.3 million as at 31 December 2017, mainly due to payment for dual listing expenses and higher repayment of bank borrowings.

Net Cash Generated from Operating Activities

The Group's net cash generated from the operating activities was approximately S$1.3 million, mainly contributed by more mid-sized and large-sized projects secured from the Fabrication and Distribution segment during the year in review.

Net Cash Used in Investing Activities

Net cash used in investing activities during FY2018 amounted to approximately S$0.1 million, mainly due to additions to property, plant and equipment amounting to S$0.2 million and intangible assets of S$0.01 million, partially offset by interest received of approximately S$0.1 million.

Net Cash Used in Financing Activities

Net cash used in financing activities during FY2018 was approximately S$2.0 million. The funds from issuance of trust receipts of approximately S$7.6 million were offset by the repayment of trust receipts of approximately S$7.9 million. The cash outflow was mainly due to dividend payments of approximately S$1.2 million in FY2018, settlement of finance lease payable of approximately S$0.3 million and payment of interest expense of S$0.2 million.

INVESTING IN OUR PEOPLE

Faced with a tight labour market with increased levies on foreign labour and a low supply of local technical expertise, the Group kicked off various initiatives in FY2018 to promote talent retention. These included incentives, career advancements as well as building a team-spirited working environment, so as to attract and retain our technical staff. We also constantly conduct technical training and retraining by senior supervisors and external consultants to ensure our service quality.

As the commercial kitchen equipment industry is a very niche industry, the most related industries being the F&B and Hospitality industries are, in reality, quite different. To expand our sales team from staff of 12 in FY2016 to our current strength of 18 in FY2018, the Group constantly aims to recruit and train new candidates with sales experience from various industries.

Comprehensive in-house sales and product training programmes by the Assistant Vice President and Vice President of the Sales Department were carried out regularly to ascertain and underscore the sales personnel's product knowledge and sales strategies, as well as to cultivate their creative and innovative thinking.

The Q'son team has grown bigger and stronger since, especially in our new departments such as the Cold Room, as well as our technical and sales teams. We believe strongly in nurturing our talents and staying committed to investing in our people. Through empowering our people and leveraging on every team player's concerted efforts, we can scale greater heights and build a greater and sustainable future for Singapore Kitchen Equipment Limited.

Board of Directors

Tay-Tan Bee Kiew Eileen

Independent Non-Executive Director and Chairman

Tay-Tan Bee Kiew Eileen is our Independent Director and Chairman of the Group. She is currently an Independent Director of Sunningdale Tech Ltd and the Chairman of the Audit Committee of SGX-ST Catalist-listed Jason Marine Group Limited. She was a partner of KPMG and also previously sat on the boards of Australian listed companies. Mrs Tay brought with her vast and in-depth experience in auditing, accounting, finance, taxation, mergers and acquisitions and public listing to Singapore Kitchen Equipment Limited. Under her trained eye and business advisory, SKE's finance team was able to uphold the highest standards in reporting, risk management and accounting governance.

Chua Chwee Choo Sally

Founding Member, Executive Director and Chief Executive Officer

Chua Chwee Choo Sally is one of 3 founding members, our Executive Director and Chief Executive Officer and appointed to the Board on 9 May 2013. Daily operations, spearheading innovation in hardware and software aspects of operations, oversight of both the Sales and Marketing divisions, Sally also conceptualises strategic plans for implementation and execution for both short- and long-term goals. Under her leadership, Q'son successfully garnered the prestigious Singapore Prestige Brands Award (SPBA) Established Brand category, under the auspices of Spring Singapore, in October 2015. This is in recognition of the high level of coordinated branding of Q'son locally. The revenue had expanded with a dent at the bottomline. It was a strategic move to improve market share. The impact of our reach into enlarged, new customer base will ensure that the company can elevate potential service earnings from these new customers.

Board of Directors

Lee Chong Hoe Alan

Co-Founder and Executive Director

Lee Chong Hoe Alan is our co-founder and Executive Director (Technical and Maintenance Service) and appointed to the Board on 9 May 2013. Alan heads the Technical Department since inception. With rapid advancement in technological usage in the commercial kitchen equipment, Alan continually upgrades and skill-up the technical team to meet these challenges. Setting Q'son apart from the rest is our ability to service and maintain different models, brands, types and series of kitchen equipment, even those not purchased from Q'son. Under the leadership of Alan, our technical department had grown to be the largest in Singapore; 62 skilled technicians with a fleet of 34 vehicles on call 24/7, 365. As a first in the industry, Q'son had successfully implemented Service Call (QSC) App. Available both in Play and App Store, QSC App takes easy service to the next level.

Ng How Hwan, Kevin

Independent Non-Executive Director

Ng How Hwan, Kevin is our Independent Non-Executive Director and was appointed to our Board on 16 September 2013. He is currently the Vice President of Super Brands, a fully owned company of SGX-ST mainboard-listed ThaiBev, responsible for its international beer business. He is a Director of ThaiBev's fully owned subsidiaries, Super Brands Company Pte Ltd, Interbev (Singapore) Pte Ltd, Oishi F&B (Singapore) Pte Ltd and InterBev Timor Unipessol LDA. Kevin also serves as a Non-Executive Independent Director of SGX-ST Exchange Catalist-listed Neo Group Limited and chairs the Nomination Committee. Kevin brings to the table his 23 years' experience in the food and beverage (F&B) industry, and has a strong understanding of the dynamics of the F&B industry. As the Chairman of the Remuneration Committee of SKE, Kevin has steered and advised SKE on a sustainable game plan and a rewarding collaboration between stakeholders and staff.

Lui Hin Weng Samuel

Independent Non-Executive Director

Lui Hin Weng Samuel is our Independent Non-Executive Director and was appointed on 18 May 2018. He is currently the owner and operator of a business advisory firm, LV Capital Limited, providing consulting services relating to strategic planning, business development, investor relations, capital management, risk control management and compliance. Since 23 November 2016, Mr. Lui has been a Non-Executive Director of EFT Solutions Holdings Limited (stock code: 8062).

Lui has more than 20 years' of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing. He used to hold positions such as chief financial officer of ELL Environmental Holdings Limited (stock code: 1395), director of private equity funds business at Rockstead Capital Private Limited, as well as director in the investment banking group at Merrill Lynch.

He obtained a bachelor's degree in accountancy from Nanyang Technological University in Singapore in July 1998. Mr Lui has been a member of the Institute of Singapore Chartered Accountants since October 2002.

Key Management

Koh Sai Eng Charlene

Senior Manager

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

Chow Mei Ling Ferleen

Financial Controller

Ferleen Chow joined the Group in June 2016 as Financial Controller. She is responsible for overall financial management and accounting functions, including corporate finance, tax, regulatory compliance, budgetary control and treasury functions for the Group. Ferleen Chow has over 10 years of working experience in accounting and financial management in various public listed companies.

Sustainability Report

BOARD STATEMENT

We are pleased to present Singapore Kitchen Equipment ("SKE") Limited's annual Sustainability Report, for our financial year ended 31 December 2018 ("FY2018").

The key material economic, environmental, social and governance ("EESG") factors for SKE have been identified and reviewed by the Chairman and the CEO. The board of directors of SKE ("Board") oversees the management and monitoring of these factors and takes them into consideration in the determination of the company's strategic direction and policies. Sustainability is a part of SKE's wider strategy to create long-term value for all our stakeholders.

With the availability of economic, environment, social and governance data, sustainability reporting has gained greater significance to investors. Far from being just an image building exercise today it is widely accepted that good EESG practices contributes to the overall long-term success of the company and plays an important part in the competition for investment.

Businesses must be quick to adapt to key stakeholders' concerns, closing any potential gaps and capitalizing on given opportunities. Amid today's rapid business environment, the SKE's board is fully committed in supporting the management in upholding governance and sustainability practices to achieve long-term success and value for stakeholders.

In defining our reporting content, we applied the Global Reporting Initiative ("GRI") principles by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. We observed a total of four principles, including materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

REPORTING PERIOD AND SCOPE

This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, and references the GRI Standards. This report highlights the key economic, environmental, social and governance related initiatives carried throughout a 12-month period, from 1 January to 31 December 2018.

REPORTING FRAMEWORK

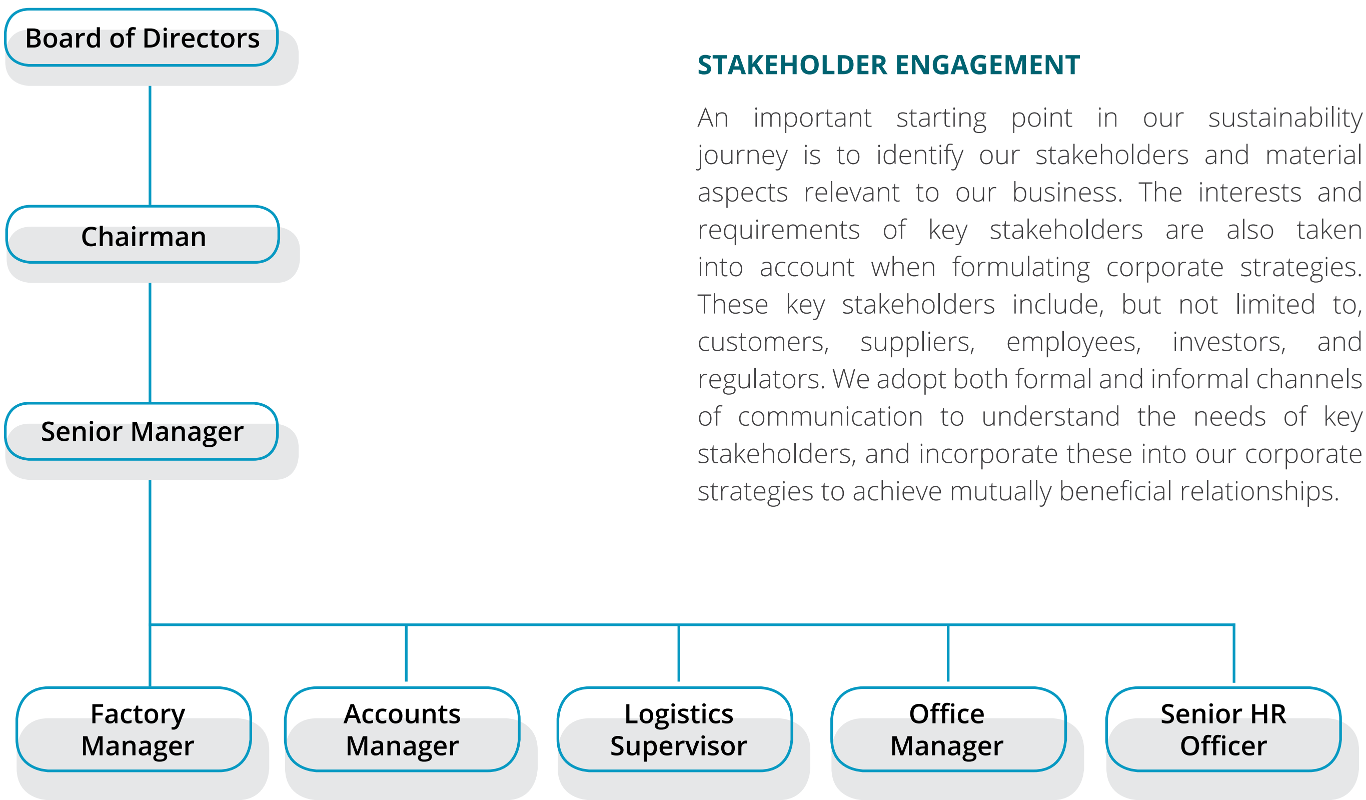
SKE has chosen the GRI framework as it is the most established international sustainability reporting standard and in respect of the extent to which such framework is applied, this report has been prepared with reference to the GRI Standards reporting guidelines, at Core level.

FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to Charlene Koh at charlene@singaporekitchenequipmentltd.com.

29 March 2019

SUSTAINABILITY COMMITTEE



OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY METHODOLOGY

STAKEHOLDER ENGAGEMENT

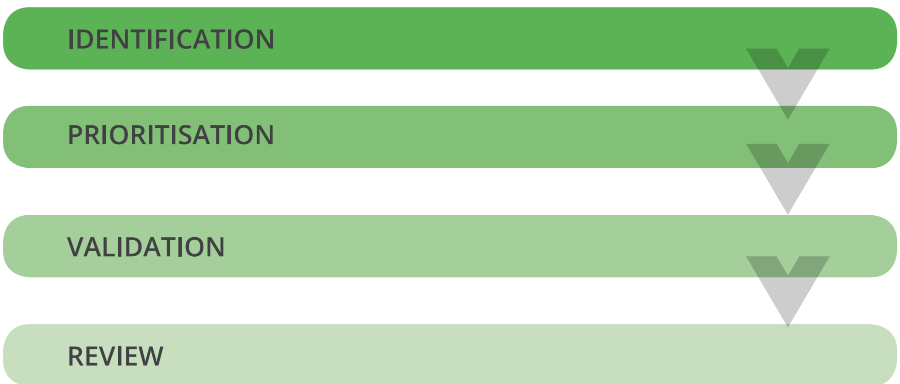
An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Below sets out our engagement with our stakeholders:

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
Shareholders & Investors	Annual Report	Yearly	Financial performance
	Annual General Meeting	Once a year	
	Tele-conference	Twice a year	
	Corporate Announcement	Twice a year	
Employees	Townhall Session	Morning daily	More manpower (support staff) required for increased business (revenue up 9.1%)
	Open dialogues among teams	Monthly	
	Induction and orientation program	As and when for new recruits	
	Comprehensive trainings	Quarterly	
	Staff appraisal	Annual	
Customers and Consumers	Hotline	Daily	Emergency support within 1 hour
	Email queries	Daily	
	Customer survey	Annually	
Suppliers and Service Providers	Face-to-face meetings	4 – 6 times a year	Prompt payment
	Annual review and feedback sessions	2 – 3 times a year	
Local Communities	Donations	Yearly	Impact to society
	Face-to-face meetings	2 times a year	
	Various social and charitable events	2 events yearly	
Government and Regulators	Face-to-face meetings	As needed	Compliance
	Regular reports	As needed	
	Participation in discussions	As needed	

MATERIAL ASPECTS ASSESSMENT

Our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which are as shown on the right:



We conducted a materiality assessment during the year with the help of an external consultant. Our materiality review were conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders. Senior management took part along with our consultant. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:

ECONOMIC

- Economic Performance
- Anti-corruption

ENVIRONMENTAL

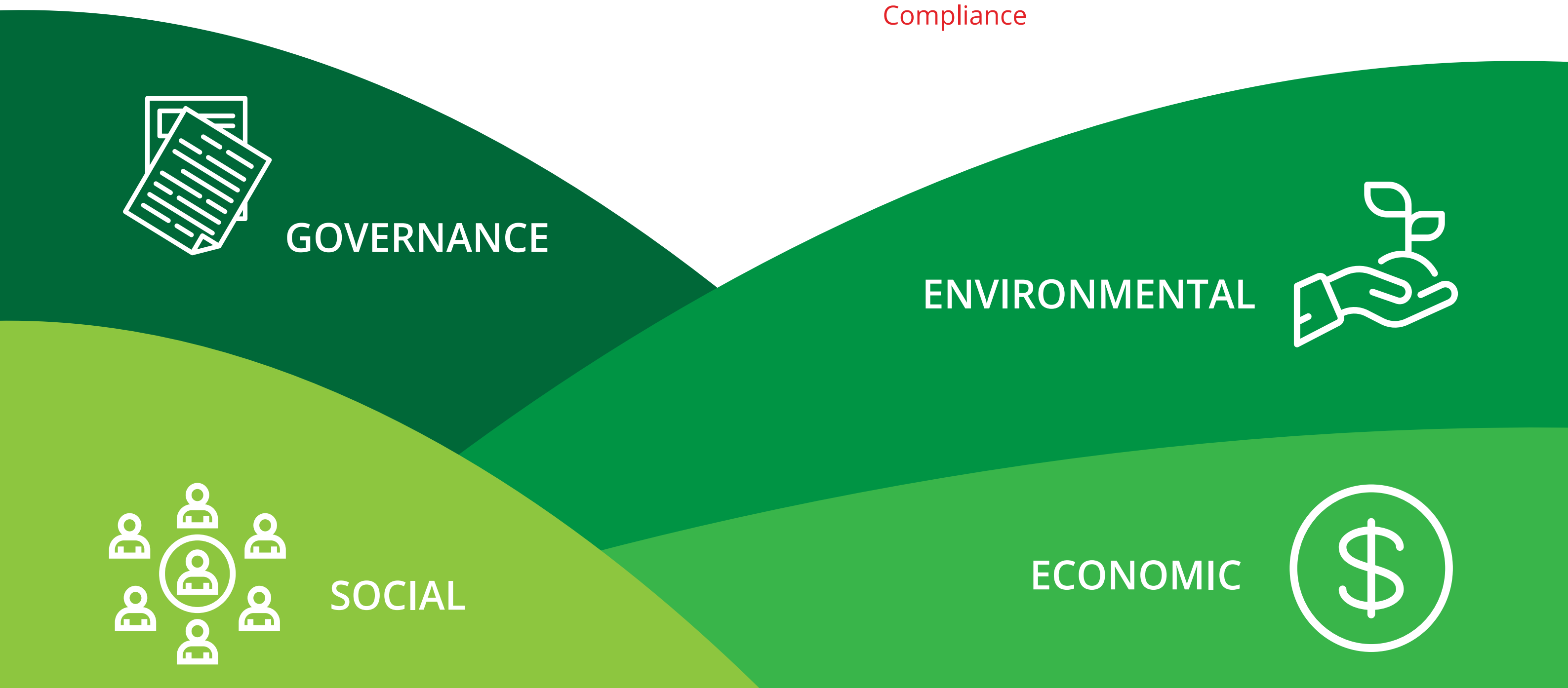
- Products and Services
- Environmental Compliance
- Energy

SOCIAL

- Occupational Health and Safety
- Diversity and Equal Opportunity
- Training and Education
- Local Communities
- Socioeconomic Compliance

GOVERNANCE

- Business Ethics
- Enterprise Risk Management



SOCIAL

Here at SKE, our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We support and respect the protection of internationally proclaimed human rights.

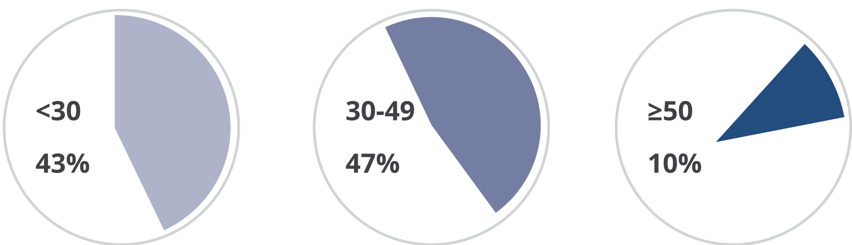
We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

SKE believes in employee training and continual career development. From our beginning as a 6-person startup, the company today employs 173 people (FY2017: 159), 25% of whom have been with us for at least five years.

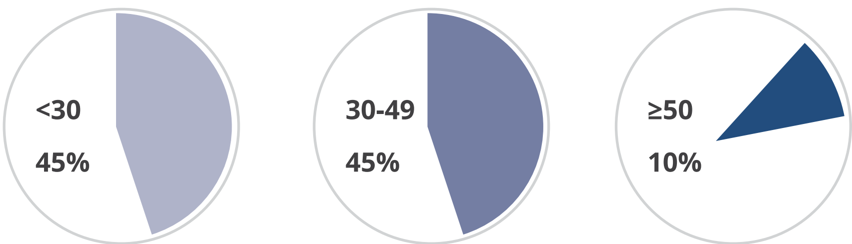
SKE provides competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements, but are given the right to exercise freedom of association. Employees are given a minimum of one month's notice prior to any implementation of significant operational changes that could substantially affect them.

All employees at our operations in Malaysia factory hold permanent contracts and work full-time. We do not rely on casual, daily rated or part-time workers.

WORKING STRUCTURE BY AGE (2017)



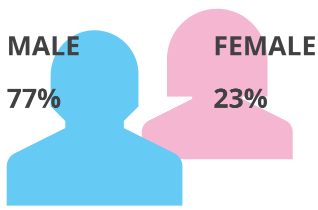
WORKING STRUCTURE BY AGE (2018)



DIVERSITY AND FAIR EMPLOYMENT

A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected. Our Male to Female ratio remains the same in FY2018.

WORKER DISTRIBUTION BY GENDER (2017 AND 2018)



More than 23% of our workforce are female even though we operate in a male-dominated industry. The bulk of our jobs is male-skewed as it requires heavy equipment delivery, technical repair and exhaust system degreasing and cleaning.

In light of our aging workforce, we look to attract the younger generation by reaching out to vocational educational establishments with internship programmes, sponsorships, and providing more career advancement opportunities. SKE adheres to the Tripartite Guidelines on Fair Employment Practices - TAFEP guidelines on re-employment of older employees. Although the current statutory retirement age is 62, eligible, contributing employees are encouraged to continue their employment with the company, all remuneration packages and promotions to remain as before retirement age.

The length of service and nationality of employees are illustrated as per the pie chart shown on the right:

SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

In FY2018, our Senior Purchaser evaluated 20% of our suppliers excluding recommended/preferred by clients, sole distributorship status, proprietary products. We will include sustainability related factors to evaluate our suppliers in financial year 2019 ("FY2019").

OCCUPATIONAL HEALTH AND SAFETY

SKE has obtained ISO 9001:2008 and ISO 45001:2018 issued the Governing Board of Q.A. International Certification Limited. We have observed our statistics on fatal and major injuries and also have workmen compensation paid or claimed in place should they get injured.

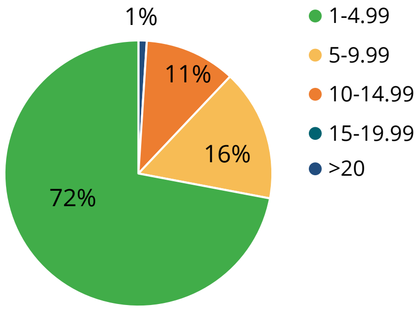
There was no injuries in FY2018. Nevertheless, to prevent such incidents from occurring we have daily morning tool box meetings and to refresh and reinforcement work health safety practices. Additionally, we conduct regular technical skill upgrading, and competency in job will increase capability and at the same time reduce errors and mishaps.

We aim to achieve continuous zero instance of work-related injury.

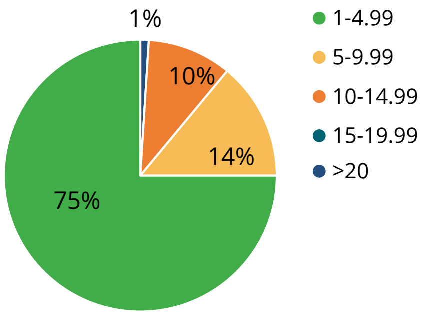
TRAINING AND EDUCATION

We provide training for all our staff. In particular our staff from the Maintenance and Servicing Segment receive special training so they may conduct repairs and undertake preventive maintenance works and repairs on kitchen equipment to ensure a functioning and good working condition. In 2018, 48 male technicians and supervisors had undergone 16 hours of skills upgrade and/or refresher courses carried out by manufacturers and/or principals in our factory at Commonwealth Drive. On top of this, the company sent 3 teams comprising 4 technical supervisors each to 3 principals' factories for in-depth technical training of their products. These factories were based in Thailand (refrigeration equipment), Guangzhou (automatic wok) and Penang (coldroom panel production and installation). For the sales department, all 18 sales team had attended 6 different Product Training of 24 hours with different manufacturers.

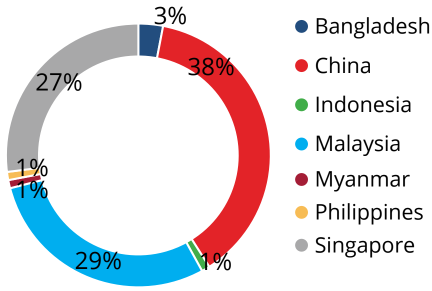
LENGTH OF SERVICE 2017



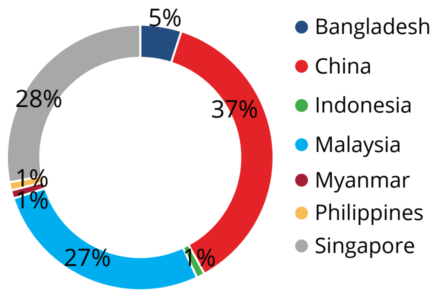
LENGTH OF SERVICE 2018



NATIONALITY 2017



NATIONALITY 2018



We target to have zero instance of discrimination.

Sustainability Report

A structured training program will be set up by company, of which all technicians will rotate to attend to attain license/certification. With each license/certification, the technicians are rewarded with either a salary increment or a one-off cash reward, depending on the type of license or certificate received. In total more than 40% of technical team had achieved. External training but not limited to Licensed Gas Service Worker, Licensed Electrical Worker, Confined Space Assessor, Confined Space Worker, Scaffolding, Work at Height, Safety Supervisor, Welding Certificate, etc are certifications the technical team are encouraged to attend and achieve the desired certification. Additionally, we have engaged third party consultants to conduct in-house training, for instance, Teambuilding, Life Skills, etc.

The technical servicing team is certified and licensed by relevant authorities to repair gas pipes and fittings, as well as install, and test gas appliance and gas meters. The technical service department also provides service repairs for the entire exhaust system. Certificates from various governmental agencies, to name a few, include LGSW (licensed gas service workers from City Gas), OHSAS (ISO 45001) – Bizsafe Star (Occupational Health and Safety Assessment Series), Confined Space Assessor, Building and Construction Safety Supervisor level, Work At Height Supervisor level and Safety Officer level.

Our objective is to provide at least 6 hours of training to each employee annually.

LOCAL COMMUNITIES

Giving has always been part of SKE's DNA and we strongly believe in giving back to our communities above and beyond what is expected of a company our size. Every year SKE provides a bursary to underprivileged students through various partner universities to help underprivileged students the freedom to concentrate on their academic performance and obtain a good university degree which will enable them to be valuable contributors to society upon graduation.

Tertiary Bursary

SIT Bursary of S$15,000 for 3 recipients were awarded at the start of term. This is an initiative that had been sustained for many years, as the Company believes that good education provides a level playing field and an instrument to break the poverty cycle. In the last 4 years alone, SKE has donated over S$160,000 towards education and academia.

Wheels of Hope

A sponsorship of 100 bicycles to children of a hill tribe – great help for the children to cycle to school (more than 5 km walk away) and children's families to ferry groceries from communal centre, a few km away too.

Vientiane Times

Singapore's Firefly Mission builds schools for rural communities

Times Reporters

A group of 29 volunteers from the Firefly Mission in Singapore visited Laos recently to witness and celebrate the handover of three schools, in Vientiane and Savannakhet provinces.

These are the latest additions to the Mission's programme in Laos, amounting to 14 schools - all generously sponsored by fellow Singaporeans, according to the Singapore Embassy in Vientiane.

The Firefly Mission is a Singapore-registered society that is fully run by volunteers. Its Lao projects are made possible by the work of their local coordinator, Peter Tan, a Singaporean who has lived in Laos for 22 years.

The Mission's President, Prof. Ng Yee Kong, said "One of our areas of focus is education, the others being health and community welfare. The Firefly Mission aims to provide a safe and conducive environment for children to study, in the hope of providing them with a brighter future."

"We are very happy to be given the opportunity to contribute and to play a part in meeting the needs of the people of Laos. And this is fully aligned with the Lao government's recognition that education is of the utmost importance," Prof Ng Yee Kong said.

The 12th school sponsored by the mission - Na Sum village primary school located in Hinheup district, Vientiane province - was handed over to the local authorities on November 13 by their Chief Coordinator for Laos, William Yeoh.

The five-classroom school costing about 363 million kip will benefit over 100 students in Na Sum village and the neighbourhood. The 13th and 14th schools, Meuang Chanh Lower Secondary School (five classrooms) costing 472 million kip and Nonmixay Upper Secondary School (four classrooms) costing 404 million kip, held their handover ceremonies on November 14 and 15 respectively.

These two schools will benefit nearly 300 children living in Xepon and Phalanxay districts, Savanankhet province. Construction of the schools began in April and they were completed in August and September. The handover ceremonies were attended by local government officials and the Singapore Ambassador to Laos, Mr Dominic Goh. The Singaporean visitors present at the ceremonies were deeply touched by the warm hospitality of the villagers and officials. They felt honoured to be given the chance to witness the handover, join in the joyous celebrations and participate in the baci ceremonies.

Firefly Mission representatives also felt comforted by assurance from officials that the schools will be well utilised and properly maintained.

Singapore Ambassador to Laos, Mr Dominic Goh, along with local government officials and members of the Firefly Mission, attends the handover of three school buildings.

Firefly Mission – LAOS Secondary School

Contribution towards building a primary school was made and school was erected in late 2017. The next phase was to build a secondary school for the village children's continuing education. The secondary school was completed in November 2018, much to the delight of the children and relief to the parents!

The Company has no plans to scale back the donations, contributions and assistance in FY2019, in comparison with FY2018. A few events are on the drawing board and will be executed, phasing in from 2nd to the 4th quarter.

At our Malaysian factory, we have a recycling drive where dis-used paper cartons and packaging are gathered, sold with proceeds donated to the aged home under the umbrella of Firefly Mission.

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external.

Our goal is to be compliant to all laws and regulations. For FY2018, there were no fines or non-monetary sanctions for non-compliance with laws and regulations.

ECONOMIC

ECONOMIC PERFORMANCE

Here at SKE, we are committed to grow our customers and exceed our customers' expectations and providing them with our established track record and an extensive list of reference clientele from the F&B industry, ranging from restaurants, integrated resorts, hotels and caterers. As one of the leading commercial and industrial kitchen solution providers in the region, SKE provides a wide range of products and services for commercial kitchens. For detailed financial results, please refer to the following sections in our Annual Report 2018:

- Financial Highlights, page 9
- Operations and Financial Review, page 10-13
- Financial Statements, page 61-120

FY2018 has seen the Company successfully developed further the fabrication and distribution segment through the supply and installation of cold rooms (walk in chiller and freezer cold stores). It brought in revenue of S$1.6 million, representing 4.8% of our fabrication and distribution segment revenue.

Our objective is to establish ourselves to be a market leader providing fabrication and distribution of commercial kitchen equipment and providing maintenance and technical servicing to our clients.

ANTI-CORRUPTION

Here at SKE, we do not tolerate corruption in any form. This has been made clear to all of our employees, our suppliers and our business partners. The policy was made available to the employees through our handbook and were discussed during the employee onboarding session. Any report of corruption is escalated to the attention of the CEO.

There have also been no reported incidents of corruption during the reporting period. It is SKE's goal to maintain zero incident of corruption. We will regularly review policies on whistleblowing and anti-corruption.

ENVIRONMENT

PRODUCTS AND SERVICES

At SKE our two key business segments are our Fabrication and Distribution Segment, and our Maintenance and Servicing Segment. We aim to develop our product line by promoting the use of greener products such as ones with green marks, eco models instead of generic units, and triple-glazed ovens instead of double-glazed units to name but a few examples.

Our products are made of 304-grade stainless steel. At SKE we always recommend our clients to use 304-grade stainless steel for better quality (which means extended shelf life), less rust prone (hygienic) and therefore higher food safety standard. In FY2018, all our stainless steel products is made of 304-grade stainless steel, therefore all our customers (those purchasing from us) will use 304-grade stainless steel.

ENVIRONMENTAL COMPLIANCE

Our manufacturing operations comply with all local requirements. Annual inspections by Jabatan Keselamatan Dan Kesihatan Pekerjaan Johor ("JKKP") are conducted at the Malaysian factory.

SKE's management reviews such reports from JKKP inspections to ensure continuous compliance, as well as identify areas where current operations could be enhanced to further increase efficiency.

Our aim is to be compliant to all environmental laws and regulations. During the reporting period there is no infringement like illegal dumping.

ENERGY

We have ensured more efficient use of electricity by changing all factory floor and office lights to LED. There is also the conscious will for all workstations to turn off all lights (save for one at the entrance), electrical points for work tools and machines, fans and air-conditioning during lunch and tea breaks. Air-conditioning temperature was also adjusted from 21 degrees Celsius to 24 degrees Celsius, maintaining a cool, comfortable environment.

Below is our electricity consumption at the factory. Although our consumption decreased by 5%, our energy consumption per production output increased. The increase was mainly because of the increase in our fabrication activity. Our energy consumption per production output in FY2018 was 20.74 kWh/unit compared to 20.04 kWh/unit in FY2017.

Sustainability Report

GOVERNANCE

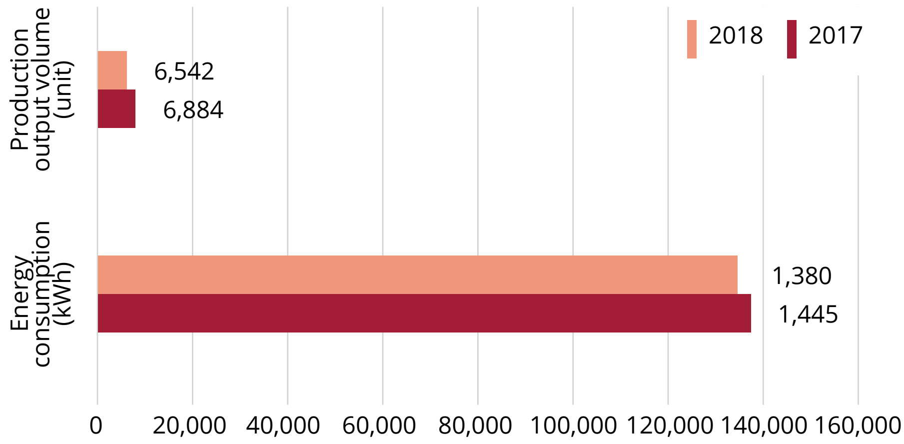
SUSTAINABILITY GOVERNANCE

At SKE, we believe that strong governance is the key to a sustainable business. Throughout 2018, we continue to comply with the Code of Corporate Governance. Please refer to our Annual Report pages 34 to 51 the details of the Code of Corporate Governance Report.

It is a continual challenge to successfully manage the environmental and social issues. SKE has incorporated this into our business model and implemented sustainable and responsible practices throughout. Our products and services meet all the requirements demanded by our customers and the regulatory bodies. We meet all environmental and safety standards that are expected of us.

SKE pays strict attention to enforcing good labour practices in all our operations. The company provides many training opportunities for continued employee development and this is reflected in the quality and delivery of our products and solutions. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through challenging times in the past. SKE strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

We will comply with SGX requirements.



BUSINESS ETHICS

When it comes to hiring, we take seriously any possibility of conflict of interest. Our code of conduct clearly spells out SKE's expectations from our staff and the consequences if any of the rules are violated or standards not met. Of course, we also have clear and fair grievance procedures.

Business ethics are communicated to all our heads of business units regularly and they must fully understand that compliance with rules and regulations is a key part of running a responsible business. The company regularly updates key staff with development in international and local regulations. SKE fully complies with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety. We prohibit corruption in all forms, including extortion and bribery.

Cyber security and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. SKE takes measures to guard against cyber risks for both our internal and external stakeholders by complying with the Personal Data Protection Act Policy. This policy also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons in senior management on a need-to-know basis.

ENTERPRISE RISK MANAGEMENT (ERM)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables SKE to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, page 45.

We aim to perform risk assessment annually and disclose in accordance with SGX requirements.

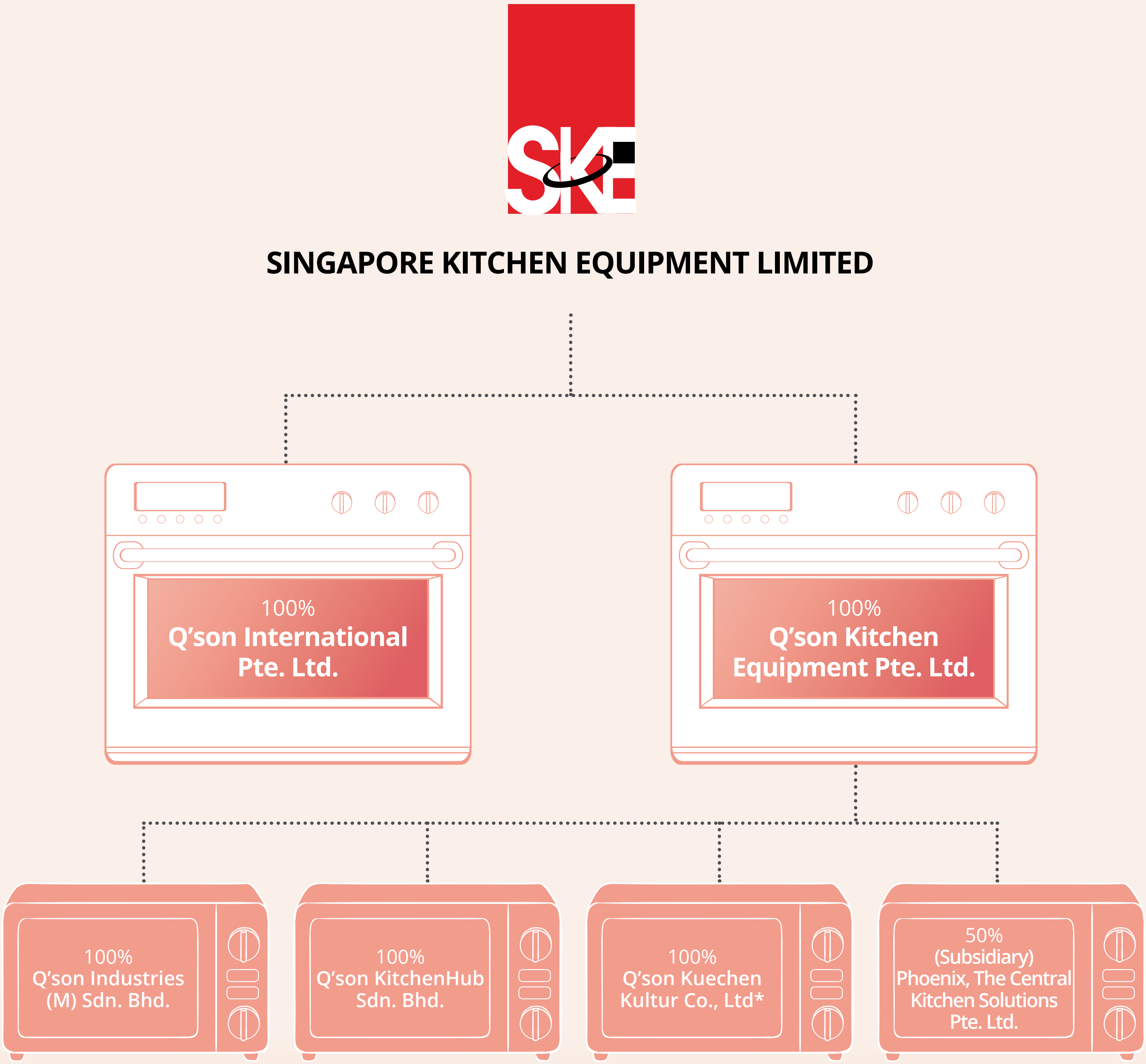
GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosures		Reference / Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organisation	Singapore Kitchen Equipment Limited
	102-2	Activities, brands, products and services	pages 1 to 4
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Singapore, Malaysia
	102-5	Ownership and legal form	page 31
	102-6	Markets served	page 107
	102-7	Scale of the organisation	page 22
	102-8	Information on employees and other workers	page 22
	102-9	Supply chain	Suppliers were selected based on their product reliability, competitive cost, market positioning, credit terms offered and after sales support. The Company had established and created a supplier list of 50 with long term partnerships which in turn, enabled the Company to be known for a provider of quality products at competitive rates. Customers were managed by different sales team and also a portion by the service team depending on the customers' profile. Regardless of the types of industry that the customers may be grouped under (F&B, Hospitality, Hospitals, Factories, Catering etc.), our customers had shown tremendous support through their repeat orders and business with the Company.
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	SKE does not specifically address the precautionary approach.
	102-12	External initiatives	pages 24 to 25
	102-13	Membership of associations	None
	102-14	Statement from senior decision maker	page 18
	102-16	Values, principles, standards and norms of behaviour	page 28
	102-18	Governance Structure	pages 34 to 51
	102-40	List of Stakeholders Group	page 20
	102-41	Collective Bargaining Agreements	None
	102-42	Indentifying and Selecting Stakeholders	page 19
	102-43	Approach to stakeholder engagement	page 20
	102-44	Key topics and concerns raised	page 20
	102-45	Entities includes in the consolidated financial statements	page 31
	102-46	Defining report content and topic bounderies	page 18
	102-47	List of material topics	page 21

Sustainability Report

GRI Standards	Disclosures		Reference / Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	1 Jan to 31 Dec 2018
	102-51	Date of most recent previous report	2017 Annual Report
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	page 19
	102-54	Claims if reporting in accordance with the GRI Standards	page 19
	102-55	GRI content index	pages 29 to 30
	102-56	External Assurance	We may seek external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	pages 26 to 27
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	page 27
GRI 302: Energy	302-1	Energy consumption within the organization	pages 27 to 28
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	page 27
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	page 23
GRI 404: Training and Education	404-1	Average hours of training per year per employee	page 23
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	pages 22 to 23
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	pages 24 to 26

Corporate Structure



** Q'son Kuechen Kultur Co., Ltd was dissolved pursuant to the Notice of Company Dissolution dated 18 December 2018.*

Corporate Information

Company Registration Number: 201312671M

BOARD OF DIRECTORS

Eileen Tay-Tan Bee Kiew
(Chairman and Independent Non-Executive Director)

Chua Chwee Choo
(Executive Director and Chief Executive Officer)

Lee Chong Hoe
(Executive Director)

Ng How Hwan, Kevin
(Independent Non-Executive Director)

Lui Hin Weng Samuel
(Independent Non-Executive Director)

AUDIT COMMITTEE

Eileen Tay-Tan Bee Kiew (Chairman)
Ng How Hwan, Kevin
Lui Hin Weng Samuel

NOMINATING COMMITTEE

Eileen Tay-Tan Bee Kiew (Chairman)
Ng How Hwan, Kevin
Lui Hin Weng Samuel

REMUNERATION COMMITTEE

Ng How Hwan, Kevin (Chairman)
Eileen Tay-Tan Bee Kiew
Lui Hin Weng Samuel

COMPANY SECRETARY

Wong Yoen Har

REGISTERED OFFICE

115A Commonwealth Drive
#01-27/28 Tanglin Halt Industrial Estate
Singapore 149596
Tel: (65) 6472 7337
Fax: (65) 6472 6497

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge:
Koh Yen Ling
(Appointed since the financial year ended
31 December 2018)

PRINCIPAL BANKERS

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

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Proxy Form

The Board of Directors (the "Board") of Singapore Kitchen Equipment Limited (the "Company") is committed to maintain a high standard of corporate governance within the Company and its subsidiaries (the "Group") to ensure greater transparency and to protect the interests of the Company's shareholders.

The Company recognises the importance of good governance for continued growth and investors' confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code of Corporate Governance 2012 (the "Code"). The Board noted the new code of Corporate Governance 2018 issued on 6 August 2018 ("2018 Code"), which is only effective from the financial year end commencing 1 January 2019 and will endeavor to comply with the 2018 Code once it is effective.

The Company has in general, adhered to the principles and guidelines of the Code. Where there are deviations from the Code, appropriate explanations have been provided.

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 the management remains accountable to the Board.

The Board's role is to:

(a) Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) Review management performance;

(d) Identify the key stakeholder groups and recognised that their perceptions affect the Group's reputation;

(e) Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group.

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

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

- Annual budgets;
- Half yearly and year end results announcements and the release thereof;
- Annual reports and financial statements for presentation at Annual General Meeting;
- Corporate strategies;
- Commitments to term loans and lines of credit;
- Issuance of shares;

- Material acquisitions and disposal of assets;
- Investment, divestment or capital expenditure exceeding S$0.5 million;
- Convening of shareholders' meetings;
- Appointments to the Board and the various Board Committees;

(a) Declaration of interim dividends and proposal of final dividends; and

(b) Interested person transactions.

The Company has documented the guidelines for matters that require the Board's decision or approval.

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

(a) Audit Committee ("AC");

(b) Remuneration Committee ("RC");

(c) Nominating Committee ("NC"); and

(d) Singapore Kitchen Equipment Performance Share Plan Committee.

(hereinafter collectively referred to as the "Committees")

The Chairman of the respective Committees will report to the Board on the outcome of the Committees' meetings and their recommendations on the specific agendas mandated to the respective Committees for consideration and/or approval by the Board.

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

The number of Board and Board Committees meetings held and attended by each Director during the financial year ended 31 December 2018 ("FY2018") is set out below:

	Board		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
Name of Directors	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Tay-Tan Bee Kiew Eileen	6	6	4	4	1	1	1	1
Chua Chwee Choo	6	6	4	4*	1	1*	1	1*
Lee Chong Hoe	6	6	4	4*	1	1*	1	1*
Wong Hin Sun, Eugene^	6	1	4	1	1	1	1	1
Ng How Hwan, Kevin	6	6	4	4	1	1	1	1
Lui Hin Weng Samuel#	6	4	4	3	1	–	1	–

* By invitation
^ Resigned as Director on 26 April 2018
\# Appointed as Director on 18 May 2018

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

The Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors. Newly appointed Directors will receive a formal letter, indicating the duties and obligations with the appointment. The Directors have attended appropriate training on governance practices, enterprise risk management and relevant statutory and regulatory compliance issues. The Company encourages all Directors to receive regular training, particularly on new laws, regulations and commercial risk from time to time. The Directors keep themselves abreast with the changes and developments. Appropriate training shall be arranged upon request by newly appointed directors to ensure that they are fully aware of their responsibilities and obligaions as Directors. Mr Lui Hin Weng Samuel was appointed to the Board on 18 May 2018 and orientation was conducted for Mr Lui.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement 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 comprises five Directors, including two Executive Directors and three Independent Non-Executive Directors. This composition complies with the Code's requirements outlined in Guideline 2.1 whereby it is required that the Independent Directors should make up at least one third of the Board.

As at the date of this report, the Board comprises the following directors:

Tay-Tan Bee Kiew Eileen	–	Chairman	(Independent Non-Executive Director)
Chua Chwee Choo	–	Chief Executive Officer	(Executive Director)
Lee Chong Hoe			(Executive Director)
Ng How Hwan, Kevin			(Independent Non-Executive Director)
Lui Hin Weng Samuel			(Independent Non-Executive Director)

The Board, as a whole, combines people with industry knowledge, general commercial experience, accounting and financial background, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. The objective judgment of the Independent Non-Executive Directors on corporate affairs and their collective experience and contributions are valued by the Company. The Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Group's operations. The appointments of 2 female directors, namely, Mrs Tay-Tan Bee Kiew Eileen and Ms Chua Chwee Choo provides the Board with gender diversity that serves to bring value to the Board discussions from the different perspectives and approaches of the female Directors.

The Independent Non-Executive Directors will constructively challenge and assist in the development of proposals on business strategy, and assist the Board in reviewing the performance of the management in meeting on agreed goals and objectives, and monitoring the reporting of performance. When necessary, the Independent Non-Executive Directors will have discussions amongst themselves without the presence of the management.

The independence of each Director is reviewed annually by the NC and the Board. The NC adopts the definition in the Code as to what constitutes an independent Director in its review that the Board consists of persons who, together, will provide core competencies necessary to meet the Group's objectives. Independent Directors of the Group are independent in character and judgement and there are no relationships with the management, the Company, its related corporations, its shareholder(s) holding not less than 10% of the voting shares in the Company ("10% shareholders") or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group. As at the date of this report, the following Directors are independent:

Tay-Tan Bee Kiew Eileen
Ng How Hwan, Kevin
Lui Hin Weng Samuel

None of the above Independent Directors have served on the Board beyond nine years from the date of his/her first appointment. The profile of the Directors can be found under the Directors' Profile section of this Annual Report.

Chairman and Chief Executive Officer ("CEO")

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

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

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

Mrs Tay-Tan Bee Kiew Eileen is the Independent and Non-Executive Chairman of the Board while Ms Chua Chwee Choo is the CEO of the Group. Mrs Tay-Tan Bee Kiew Eileen and Ms Chua Chwee Choo are not related to each other.

The Chairman's duties include:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of non-executive directors in particular; and

(h) promoting high standards of corporate governance.

The CEO's duties include:

- overseeing the daily running of the Group's operations; and
- executing strategies and policies adopted by the Board.

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

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

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 comprises three Independent Non-Executive Directors. The NC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the NC is as follows:

Tay-Tan Bee Kiew Eileen (Chairman)
Ng How Hwan, Kevin
Lui Hin Weng Samuel

The NC met once in FY2018. The main role of the NC is to make the process of Board appointments and re-appointments of Directors more transparent as well as to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the Board.

The principal functions of the NC based on its terms of reference are as follows:

- Reviewing board succession plans, in particular for the Chairman of the Board and CEO;
- Developing a process for evaluation of the performance of the Board, its Committees and Directors;
- Recommending to the Board comprehensive and tailored induction training programmes for new Directors and to review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks;
- Reviewing, assessing and making recommendations to the Board on all Board appointments, including the composition of the Board which includes Committees;
- Reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Group and the core competencies of the Directors as a group;
- Reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his/her competencies, commitment, contribution, performance and whether or not he/she is independent;
- Determining, on an annual basis, the independence of the Directors;
- Recommending Directors who are retiring by rotation to be put forward for re-election; and
- Deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company particularly when he/she has multiple board representations.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Group's operations. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committees as well as to the management of the Company.

The NC reviews and affirms the independence of the Company's Independent Directors. Each Independent Director is required to complete a Director's independence checklist annually to confirm their independence. This checklist is based on guidelines provided in the Code and requires each Director to assess whether they consider themselves independent despite not being involved in any relationship which may interfere or be reasonably perceived to interfere with the exercise of independent judgement in carrying out functions as Independent Directors of the Company.

The NC and the Board have reviewed the independence of Mrs Tay-Tan Bee Kiew Eileen, Mr Ng How Hwan, Kevin, and Mr Lui Hin Weng Samuel and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, the NC and the Board have considered the relationships identified by the Code and additionally, the Independent Directors are also independent of the substantial shareholders of the Company.

Although the Independent Non-Executive Directors hold directorships in other companies which are not in the Group, the NC is of the view that there should be no restriction to the number of board representations of each director and the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

In the search for potential new Directors, the NC will seek to identify the competence required for the Board to fulfil its responsibilities. The NC may, as and when necessary, engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board. The expenses of such services shall be borne by the Company. After the Board has interviewed the candidates, the NC would shortlist and recommend the candidates for appointment to the Board for the Board's consideration. The appointment of new member to the Board is at the Board's sole discretion.

Pursuant to Article 98 of the Company's Constitution, at least one-third of the Directors (including CEO/MD) for the time being shall retire from office by rotation at least once every three years at the Company's Annual General Meeting ("AGM"). In addition, Article 99 provides that the retiring Directors are eligible to offer themselves for re-election. Article 102 of the Company's Constitution also provides that all newly appointed Directors shall retire from office at the next AGM following their appointments. All Directors are required to subject themselves for re-nomination at regular intervals at least once every three years.

The Company has disclosed key information of the Directors which can be found under the Directors' Profile section of this Annual Report.

The NC has reviewed and recommended the re-election of the following Directors who are retiring under Article 98 and Article 102 of the Company's Constitution at the forthcoming AGM:

Article 98	Article 102
Mrs Tay-Tan Bee Kiew	Mr Lui Hin Weng Samuel
Mr Ng How Hwan, Kevin	

Please refer to pages 123 to 128 for information on the directors nominated for re-election including the information required under Appendix 7F of the Catalist Rules.

The Board has accepted the NC's nominations of the above retiring Directors who have given their consents for re-election at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re- nomination as Director.

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

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies
Tay-Tan Bee Kiew Eileen	Chairman and Independent Non-Executive Director	25 June 2013	27 April 2017	• Jason Marine Group Limited • Sunningdale Tech Ltd	• S i2i Limited • Cordlife Group Limited
Chua Chwee Choo	Executive Director and Chief Executive Officer	9 May 2013	25 April 2018	Nil	Nil
Lee Chong Hoe	Executive Director	9 May 2013	25 April 2018	Nil	Nil
Ng How Hwan Kevin	Independent Non-Executive Director	16 September 2013	27 April 2017	• Neo Group Limited	Nil
Lui Hin Weng Samuel	Independent Non-Executive Director	18 May 2018	Not Applicable	• EFT Solutions Holdings Limited	Nil

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 has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and the performance criteria for the Board evaluation covers amongst other criteria, Board composition, Board processes, Board accountability, CEO's performance and succession planning and standard of conduct of the Board. Each Director assesses the Board's performance as a whole by providing feedback to the NC.

The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group. The NC is of the view that each individual Director has contributed to the effectiveness of the Board as a whole. The performance evaluation questionnaire was prepared and compared with its industry peers to ensure that the standard is unbiased. The questionnaire was completed by each Director, and collated with findings that were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The NC has conducted the assessment for FY2018. The results of the NC's assessment has been communicated to and accepted by the Board.

The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The NC will be provided with access to expert professional advice, as and when necessary. The expenses of such services shall be borne by the Company.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory. Although the Independent Non-Executive Directors have multiple board representations, the NC is satisfied that sufficient time and attention have been provided to the Group.

Access to Information

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

To enable the Board in fulfilling its responsibilities, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an ongoing basis. The Board has a separate and independent access to Management to facilitate further enquiries. Directors are entitled to request from Management and are provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.

In addition, all relevant information on the Group's annual budgets, management accounts, Board papers and related materials, background and explanatory information relating to the matter at hand, copies of disclosure documents, material events and transactions are circulated to Directors. In respect of budgets, material variances between projection and actual results are explained.

The Directors have separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all meetings of the Board and Board Committees and assists the Board to ensure that proper procedures and all other rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Where the Directors require independent professional advice in the course of their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

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 Remuneration Committee ("RC") comprises three Independent Non-Executive Directors. The RC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the RC is as follows:

Ng How Hwan, Kevin (Chairman)
Tay-Tan Bee Kiew Eileen
Lui Hin Weng Samuel

The RC, under its terms of reference, is responsible for the following:

(a) to recommend to the Board a general framework of remuneration for the Board, determine specific remuneration packages and terms of employment for each Executive Director, the CEO and key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

(b) to perform annual review of the remuneration of employees related to the Executive Directors, CEO and substantial or controlling shareholders to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities which include to review and approve any bonuses, pay increases and/or promotions for these employees;

(c) to review and recommend to the Board the terms of renewal for Executive Directors and key management personnel whose employment contracts will expire or have expired to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous but ensure fairness and avoid rewarding poor performance; and

(d) to function as the Committee referred to in the Singapore Kitchen Equipment Performance Share Plan.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds are reviewed by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his/her own remuneration package. No individual Director is involved in fixing his/her own remuneration.

The RC will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company.

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

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

The Executive Directors do not receive directors' fees and are paid based on their Service Agreements entered with the Company on 1 June 2013 as disclosed in the Company's Prospectus dated 12 July 2013. The Service Agreement took effect on the date of admission of the Company to Catalist for an initial period of three years and shall be renewed automatically on a yearly basis thereafter. The Service Agreements entered into between the Executive Directors and the Company have renewed on 1 June 2016.

Independent Directors do not have service agreements with the Company. Taking into consideration of factors such as effort and time spent and their responsibilities, the Independent Directors received directors' fees which were approved at the Company's AGM.

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

Disclosure of Remuneration

Principle 9: Every 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.

Taking note of competitive pressures in the talent market, the Board has, on review, decided not to disclose the exact remuneration of the key management personnel.

A breakdown of the Directors' remuneration for FY2018 is as follows:

Name	Remuneration Band: Disclosable Amount Below S$250,000 (S$)	Remuneration Band: S$250,000 to S$500,000	Remuneration Band: Above S$500,000	Salary %	Bonus %	Other Benefits %	Directors' Fees + %	Total %
Chua Chwee Choo		√		80.0	15.0	5.0	0	100
Lee Chong Hoe		√		81.0	14.0	5.0	0	100
Tay-Tan Bee Kiew Eileen	55,000			0	0	0	100	100
Ng How Hwan, Kevin	40,000			0	0	0	100	100
Lui Hin Weng Samuel	16,870			0	0	0	100	100
Wong Hin Sun Eugene*	11,666			0	0	0	100	100

Notes:-

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

* Resigned as Non-Independent Non-Executive Director on 26 April 2018.

The annual aggregate amount of the total remuneration paid to the Directors of the Company is approximately S$768,889.

The breakdown of remuneration of the top five key management personnel (who are not Directors of the Company) in percentage terms for FY2018 is as follows:

Name	Remuneration Band: Below S$250,000*	Remuneration Band: S$250,000 to S$500,000	Remuneration Band: Above S$500,000	Salary %	Bonus %	Other Benefits %	Total %
Ferleen Chow Mei Ling	√			88.8	–	11.2	100
Charlene Koh	√			81.2	–	18.8	100
Soh Kee Hock	√			95.0	–	5.0	100
Chan Weng Yee	√			77.6	–	22.4	100
Luo Hao li	√			51.7	–	48.3	100

The annual aggregate amount of the total remuneration paid to the top five key management personnel is approximately S$842,837. There are no termination or retirement benefits that are granted to the Directors and key management personnel.

Chua Chwee Choo is the wife of Lee Chong Hoe. Both their individual remuneration have exceeded S$50,000. Other than the above, no employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during FY2018.

The RC also administers the Singapore Kitchen Equipment Performance Share Plan ("PSP"). The PSP Committee members consist of Mr Ng How Hwan, Kevin, Mrs Tay-Tan Bee Kiew Eileen and Lui Hin Weng Samuel.

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements. In line with the requirements of The Singapore Exchange and Securities Trading Limited ("SGX-ST"), negative assurance confirmations on half-yearly financial results were issued by the Director confirming that to the best of its knowledge, nothing had come to the attention to the Board which may render the Company's financial results to be false and misleading in any material aspect.

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

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

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

The Internal Auditor, Nexia TS Risk Advisory Pte Ltd, carry out internal audit on the system of internal controls and report the findings to the AC. The External Auditor, BDO LLP, have also carried out in the course of their statutory audit, an understanding of the keys internal controls assessed to be relevant to the audit.

In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit process.

The CEO and the Financial Controller ("FC") had provided a letter of assurance that for FY2018 (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are adequate and effective.

The Board has received letter of assurance from the Internal Auditors, Nexia TS Risk Advisory Pte Ltd that during their internal audit review on certain business processes of the Group based on selected transactions for the financial year ended 31 December 2018, there were no major findings in the risk management and internal control system of the Group.

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

The Audit Committee has reviewed the Group's system of internal controls and is satisfied that the overall systems of controls are adequate to meet the needs of the Group in its current environment. Based on the framework of risk management control and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and various Board Committees and the aforementioned assurance provided by the CEO and FC, the Board, and the AC are satisfied that there are adequate internal controls in place for the Group to address financial, operational, compliance and information technology controls and risk management systems during the year.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

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

The AC comprises three Independent Non-Executive Directors. The AC Chairman is not associated with in any way with the 10% shareholders of the Company. The composition of the AC is as follows:

Tay-Tan Bee Kiew, Eileen (Chairman)
Ng How Hwan, Kevin
Lui Hin Weng Samuel

The AC meets at least half-yearly to discuss and review the following where applicable:

- review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;
- review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and Section B of the SGX-ST Listing Manual: Rules of Catalist (the "Catalist Rules") and any other relevant statutory or regulatory requirements;
- meet with the external auditors and the internal auditors without the presence of management at least annually, to discuss any problems and concerns they may have;
- review internal audit programmes and adequacy and effectiveness of the Group's internal audit function as well as to ensure coordination between the external auditors and internal auditors and management;
- review and discuss with external auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- review transaction falling within the scope of Chapter 9 of the Catalist Rules;
- review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the external auditors also supply a substantial volume of non-audit services to the Group, the nature, extent and cost effectiveness of such services would be reviewed in order to ensure that these services do not affect the independence and objectivity of the external auditors;
- review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review the adequacy and effectiveness of the Group's risk management and internal control system (including financial, operational, compliance and information technology controls) and to report to the Board annually; and
- generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The members of the AC have sufficient accounting and/or related financial management expertise or experience, as assessed by the Board in its business judgement, to discharge the AC's functions. The AC is chaired by Mrs Tay-Tan Bee Kiew Eileen, who is an Independent Non-Executive Director with experience in the audit and finance industry.

The AC meets with the Group's external auditors and internal auditors to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group.

The AC is authorised by the Board to investigate any matters within its terms of reference and has full access to the management and full discretion to invite any Director or executive officer to attend its meetings. The AC has reasonable resources to enable it to discharge its functions effectively.

The AC will meet at least twice a year to review the announcement of the half-yearly and full year financial results before being approved by the Board for release to the SGX-ST.

The AC also meets and has discussions with the external auditors and internal auditors without the presence of the Company's management annually. The AC is also briefed by the external auditors of changes to accounting standards and issues which have a direct impact on financial statements during the presentation of the audit planning memorandum and the audit report to the AC. For FY2018, the AC met once with the external auditors and internal auditors without the presence of the Company's management.

The Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination.

The external auditors present to the AC the audit plan and updates on any change of accounting standards and Companies Act, Chapter 50 which have a direct impact on the financial statements. During the FY2018, the adoption of new and/ or revised accounting standards did not result in any substantial changes or significant impact on the Group's financial statements.

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to the external auditors of the Company, Messrs BDO LLP, for audit and non-audit services for FY2018 are as follows:

Audit fees:	S$104,780
Non-audit fees in relation to tax services:	S$22,129

The AC has reviewed the independence of the external auditors, Messrs BDO LLP, and recommended to the Board that Messrs BDO LLP be nominated for re-appointment as Auditors at the forthcoming AGM.

No former partner or director of the Company's existing auditing firm is a member of the AC.

WHISTLE-BLOWING POLICY

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

To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports will be sent to the Chairman of the AC or other Independent Directors. Details of the whistle-blowing policy have been made available to all employees.

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

Internal Audit

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

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

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

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

The AC reviews the activities of the IA on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

The IA had conducted an annual review of the effectiveness of the Group's internal controls in FY2018.

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.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore (the "Act") , the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

All shareholders of the Company receive the annual report and Notice of AGM to enable shareholders to prepare and participate effectively and vote at general meetings. The Notice is also advertised in a national newspaper.

Separate resolutions on each distinct issue are proposed at general meetings for approval.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders unless the shareholder is a relevant intermediary (as defined in Section 181 of the Act. A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy form is sent with the notice of general meetings to all shareholders.

The Company will review its Constitution from time to time such that amendments to the Constitution are in line with the applicable requirements or rules and regulations governing the continuing obligations.

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 does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Company.

Information is disseminated to shareholders on a timely basis through:

- Announcements and news releases on SGXNET
- Annual Report prepared and issued to all shareholders
- Notices of shareholders' meetings are published in the local newspapers and announced via SGXNET
- Company's website which the shareholders can access information on the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. During FY2018, the Company had paid 0.25 Singapore cent per share tax exempt one-tier interim dividend. Any dividend payments are clearly communicated to the shareholders via announcements on SGXNet.

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

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 reviews on various matters affecting the company.

At the AGM, shareholders will be given the opportunity to express their views and direct questions to the Directors and the management. The Chairman of the AC, RC and NC as well as the Board, will be present and available at the AGMs to address questions from shareholders. The external auditors will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

The Board concurrence with the Code's recommendation that companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Thus, the Company has separate resolutions at general meetings on each substantially separate issue (where possible) as recommended by the Code.

Voting at the annual general meeting will be by vote of poll. Announcement of the poll results will detail the number of votes cast for and against each resolution and the respective percentages after the meeting via SGXNet. However, as the authentication of shareholder identity and other related security and integrity of the information still remain a concern, the Board has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES

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

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

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

INTERESTED PERSON TRANSACTIONS

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

There were no interested person transactions exceeding S$100,000 conducted by the Group during FY2018.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Executive Director, or controlling shareholder subsisting at the end of FY2018.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during the FY2018.

USE OF PROCEEDS

(a) Initial Public Offer

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

As at 15 February 2019, approximately S$2.6 million has been used for the purposes as stated in the Company's IPO Prospectus dated 12 July 2013. The details of the deployment are as follows:-

	Intended use of proceeds from IPO S$'000	**Cumulative amount deployed up to 15 February 2019 S$'000**
Acquisition of additional fabrication equipment and machinery	700	319
Funding for expansion, including by way of acquisitions, joint ventures, and/or strategic alliances	1,600	–
For general working capital purposes of the Group	975	975
Expenses such as professional fees, underwriting and placement commission and brokerage, and miscellaneous fees	1,325	1,335
Total Utilised	4,600	2,629

The above utilisation of the net proceeds is consistent with the intended use of proceeds as disclosed in the Prospectus dated 12 July 2013.

(b) Placement

The Company has raised net proceeds from the Placement of approximately S$1.0 million, which will be utilised as follows:

- 60% of the Net Proceeds will be used for new business expansion or investments; and
- 40% of the Net Proceeds will be used for general working capital purposes. As at 15 February 2019, the proceeds have not yet been utilised.

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

TREASURY SHARES

There were no treasury shares at the end of FY2018.

Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors of Singapore Kitchen Equipment Limited (the "Company") present their report to the members together with the audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Eileen Tay-Tan Bee Kiew
Chua Chwee Choo
Lee Chong Hoe
Ng How Hwan, Kevin
Lui Hin Weng Samuel (Appointed on 18 May 2018)

3. Arrangements to enable Directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	**Shareholdings registered in the name of Directors**		**Shareholdings in which Directors are deemed to have an interest**	
	Balance at 1 January 2018	**Balance at 31 December 2018**	**Balance at 1 January 2018**	**Balance at 31 December 2018**
Ultimate Holding Company				
QKE Holdings Pte. Ltd.				
Chua Chwee Choo	1	1	–	–
Lee Chong Hoe	1	1	–	–
The Company				
Chua Chwee Choo	230,000	230,000	122,491,500	122,491,500
Lee Chong Hoe	192,000	192,000	122,491,500	122,491,500
Ng How Hwan, Kevin	–	–	500,000[1]	500,000[1]

By virtue of Section 7 of the Act, Ms Chua Chwee Choo and Mr Lee Chong Hoe are deemed to have an interest in all of the interest in subsidiary corporations owned by the Company at the beginning and end of the financial year. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2019 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2018.

1. These shares are held in DBS Nominee Account under the joint name of Mr Ng How Hwan, Kevin and spouse.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

Performance Share Plan ("PSP")

The Company has implemented a performance share plan known as PSP. The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 25 June 2013. No share options or performance shares have been granted or awarded pursuant to the PSP.

6. Audit Committee

The Audit Committee comprises the following members, who are all non-executive and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Eileen Tay-Tan Bee Kiew (Chairman)	(Independent and Non-Executive)
Ng How Hwan, Kevin	(Independent and Non-Executive)
Wong Hin Sun, Eugene	(Non-Independent and Non-Executive, resigned on 26 April 2018)
Lui Hin Weng, Samuel	(Non-Independent and Non-Executive, appointed on 18 May 2018)

The Audit Committee performed the functions specified in Section 201B (5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the audit plans and results of the external audits;

(ii) reviewing the audit plans and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;

(iii) reviewing the Group's financial and operating results and accounting policies;

(iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditor's report on those financial statements;

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

(vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditor;

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

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

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

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 function 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 Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Group at the forthcoming Annual General Meeting.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chua Chwee Choo Director	**Lee Chong Hoe** Director

29 March 2019

Independent Auditor's Report

TO THE MEMBERS OF SINGAPORE KITCHEN EQUIPMENT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Kitchen Equipment Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 61 to 120, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for 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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Allowance for expected credit losses on trade receivables

Key Audit Matter

As at 31 December 2018, the Group's trade receivables from third parties amounted to $9,694,307, net of loss allowance of $231,565, and constituted approximately 35% of the Group's total assets. There is a risk that the Group's aged trade receivables which are past due but not impaired may not be recoverable and provision for loss allowance may not be adequate. During the reporting period, a net impairment loss of $248,594 was recognised in the profit or loss.

The Group has elected to apply the simplified approach within SFRS(I) 9, based on lifetime expected credit losses ("ECL"), in determining the provision for loss allowance on trade receivables using a provision matrix.

The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates of each group of customers, shared credit risk characteristics, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For credit-impaired trade receivables, ECL is determined as the difference between the gross carrying amount and the present value of the estimated future cash flows.

Due to significant management judgements involved in the measurement of ECL, as well as the materiality of the carrying amount of the trade receivables to the Group's financial statements, we have determined this area to be a key audit matter.

Related Disclosures

Refer to Notes 3.2(ii), 8 and 30.1 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Held discussions with management to understand and assessed the inputs and information, including the aged trade receivables report, used in designing the provision matrix. Re-computed ECL using the provision matrix and evaluated management's assessment of the expected credit loss rate, including assumptions surrounding current conditions and forecast of future economic conditions.

- Evaluated management's identification of the credit-impaired receivables and judgement applied in determining the recoverable amounts from the credit-impaired receivables.

- Assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

Key Audit Matters (Continued)

2 Net realisable value of inventories

Key Audit Matter

As at 31 December 2018, approximately 95% of the Group's inventories comprise finished goods such as kitchen equipment and spare parts, amounting to $3,946,868.

Management has carried out an assessment to determine if there are inventories that have to be written down to net realisable value as at the end of the reporting period. This may happen if inventories are damaged, become obsolete, or if their selling prices have decline.

In making this determination, management takes into account a combination of factors, which include the age of the inventories, historical and subsequent selling prices and committed orders of the Group's products.

We focused on this area as significant management judgement is involved in identifying inventories with net realisation issues and estimating appropriate net realisable values.

Related Disclosures

Refer to Notes 3.2(i) and 7 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Held discussions with management to understand management's assessment and basis for the identification and estimated net realisable value of inventories.

- Tested the inventory aging reports which management uses as a basis to identify inventories with net realisation issues on a sample basis.

- Evaluated the reasonableness of management's assessment of the net realisable value of equipment against the historical selling prices, actual subsequent sales or committed sales orders, as appropriate, on a sample basis.

- Evaluated the reasonableness of management's assessment of the net realisable value of spare parts based on the assessment of the overall gross profit margin, age and historical utilisation of the spare parts, as appropriate, on a sample basis.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

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

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.

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 partner on the audit resulting in this independent auditor's report is Koh Yen Ling.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

Statements of Financial Position

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $	Group 31 December 2017 $	Group 1 January 2017 $	Company 31 December 2018 $	Company 31 December 2017 $	Company 1 January 2017 $
Non-current assets							
Property, plant and equipment	4	2,290,859	2,386,819	1,352,084	–	–	–
Intangible assets	5	6,133	19,577	76,971	–	–	–
Investments in subsidiaries	6	–	–	–	10,000	10,000	10,000
		2,296,992	2,406,396	1,429,055	10,000	10,000	10,000
Current assets							
Inventories	7	3,946,868	4,523,085	3,474,458	–	–	–
Trade and other receivables	8	10,830,001	8,995,485	8,220,233	4,341,010	4,828,205	5,165,205
Contract assets	19	–	113,658	125,005	–	–	–
Prepayments		741,109	115,629	76,448	647,677	4,322	9,059
Current income tax recoverable		44,717	14,561	41,912	–	–	–
Cash and bank balances	9	10,232,282	11,041,568	9,200,716	1,132,515	1,066,118	47,110
		25,794,977	24,803,986	21,138,772	6,121,202	5,898,645	5,221,374
Less:							
Current liabilities							
Trade and other payables	10	5,769,422	4,674,465	3,891,648	476,251	250,432	162,896
Contract liabilities	19	503,177	428,801	620,708	–	–	–
Provisions	11	30,800	30,800	30,800	–	–	–
Borrowings	12	2,846,065	3,154,833	816,631	–	–	–
Finance lease payables	13	339,181	272,430	126,399	–	–	–
Derivative financial instruments	14	9,486	273	1,701	–	–	–
Current income tax payable		720,348	318,522	564,221	–	–	–
		10,218,479	8,880,124	6,052,108	476,251	250,432	162,896
Net current assets		15,576,498	15,923,862	15,086,664	5,644,951	5,648,213	5,058,478
Less:							
Non-current liabilities							
Finance lease payables	13	1,471,434	1,422,008	406,611	–	–	–
Deferred tax liabilities	15	62,305	87,727	78,147	–	–	–
		1,533,739	1,509,735	484,758	–	–	–
Net assets		16,339,751	16,820,523	16,030,961	5,654,951	5,658,213	5,068,478
Capital and reserves							
Share capital	16	5,124,790	5,124,790	4,124,790	5,124,790	5,124,790	4,124,790
Other reserves	17	1,215,468	1,214,190	1,222,148	–	–	–
Retained earnings	18	9,998,783	10,466,370	10,684,023	530,161	533,423	943,688
Equity attributable to owners of the parent		16,339,041	16,805,350	16,030,961	5,654,951	5,658,213	5,068,478
Non-controlling interest		710	15,173	–	–	–	–
Total equity		16,339,751	16,820,523	16,030,961	5,654,951	5,658,213	5,068,478

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue	19	33,561,187	30,725,423
Cost of sales		(22,525,914)	(20,860,726)
Gross profit		11,035,273	9,864,697
Other items of income			
Interest income		60,495	65,696
Other income	20	501,285	183,611
Other items of expense			
Distribution costs		(3,531,331)	(3,608,327)
Administrative expenses		(5,971,805)	(4,268,732)
Other expenses		(246,838)	(214,668)
Loss allowance on third parties trade receivables		(248,594)	(307,264)
Finance costs	21	(172,513)	(117,316)
Profit before income tax	22	1,425,972	1,597,697
Income tax expense	23	(745,522)	(300,178)
Profit for the reporting period		680,450	1,297,519
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		1,278	(7,958)
Other comprehensive income for the reporting period, net of tax		1,278	(7,958)
Total comprehensive income for the reporting period		681,728	1,289,561
Profit / (loss) attributable to:			
Equity holders of the Company		694,913	1,282,347
Non-controlling interests		(14,463)	15,172
Profit for the reporting period		680,450	1,297,519
Total comprehensive income for the reporting period			
Equity holders of the Company		696,191	1,274,389
Non-controlling interests		(14,463)	15,172
Total comprehensive income for the reporting period		681,728	1,289,561
Earnings per share attributable to equity holders of the Company			
- Basic and diluted (in cents)	24	0.45	0.85

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital	Merger reserve	Foreign currency translation account	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
		←Equity attributable to owners of the parent→						
		$	$	$	$	$	$	$
Balance at 1 January 2018		5,124,790	1,312,241	(98,051)	10,466,370	16,805,350	15,173	16,820,523
Profit for the reporting period		–	–	–	694,913	694,913	(14,463)	680,450
Other comprehensive income:								
Exchange differences arising from translation of foreign operations		–	–	1,278	–	1,278	–	1,278
Total comprehensive income for the reporting period		–	–	1,278	694,913	696,191	(14,463)	681,728
Transactions with owners of the parent								
Dividends	25	–	–	–	(1,162,500)	(1,162,500)	–	(1,162,500)
Total transactions with owners of the parent		–	–	–	(1,162,500)	(1,162,500)	–	(1,162,500)
Balance at 31 December 2018		5,124,790	1,312,241	(96,773)	9,998,783	16,339,041	710	16,339,751
Balance at 1 January 2017		4,124,790	1,312,241	(90,093)	10,684,023	16,030,961	–	16,030,961
Profit for the reporting period		–	–	–	1,282,347	1,282,347	15,172	1,297,519
Other comprehensive income:								
Exchange differences arising from translation of foreign operations		–	–	(7,958)	–	(7,958)	–	(7,958)
Total comprehensive income for the reporting period		–	–	(7,958)	1,282,347	1,274,389	15,172	1,289,561
Transactions with owners of the parent								
Issuance of ordinary shares	16	1,000,000	–	–	–	1,000,000	–	1,000,000
Dividends	25	–	–	–	(1,500,000)	(1,500,000)	–	(1,500,000)
Total transactions with owners of the parent		1,000,000	–	–	(1,500,000)	(500,000)	–	(500,000)
Non-controlling interest arising from incorporation of a subsidiary	6	–	–	–	–	–	1	1
Balance at 31 December 2017		5,124,790	1,312,241	(98,051)	10,466,370	16,805,350	15,173	16,820,523

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Operating activities			
Profit before income tax		1,425,972	1,597,697
Adjustments for:			
Loss allowance on third parties trade receivables		248,594	307,264
Amortisation of intangible assets		20,344	57,394
Inventories written back		(272,567)	(69,183)
Property, plant and equipment written off		1,369	340
Depreciation of property, plant and equipment		705,091	463,007
Loss on disposal of property, plant and equipment		–	57,462
Fair value loss/(gain) on derivative financial instruments		9,213	(1,428)
Interest expenses		172,513	117,316
Interest income		(60,495)	(65,696)
Operating cash flows before working capital changes		2,250,034	2,464,173
Working capital changes:			
Inventories		849,254	(975,005)
Trade and other receivables, and contract assets		(1,966,376)	(1,060,557)
Prepayments		(625,402)	(38,872)
Trade and other payables, and contract liabilities		1,153,052	558,473
Cash generated from operations		1,660,562	948,212
Income tax refund		–	69,802
Income tax paid		(399,649)	(578,547)
Net cash from operating activities		1,260,913	439,467
Investing activities			
Purchase of property, plant and equipment	4	(182,646)	(320,702)
Purchase of intangible assets		(6,900)	–
Net proceeds from disposal of property, plant and equipment		–	126,126
Interest received		60,495	65,696
Net cash used in investing activities		(129,051)	(128,880)

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Financing activities			
Dividend paid	25	(1,162,500)	(1,500,000)
Fixed deposits pledged with banks		(9,163)	(821)
Proceeds from trust receipts	A	7,557,837	7,218,437
Repayment of trust receipts	A	(7,866,605)	(4,898,606)
Repayment of obligations under finance leases	A	(310,323)	(191,332)
Proceeds from issuance of ordinary shares		–	1,000,000
Interest paid	A	(172,513)	(98,945)
Proceeds from issuance of shares of a subsidiary to non-controlling shareholder		–	1
Net cash (used in)/from financing activities		(1,963,267)	1,528,734
Net change in cash and cash equivalents		(831,405)	1,839,321
Cash and cash equivalents at beginning of year		10,330,657	8,490,626
Effect of exchange rate changes on cash and cash equivalents		12,956	710
Cash and cash equivalents at end of year	9	9,512,208	10,330,657

Note A: Reconciliation of liabilities arising from financing activities

	Balance as at 1 January $	Financing cash flows* $	Additions of property, plant and equipment under finance leases $	Interest expenses $	Balance as at 31 December $
As at end of reporting period 31 December 2017					
Overdrafts	–	(1,307)	–	1,307	–
Borrowings (Note 12)	816,631	2,267,719	–	70,483	3,154,833
Finance lease payables (Note 13)	533,010	(236,858)	1,352,760	45,526	1,694,438
	1,349,641	2,029,554	1,352,760	117,316	4,849,271
As at end of reporting period 31 December 2018					
Overdrafts	–	(1,315)	–	1,315	–
Borrowings (Note 12)	3,154,833	(391,342)	–	82,574	2,846,065
Finance lease payables (Note 13)	1,694,438	(398,947)	426,500	88,624	1,810,615
	4,849,271	(791,604)	426,500	172,513	4,656,680

* The financing cash flows represents net amount of proceeds from borrowings, repayments of borrowings and interest payments in the statement of cash flows.

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

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

1. General corporate information

Singapore Kitchen Equipment Limited (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address and principal place of business at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596. The Company's registration number is 201312671M. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate and ultimate holding company is QKE Holdings Pte. Ltd., a company incorporated in Singapore. Related companies in these financial statements refer to members of the QKE Holdings Pte. Ltd. group.

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

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the end of reporting period 31 December 2018 were authorised for issue in accordance with a Directors' resolution dated 29 March 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

These financial statements are the Group and the Company's first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all reporting periods presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information at the end of reporting period 31 December 2017 in these financial statements have been restated to give effect to these changes and the financial impact on transition from FRS to SFRS(I) are disclosed in Note 31 to the financial statements.

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 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.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 16	: Leases	1 January 2019

Consequential amendments were also made to various standards as a result of these new or revised standards.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of SFRS(I) 16, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee, currently accounts for as operating leases. On adoption of SFRS(I) 16, the Group will be required to capitalise its rented office spaces, warehouses and office equipments on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the reporting period beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on balance sheet as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for that reporting period.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16.

The Group expects to capitalise its operating leases on office spaces, warehouses and office equipments on the statement of financial position by recognising a 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group is still in the process of gathering data on its discount rate and expected lease terms for the respective operating leases in order to quantify the impact upon transition to the new standard.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in a subsidiary relate to the equity in the subsidiary which is not attributable directly or indirectly to the owners of the parent. This is shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its 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 fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control 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 the subsidiary. Any difference between the amount by 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, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal 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 and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

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.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

Acquisition under common control

Business combinations arising from the transfer of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquire is recognised directly to equity as merger reserve.

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

2. Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment (Continued)

Property, plant and equipment are subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives, on the following bases:

	Years
Freehold building	50
Motor vehicles	5
Furniture and fittings	5
Plant and machinery	5
Computer and office equipment	3 – 5
Renovation	5

Freehold land has indefinite useful life and is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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 amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.4 Intangible assets

Computer software

Acquired computer software are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

2. Summary of significant accounting policies (Continued)

2.5 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise 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 “first-in, first-out” basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.7 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the 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, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets

The Group classifies its financial assets as financial assets measured at amortised cost, based 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 shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates of each group of customers, shared credit risk characteristics, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for non-trade amounts due from ultimate holding company and subsidiary are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's and Company's financial assets measured at amortised cost comprise trade and other receivables (excluding advance payment to suppliers), contract assets and cash and bank balances in the statements of financial position.

At each reporting date, the Group assess on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

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

(i) Significant financial difficulty of the borrower or issuer;

(ii) A breach of contract such as a default or past due events;

(iii) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

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.

Accounting policy for financial assets prior to 1 January 2018

Financial assets are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classified their financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

All financial assets are initially recognised at fair value, plus transaction costs.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding advance payment to suppliers) and cash and bank balances.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

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.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

The Group classifies all financial liabilities as liabilities that are subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss and financial guarantee contracts.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Borrowings

Borrowings and finance lease payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.9).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if the subsidiary breaches any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in profit or loss. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derivative financial instruments

The Group enters into derivative financial instruments, such as structured forward foreign exchange contracts, to manage its exposure to foreign exchange rate risk. The Group has not designated any of its derivatives as hedging instruments in the current reporting period.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each reporting period. Fair value changes on derivatives are recognised in profit or loss when the changes arise.

2.8 Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand, cash and fixed deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits net of fixed deposits pledged with banks and financial institutions.

2.9 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation 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 period, 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. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. Summary of significant accounting policies (Continued)

2.11 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.12 Leases

Finance leases

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

Assets held under finance leases are capitalised as property, plant and equipment 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 to profit or loss.

Operating leases

Group as a lessee

Rentals payable under operating leases (net of any incentives received from lessors) 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.

2.13 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when a good or service is transferred to the customer, i.e. when the customer obtains control of the asset.

2. Summary of significant accounting policies (Continued)

2.13 Revenue recognition (Continued)

The Group presents a contract liability or a contract asset in its consolidated statements of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Trade receivables".

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

Contract liabilities are obligations to transfer goods or services to customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Revenue from kitchen facilities and equipment

Revenue from sales of kitchen equipment is recognised at a point in time when control has transferred to customers upon delivery of kitchen equipment.

When kitchen facilities are constructed in accordance with customers' specifications and under customers' control, at their premises, revenue is recognised over time by reference to the Group's progress, measured by comparing the actual quantity of installed materials of the product with total expected amounts of materials to be installed to complete the construction.

The Group gives assurance warranty against manufacturing defects for kitchen facilities and equipment for a period which ranges from 12 to 24 months after delivery/construction.

Service income

The Group provides kitchen equipment maintenance and repair services to customers. Revenue from maintenance works provided as part of service warranty is recognised over the period of warranty. Revenue from repair services when the services are rendered and accepted.

Interest income

Interest income is recognised on a time-apportionment basis using the effective interest method.

2.14 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of each reporting period.

2. Summary of significant accounting policies (Continued)

2.15 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for a period. Taxable profit differs from profit reported as profit or loss 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 recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 period.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle 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.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (Continued)

2.15 Taxes (Continued)

Goods and Services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the goods and services tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.16 Foreign currency transactions and translation

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 period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. 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 directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 period. 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, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation account.

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 taken to the foreign currency translation account.

On disposal of a foreign operation, the accumulated foreign currency translation account relating to that operation is reclassified to profit or loss.

2.17 Government grants

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

2. Summary of significant accounting policies (Continued)

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the reporting period in which they are declared payable. Final dividends are recorded in the reporting period in which the dividends are approved by the shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These 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.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Control over Phoenix, The Central Kitchen Solutions Pte. Ltd. ("Phoenix")

The Group owns 50% equity interest in Phoenix and has assessed that the Group has the practical ability to direct the relevant activities of Phoenix unilaterally through the control of the Board of Directors of Phoenix, which is represented wholly by the executive directors of the Company.

Phoenix has been included as a subsidiary of the Group, as described in Note 6 to the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

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

(i) Assessment of the net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the “first-in, first-out” method. Management carried out an assessment to determine if there were inventories that had to be written down to net realisable value as at the end of the reporting period. Management estimates the net realisable value of inventories based on the age of the inventories, historical and subsequent selling prices and committed orders of the Group’s products.

Arising from this assessment, management recognised a write back of inventories of $272,567 (2017: write back of $69,183). As at 31 December 2018, the carrying amount of the Group’s inventories was $3,946,868 (31 December 2017: $4,523,085, 1 January 2017: $3,474,458).

(ii) Loss allowance on trade receivables

The Group has elected to apply the simplified approach within SFRS(I) 9, based on lifetime expected credit losses (“ECL”), in determining the provision for loss allowance on trade receivables at the end of each reporting period, using a provision matrix.

The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates of each group of customers, shared credit risk characteristics, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For credit-impaired trade receivables, ECL is determined as the difference between the gross carrying amount and the present value of the estimated future cash flows.

During the reporting period, the loss allowance on trade receivables of $248,594 (2017: $307,264) was recognised in the Group’s profit or loss. The carrying amount of the Group’s trade receivables as at 31 December 2018 was $9,694,307 (31 December 2017: $7,931,440, 1 January 2017: $7,393,663).

4. Property, plant and equipment

	Freehold land $	Freehold building $	Motor vehicles $	Furniture and fittings $	Plant and machinery $	Computer and office equipment $	Renovation $	Total $
Group								
Cost								
Balance at 1 January 2018	89,488	364,532	2,205,784	125,197	730,294	535,961	335,307	4,386,563
Additions	–	–	423,906	5,565	27,823	77,065	74,787	609,146
Written-off	–	–	–	(1,922)	(8,219)	(3,990)	–	(14,131)
Currency re-alignment	218	886	–	124	854	24	208	2,314
Balance at 31 December 2018	89,706	365,418	2,629,690	128,964	750,752	609,060	410,302	4,983,892
Accumulated depreciation								
Balance at 1 January 2018	–	72,906	738,776	100,430	533,545	341,315	212,772	1,999,744
Depreciation for the reporting period	–	7,408	419,936	13,132	116,049	92,227	56,339	705,091
Written-off	–	–	–	(1,771)	(7,001)	(3,990)	–	(12,762)
Currency re-alignment	–	78	–	89	659	24	110	960
Balance at 31 December 2018	–	80,392	1,158,712	111,880	643,252	429,576	269,221	2,693,033
Carrying amount								
Balance at 31 December 2018	89,706	285,026	1,470,978	17,084	107,500	179,484	141,081	2,290,859
Cost								
Balance at 1 January 2017	87,693	357,219	1,595,855	121,082	722,847	387,751	267,493	3,539,940
Additions	–	–	1,429,043	3,316	22,413	152,590	66,100	1,673,462
Disposal	–	–	(819,114)	–	(19,000)	(4,578)	–	(842,692)
Written off	–	–	–	(202)	(2,554)	–	–	(2,756)
Currency re-alignment	1,795	7,313	–	1,001	6,588	198	1,714	18,609
Balance at 31 December 2017	89,488	364,532	2,205,784	125,197	730,294	535,961	335,307	4,386,563
Accumulated depreciation								
Balance at 1 January 2017	–	64,298	1,155,753	86,581	431,226	283,500	166,498	2,187,856
Depreciation for the reporting period	–	7,119	222,824	13,120	113,088	62,196	44,660	463,007
Disposal	–	–	(639,801)	–	(14,725)	(4,578)	–	(659,104)
Written off	–	–	–	(202)	(2,214)	–	–	(2,416)
Currency re-alignment	–	1,489	–	931	6,170	197	1,614	10,401
Balance at 31 December 2017	–	72,906	738,776	100,430	533,545	341,315	212,772	1,999,744
Carrying amount								
Balance at 31 December 2017	89,488	291,626	1,467,008	24,767	196,749	194,646	122,535	2,386,819
Balance at 1 January 2017	87,693	292,921	440,102	34,501	291,621	104,251	100,995	1,352,084

4. Property, plant and equipment (Continued)

As at 31 December 2018, the carrying amount of the Group's motor vehicles which were acquired under finance lease agreements was $1,467,009 (31 December 2017: $1,463,225, 1 January 2017: $349,437). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 13 to the financial statements.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group		
	31 December		**1 January**
	2018	**2017**	**2017**
	$	**$**	**$**
Additions of property, plant and equipment	609,146	1,673,462	165,026
Acquired under finance lease arrangements	(426,500)	(1,352,760)	(92,700)
Cash payments to acquire property, plant and equipment	182,646	320,702	72,326

5. Intangible assets

	Group	
	2018	**2017**
	$	**$**
Computer software		
Cost		
At 1 January	309,008	309,008
Additions	6,900	–
At 31 December	315,908	309,008
Accumulated amortisation		
At 1 January	289,431	232,037
Amortisation for the reporting period	20,344	57,394
At 31 December	309,775	289,431
Carrying amount		
At 31 December	6,133	19,577

The carrying amount of intangible assets as at 1 January 2017 was $76,971.

Amortisation of intangible assets is included in "other expenses" line item in the Group's profit or loss.

The average remaining useful life of computer software is 2 years (31 December 2017: 1 year, 1 January 2017: 2 years)

6. Investments in subsidiaries

	Company		
	31 December		1 January
	2018	2017	2017
	$	$	$
Unquoted equity shares, at cost	10,000	10,000	10,000

The particulars of the subsidiaries are as follows:

Name of Company (Country of incorporation and principal place of business)	Principal activities	Proportion of Ownership interest held by the Group			Proportion of ownership interest held by non-controlling interest		
		31 December		1 January	31 December		1 January
		2018	2017	2017	2018	2017	2017
		%	%	%	%	%	%
Held by the Company							
Q'son International Pte. Ltd.[1] (Singapore)	Investment holding	100	100	100	–	–	–
Q'son Kitchen Equipment Pte. Ltd.[1] (Singapore)	Designing, fabricating, installation, of stainless steel kitchenware and commercial kitchens	100	100	100	–	–	–
Held by Q'son Kitchen Equipment Pte. Ltd.							
Q'son Industries (M) Sdn. Bhd.[2] (Malaysia)	Manufacture and distribution of kitchen equipment	100	100	100	–	–	–
Qson KitchenHub Sdn. Bhd.[2] (Malaysia)	Investment holding	100	100	100	–	–	–
Q'son Kuechen Kultur Co., Ltd[3][a] (Vietnam)	Import, wholesale and retail of kitchen equipment	–	100	100	–	–	–
Phoenix, The Central Kitchen Solutions Pte. Ltd.[1][b] (Singapore)	Wholesale of commercial food service equipment	50	50	–	50	50	–

6. Investments in subsidiaries (Continued)

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

(3) Audited by BDO Audit Services Company Limited, Vietnam

(a) On 18 December 2018, the Group dissolved and disposed of its entire interest of Q'son Kuechen Kultur Co., Ltd ("QKK") in Vietnam.

(b) On 7 March 2017, the Group incorporated Phoenix, The Central Kitchen Solutions Pte. Ltd. ("Phoenix") with an issued and paid-up share capital of $2.00 comprising 2 ordinary shares. Q'son Kitchen Equipment Pte. Ltd. and a close business associate, each holding 1 ordinary share (representing 50% interest respectively) in Phoenix. The Directors of the Company had assessed that the Group is able to direct the relevant activities of Phoenix through its Board of Directors, which is made up by the executive directors of the Company. Accordingly, the Group has assessed and concluded that it has control of Phoenix within the definitions of SFRS(I) 10.

There were no transactions with non-controlling interest during the reporting period. No further financial information on the subsidiary has been included in the financial statements as the non-controlling interest is not considered material to the Group.

7. Inventories

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Raw materials	189,081	160,731	169,696
Work-in-progress	24,515	53,629	43,881
Finished goods	3,733,272	4,308,725	3,260,881
	3,946,868	4,523,085	3,474,458

The cost of inventories recognised as an expense and included in "cost of sales" in the Group's profit or loss for the reporting period 31 December 2018 amounted to $17,111,608 (2017: $15,868,543).

As at 31 December 2018, the Group carried out a review of the realisable values of its inventories and the review led to a write back of inventories of $272,567 (2017: write back of $69,183) included in "cost of sales" in the Group's profit or loss. Previous write down have been reversed as a result of inventories being sold.

8. Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Trade receivables – third parties	9,925,872	8,248,627	7,451,123	–	–	–
Loss allowance on third parties trade receivables	(231,565)	(317,187)	(57,460)	–	–	–
	9,694,307	7,931,440	7,393,663	–	–	–
Non-trade receivables - third parties	294,122	95,764	99,936	6,775	–	–
- ultimate holding company	83,869	–	–	–	–	–
- subsidiary	–	–	–	4,334,235	4,828,205	5,165,205
	377,991	95,764	99,936	4,341,010	4,828,205	5,165,205
Advance payment to suppliers	372,792	646,981	513,248	–	–	–
Utilities and rental deposits	384,911	321,300	213,386	–	–	–
	10,830,001	8,995,485	8,220,233	4,341,010	4,828,205	5,165,205

Trade and non-trade receivables due from third parties are unsecured and non-interest bearing. Credit terms granted to third parties ranges from 0 to 120 days (31 December 2017: 0 to 120 days, 1 January 2017: 0 to 120 days).

The Group's and Company's non-trade amounts due from ultimate holding company and subsidiary are unsecured, non-interest bearing and repayable on demand. No allowance has been recognised as the management is of the view that these receivables are considered to be a low credit risk and subject to immaterial credit loss, based on considerations as disclosed in Note 30.1 to the financial statements.

Movements in loss allowance on third parties trade receivables were as follows:

	Group	
	2018	2017
	$	$
Balance at 1 January	317,187	57,460
Allowance made	350,641	307,264
Allowance written back	(102,047)	–
Amounts written off	(334,216)	(47,537)
Balance at 31 December	231,565	317,187

The loss allowance on third parties trade receivables amounting to $248,594 (2017: $307,264) was recognised in the Group's profit or loss based on assessment performed in accordance with the Group's policy as described in Note 2.7 to the financial statements.

During the reporting period, an allowance written back of $102,047 was recognised in the Group's profit or loss when the related trade receivables were recovered.

8. Trade and other receivables (Continued)

The analysis of trade receivables and the carrying amount of loss allowance are set out in Note 30.1 to the financial statements.

Receivables has been written off during the reporting period, as the Group has no realistic prospect of recovery.

The currency profiles of the Group's and Company's trade and other receivables as at the end of the reporting period are denominated in the following currencies:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Singapore dollar	10,131,810	8,526,948	7,585,039	4,341,010	4,828,205	5,165,205
Ringgit Malaysia	357,291	64,688	97,601	–	–	–
United States dollar	77,028	162,474	232,803	–	–	–
Euro	190,983	171,151	48,588	–	–	–
Chinese renminbi	54,064	39,902	219,642	–	–	–
Others	18,825	30,322	36,560	–	–	–
	10,830,001	8,995,485	8,220,233	4,341,010	4,828,205	5,165,205

9. Cash and bank balances

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Fixed deposits with banks	3,745,954	2,368,911	4,255,284	1,006,496	–	–
Cash at bank	6,486,328	8,672,657	4,945,432	126,019	1,066,118	47,110
Cash and bank balances	10,232,282	11,041,568	9,200,716	1,132,515	1,066,118	47,110
Less: Fixed deposits pledged	(720,074)	(710,911)	(710,090)			
Cash and cash equivalents as per consolidated statement of cash flows	9,512,208	10,330,657	8,490,626			

Fixed deposits bear fixed interest rates ranging from 0.20% to 1.40% (31 December 2017: 0.10% to 4.50%, 1 January 2017: 0.10% to 1.32%) per annum with maturity ranging from 3 to 24 (31 December 2017: 3 to 24, 1 January 2017: 3 to 25) months from the end of the reporting period. The Group's fixed deposits are readily convertible to cash at minimal cost.

As at 31 December 2018, fixed deposits of the Group amounting to $720,074 (31 December 2017: $710,911, 1 January 2017: $710,090) were pledged to banks to secure bankers' guarantee facility.

9. Cash and bank balances (Continued)

The currency profiles of the Group's and Company's cash and bank balances as at the end of the reporting period are denominated in the following currencies:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Singapore dollar	9,376,444	9,274,510	6,774,974	1,115,871	1,066,118	47,110
Ringgit Malaysia	158,499	971,629	1,101,991	–	–	–
United States dollar	509,058	459,125	390,370	–	–	–
Euro	163,635	328,289	924,738	–	–	–
Others	24,646	8,015	8,643	16,644	–	–
	10,232,282	11,041,568	9,200,716	1,132,515	1,066,118	47,110

10. Trade and other payables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Trade payables						
- third parties	3,531,900	2,500,485	1,889,869	–	–	–
- unbilled payables	277,876	54,089	153,849	–	–	–
	3,809,776	2,554,574	2,043,718	–	–	–
Non-trade payables						
- third parties	44,012	237,313	117,989	4,987	19,832	2,496
- directors of the Company	–	4,005	–	–	–	–
	44,012	241,318	117,989	4,987	19,832	2,496
Accrued directors' fees	125,000	145,000	115,000	125,000	145,000	115,000
Accrued expenses	1,376,500	1,546,372	1,456,033	346,264	85,600	45,400
Goods and services tax payable	414,134	187,201	158,908	–	–	–
	5,769,422	4,674,465	3,891,648	476,251	250,432	162,896

Trade and non-trade payables due to third parties are unsecured, non-interest bearing and are normally settled between 30 to 90 (31 December 2017: 30 to 90, 1 January 2017: 30 to 90) days' terms.

The non-trade payables due to directors of the Company are unsecured, non-interest bearing and repayable on demand.

Accrued expenses principally comprise accruals for employee benefit expenses and professional fees.

10. Trade and other payables (Continued)

No interest is charged on the trade and other payables.

The currency profiles of the Group's and Company's trade and other payables as at the end of the reporting period are denominated in the following currencies:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Singapore dollar	3,848,712	3,416,624	2,969,587	476,251	250,432	162,896
Ringgit Malaysia	649,656	424,442	246,675	–	–	–
United States dollar	234,780	201,299	282,646	–	–	–
Euro	475,506	481,948	226,016	–	–	–
Hong Kong dollar	–	–	9,739	–	–	–
Chinese renminbi	463,493	136,065	151,042	–	–	–
Others	97,275	14,087	5,943	–	–	–
	5,769,422	4,674,465	3,891,648	476,251	250,432	162,896

11. Provisions

This relates to the provision of estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets. These are capitalised and included in the cost of property, plant and equipment.

12. Borrowings

As at 31 December 2018, borrowings of the Group comprising trust receipts, amounted to $2,846,065 (31 December 2017: $3,154,833, 1 January 2017: $816,631). The average effective interest rates per annum of the borrowings during the reporting period was 3.81% (31 December 2017: 2.84%, 1 January 2017: 3.10%)

Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk.

Trust receipts have maturities of between 45 to 150 (31 December 2017: 45 to 150, 1 January 2017: 120 to 150) days.

As at end of the reporting period, the facilities granted to the Group are supported by financial guarantee from the Company.

12. Borrowings (Continued)

The currency profiles of the Group's borrowings as at the end of the reporting period are denominated in the following currencies:

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Singapore dollar	721,862	1,708,759	455,337
United States dollar	995,976	256,234	–
Euro	959,512	988,193	–
Hong Kong dollar	77,069	165,400	–
Chinese renminbi	91,646	36,247	361,294
	2,846,065	3,154,833	816,631

13. Finance lease payables

	Minimum lease payments	Future finance lease charges	Present value of minimum lease payment
	$	$	$
Group			
31 December 2018			
Not later than a year	419,520	(80,339)	339,181
After one year but within two years	419,520	(63,437)	356,083
After two years but within five years	978,982	(99,348)	879,634
Later than five years	241,392	(5,675)	235,717
	1,639,894	(168,460)	1,471,434
	2,059,414	(248,799)	1,810,615
31 December 2017			
Not later than a year	346,260	(73,830)	272,430
After one year but within two years	346,260	(60,571)	285,689
After two years but within five years	864,606	(102,373)	762,233
Later than five years	388,743	(14,657)	374,086
	1,599,609	(177,601)	1,422,008
	1,945,869	(251,431)	1,694,438

13. Finance lease payables (Continued)

	Minimum lease payments $	Future finance lease charges $	Present value of minimum lease payment $
Group			
1 January 2017			
Not later than a year	151,698	(25,299)	126,399
After one year but within two years	151,698	(25,299)	126,399
After two years but within five years	268,006	(16,829)	251,177
Later than five years	29,332	(297)	29,035
	449,036	(42,425)	406,611
	600,734	(67,724)	533,010

The finance lease terms range from 3 to 10 (31 December 2017: 3 to 10, 1 January 2017: 3 to 10) years.

The effective interest rates charged during each of the reporting period ranged from 2.25% to 5.57% (31 December 2017: 2.25% to 5.71%, 1 January 2017: 4.39% to 7.53%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. No arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease payables are disclosed in Note 30.5 to the financial statements.

The carrying amount of assets acquired under finance leases is disclosed in Note 4 to the financial statements.

The Group's obligations under finance leases are secured by the leased assets, which will be returned to the lessors in the event of default by the Group.

The currency profile of the Group's finance lease payables as at the end of the reporting period is Singapore dollar.

14. Derivative financial instruments

	Group		
	31 December		1 January
	2018 $	2017 $	2017 $
Structured forward foreign exchange contracts	9,486	273	1,701

Structured Forward Foreign Exchange Contracts

The Group entered into structured forward foreign exchange contracts which comprise of a series of forward foreign exchange contracts where the Group sells SGD and buys USD or EUR at pre-determined exchange rates on specified forward dates to manage its foreign currency exposure arising from trade payables and firm commitments to buy goods. These instruments are structured in a manner where the cumulative gains arising from a series of forward foreign exchange contracts achieve its targeted gains, the remaining outstanding forward foreign exchange contracts are terminated.

14. Derivative financial instruments (Continued)

Structured Forward Foreign Exchange Contracts (Continued)

Changes in the fair value of non-hedging currency derivatives aggregating to a net loss of $9,213 have been charged to the profit or loss in the year (2017: net gain of $1,428).

Details of the structured forward contracts outstanding as at the end of the reporting period are as follows:

	Average exchange rate			Notional amount in foreign currency			Notional amount			Fair value loss		
	31 December		1 January	31 December		1 January	31 December		1 January	31 December		1 January
Outstanding contracts	2018	2017	2017	2018	2017	2017	2018	2017	2017	2018	2017	2017
				FC	FC	FC	$	$	$	$	$	$
Buy US$ to sell S$ less than 3 months	1.3770	–	1.4150	200,000	–	300,000	275,400	–	424,500	(2,931)	–	(408)
Buy EUR to sell S$ less than 3 months	1.5925	1.5930	1.5070	200,000	200,000	200,000	318,500	318,600	301,400	(6,555)	(273)	(1,293)
							593,900	318,600	725,900	(9,486)	(273)	(1,701)

15. Deferred tax liabilities

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
At 1 January	87,727	78,147	35,215
(Credited)/charged to profit or loss	(25,423)	9,593	43,000
Currency re-alignment	1	(13)	(68)
At 31 December	62,305	87,727	78,147

Deferred tax liabilities arise as a result of the following temporary differences computed at the respective countries' statutory tax rate in which the Group operates:

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Accelerated tax depreciation	62,305	87,727	78,147

16. Share capital

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$	$
Issued and paid up :				
At 1 January	155,000,000	150,000,000	5,124,790	4,124,790
Issued during the reporting period	–	5,000,000	–	1,000,000
At 31 December	155,000,000	155,000,000	5,124,790	5,124,790

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction. On 13 December 2017, the Company issued 5,000,000 new ordinary shares for a total consideration of $1,000,000.

17. Other reserves

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Merger reserve	1,312,241	1,312,241	1,312,241
Foreign currency translation account	(96,773)	(98,051)	(90,093)
	1,215,468	1,214,190	1,222,148

Merger reserve

Merger reserves represent the differences between the consideration paid and the share capital of subsidiaries acquired.

Foreign currency translation account

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

18. Retained earnings

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company	
	2018	**2017**
	$	**$**
At 1 January	533,423	943,688
Profit for the reporting period, representing total comprehensive income for the reporting period	1,159,238	1,089,735
Dividends (Note 25)	(1,162,500)	(1,500,000)
At 31 December	530,161	533,423

19. Revenue

(a) Disaggregation of revenue

The Group has disaggregated revenue to reflect the operations of the two business segments identified by management. The segment information together with other information utilised for the purpose of management monitoring of operating results of the segments, which includes the geographical markets, type of goods or services and timing of transfer of goods and services are disclosed in Note 29 to the financial statements.

(b) Contract balances

	Group	
	2018	**2017**
	$	**$**
Contract assets	–	113,658
Contract liabilities	503,177	428,801

The timing of revenue recognition and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the reporting date in the consolidated statements of financial position.

The Group's contract assets represent the rights to consideration for the Group's performance for provision of maintenance and repair service that are not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional as billing invoices are issued to customers.

The Group's contract liabilities represent advance consideration received from customers as at the reporting date.

19. Revenue (Continued)

(b) Contract balances (Continued)

Significant changes in contract assets and contract liabilities during the reporting period are tabled as follows:

Significant changes in contract assets and contract liabilities

	Contract assets		Contract liabilities	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
At 1 January	113,658	125,005	428,801	620,708
Transfer from contract assets recognised at the beginning of year to trade receivables	(113,658)	(125,005)	–	–
Amount recognised as revenue at the beginning of the year	–	113,658	(373,433)	(562,489)
Increase due to cash received, excluding amounts recognised during the year	–	–	447,809	370,582
At 31 December	–	113,658	503,177	428,801

(c) Remaining performance obligations

The Group has applied the practical expedient and elected not to disclose information about any remaining performance obligation that is a part of contract that has original expected duration of one year or less.

There are no performance obligation with an original expected duration of more than one year, that are unsatisfied (or partially satisfied) as at 31 December 2018.

The Group has applied the exemption in paragraph C5(d) of the transitional rules in SFRS(I) 15 as disclosed in Note 31 and therefore has not disclosed the amount of revenue that will be recognised in future periods for the comparative period.

20. Other income

	Group	
	2018	**2017**
	$	**$**
Government grants received	382,153	129,768
Scrap sales	41,652	50,476
Others	77,480	3,367
	501,285	183,611

21. Finance costs

	Group	
	2018	2017
	$	$
Interest expenses		
- trust receipts	82,574	70,483
- finance leases	88,624	45,526
- overdrafts	1,315	1,307
	172,513	117,316

22. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2018	2017
	$	$
Cost of sales		
Cost of inventories recognised as an expense	17,111,608	15,868,543
Sub-contractor fees	554,674	485,675
Operating lease expenses		
- rental of warehouse	447,427	396,963
Distribution costs		
Carriage outwards	174,610	231,796
Commission	418,867	34,490
Transportation	9,639	14,259
Operating lease expenses		
- rental of sales office	121,009	121,009

22. Profit before income tax (Continued)

	Group 2018 $	Group 2017 $
Administrative expenses		
Audit fees paid/payable to:		
- auditors of the Company	104,780	80,700
- other auditors	6,987	6,488
Non-audit fees paid/payable to:		
- auditors of the Company	22,129	32,100
- other auditors	735	1,991
Operating lease expenses		
- rental of office	230,020	173,046
- rental of equipment	22,117	16,590
Consultation fee	7,890	6,340
Training fee	37,142	39,922
Directors' fees+	193,197	200,246
Commission paid to minority shareholder	16,000	–
Dual listing expenses	1,658,948	–
Other expenses		
Amortisation of intangible assets	20,344	57,394
Foreign exchange loss, net	80,784	90,627

\+ Included in the Directors' fees are fees declared by the subsidiaries to the Directors in their capacity as Directors of those subsidiaries of $68,197 (2017: $55,246).

Depreciation of property, plant and equipment are recognised in the following line items of the Group's profit or loss:

	Group 2018 $	Group 2017 $
Cost of sales	445,062	328,338
Distribution costs	90,926	7,477
Administrative expenses	169,103	127,192
	705,091	463,007

22. Profit before income tax (Continued)

Employee benefit expenses are recognised within the Group's profit or loss:

	Group	
	2018	2017
	$	$
Salaries, bonus and other expenses	9,344,035	8,752,863
Defined contribution plans	737,157	642,084
	10,081,192	9,394,947

Employee benefit expenses include the remuneration of Directors and other key management personnel as disclosed in Note 28 to the financial statements.

23. Income tax expense

	Group	
	2018	2017
	$	$
Current income tax		
- current reporting period	729,696	346,062
- under/(over)-provision in prior reporting periods	41,249	(55,477)
	770,945	290,585
Deferred tax		
- current reporting period	(25,921)	(11,007)
- under-provision in prior reporting periods	498	20,600
	(25,423)	9,593
Total income tax expense recognised in profit or loss	745,522	300,178

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore statutory tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

23. Income tax expense (Continued)

Reconciliation of effective income tax rate

	Group 2018 $	Group 2017 $
Profit before income tax	1,425,972	1,597,697
Income tax calculated at Singapore's statutory tax rate	242,415	271,609
Effect of different tax rate in other countries	(1,181)	3,514
Tax effect of non-deductible expenses for income tax purposes	475,503	210,303
Tax effect of tax exempt income	(25,921)	(29,480)
Utilisation of deferred tax assets not recognised previously	(889)	(7,513)
Under/(over)-provision of current income tax in prior reporting periods	41,249	(55,477)
Under-provision of deferred tax in prior reporting periods	498	20,600
Tax incentives	(10,000)	(117,054)
Deferred tax benefit arising in current year not recognised	10,505	–
Others	13,343	3,676
	745,522	300,178

Unrecognised deferred tax assets

	Group 2018 $	Group 2017 $
At 1 January	41,635	54,708
Utilisation of deferred tax assets not recognised previously	(889)	(7,513)
Deferred tax benefit arising in current year not recognised	10,505	–
Currency re-alignment	(28)	(5,560)
At 31 December	51,223	41,635

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

	Group 2018 $	Group 2017 $
Unutilised tax losses	51,223	41,635

As at 31 December 2018, the Group has unutilised tax losses of approximately $213,000 (2017: $173,000) available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

23. Income tax expense (Continued)

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.15 to the financial statements.

24. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2018	**2017**
Profit attributable to owners of the parent ($)	694,913	1,282,347
Weighted average of ordinary shares in issue during the reporting period applicable to basic earnings per share	155,000,000	150,246,575
Basic and diluted earnings per share (in cents)	0.45	0.85

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners for the reporting periods ended 31 December 2018 and 2017 divided by the weighted average of ordinary shares in the relevant periods.

The dilutive earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive shares/options for the relevant periods.

25. Dividends

	Group	
	2018	**2017**
	$	**$**
A final tax exempt dividend of $0.0050 (2017: $0.0075) per ordinary share on 155,000,000 (2017:150,000,000) ordinary shares in respect of the previous reporting period	775,000	1,125,000
A first interim tax exempt dividend of $0.0025 (2017: $0.0025) per ordinary share on 155,000,000 (2017:150,000,000) ordinary shares in respect of the current reporting period	387,500	375,000
	1,162,500	1,500,000

The Board of Directors of the Company has proposed a final tax exempt (one-tier) dividend of $0.0025 per ordinary share in respect of profit for the end of reporting period 31 December 2018. This would amount to a payout of approximately $387,500 based on the number of issued shares as at 31 December 2018. The tax exempt dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current reporting period do not reflect this dividend. The dividend will be accounted for in the shareholders' equity in the reporting period ending 31 December 2019.

26. Operating lease commitments

The Group as lessee

The Group leases office spaces, warehouses and office equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 2 to 5 (2017: 2 to 5) years and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Within a year	949,871	720,938	627,307
Between one and five years	1,077,256	396,192	464,449
	2,027,127	1,117,130	1,091,756

27. Contingent liabilities

Corporate guarantee

As at 31 December 2018, the Company had given guarantees amounting to $17,271,425 (31 December 2017: $15,744,500, 1 January 2017: $15,860,600) to certain banks in respect of banking facilities granted to a subsidiary (Note 12).

As at the end of the reporting period, the total amount of borrowings outstanding and bankers' guarantees obtained, that are covered by the guarantees is $3,687,161 (31 December 2017: $4,756,219, 1 January 2017: $1,327,444). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the subsidiary to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

28. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The ultimate controlling company is QKE Holdings Pte Ltd.

28. Significant related party transactions (Continued)

During each of the reporting period, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Company	
	2018	**2017**
	$	**$**
Subsidiary:		
- Dividend income	3,275,000	1,500,000
- Payments received from	2,890,373	1,837,000

Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group during each of the reporting period was as follows:

	Group	
	2018	**2017**
	$	**$**
Directors of the Company		
- short-term employee benefits	733,462	875,710
- post-employment benefits	35,427	33,621
- directors' fees	125,000	145,000
Directors of subsidiaries		
- directors' fees	68,197	55,246
Other key management personnel		
- short-term employee benefits	770,199	773,849
- post-employment benefits	72,638	79,829
	1,804,923	1,963,255

29. Segment information

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has two reportable operating segments as follows:

a) Fabrication and distribution business

b) Maintenance and servicing business

Fabrication and distribution business sell and manufacture standard and customised kitchen facilities as well as kitchen equipment to food and beverage and hospitality services industries.

Maintenance and servicing business segment provide preventive maintenance works and repairs on kitchen equipment to ensure that they are in good working condition and functioning properly.

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

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

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group does not have intersegment sales or transfers.

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

Segment assets comprise primarily of property, plant and equipment, intangible assets, inventories, operating receivables, cash and bank balances and exclude tax recoverable.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

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

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

29. Segment information (Continued)

Business segment	Fabrication and distribution business	Maintenance and servicing business	Unallocated	Total
	$	$	$	$
Group				
31 December 2018				
Revenue				
Recognised at a point in time	25,162,246	–	–	25,162,246
Recognised over time	1,634,648	6,764,293	–	8,398,941
	26,796,894	6,764,293	–	33,561,187
Results				
Segment results	2,770,420	945,854	(2,117,789)	1,598,485
Finance costs	(137,749)	(34,764)	–	(172,513)
Profit before income tax	2,632,671	911,090	(2,117,789)	1,425,972
Income tax expense				(745,522)
Profit for the reporting period				680,450
Non-cash items				
Depreciation of property, plant and equipment	(562,982)	(142,109)	–	(705,091)
Amortisation of intangible assets	(16,244)	(4,100)	–	(20,344)
Inventories written back	272,567	–	–	272,567
Loss allowance on third parties trade receivables	(248,594)	–	–	(248,594)
Capital expenditure				
Property, plant and equipment	–	–	609,146	609,146
Intangible assets	–	–	6,900	6,900
Assets and liabilities				
Segment assets	–	–	28,091,969	28,091,969
	–	–	28,091,969	28,091,969
Segment liabilities	–	–	10,969,565	10,969,565
- Current income tax payable	–	–	720,348	720,348
- Deferred tax liabilities	–	–	62,305	62,305
	–	–	11,752,218	11,752,218

29. Segment information (Continued)

Business segment	Fabrication and distribution business $	Maintenance and servicing business $	Unallocated $	Total $
Group				
31 December 2017				
Revenue				
Recognised at a point in time	23,292,219	–	–	23,292,219
Recognised over time	–	7,433,204	–	7,433,204
	23,292,219	7,433,204	–	30,725,423
Results				
Segment results	1,997,991	134,621	(417,599)	1,715,013
Finance costs	(88,934)	(28,382)	–	(117,316)
Profit before income tax	1,909,057	106,239	(417,599)	1,597,697
Income tax expense				(300,178)
Profit for the reporting period				1,297,519
Non-cash items				
Depreciation of property, plant and equipment	(350,995)	(112,012)	–	(463,007)
Amortisation of intangible assets	(43,509)	(13,885)	–	(57,394)
Inventories written back	69,183	–	–	69,183
Loss on disposal of property, plant and equipment	(57,462)	–	–	(57,462)
Loss allowance on third parties trade receivables	(307,264)	–	–	(307,264)
Capital expenditure				
Property, plant and equipment	–	–	1,673,462	1,673,462
Assets and liabilities				
Segment assets	–	–	27,210,382	27,210,382
	–	–	27,210,382	27,210,382
Segment liabilities	–	–	9,983,610	9,983,610
- Current income tax payable	–	–	318,522	318,522
- Deferred tax liabilities	–	–	87,727	87,727
	–	–	10,389,859	10,389,859

29. Segment information (Continued)

Business segment	Fabrication and distribution business	Maintenance and servicing business	Unallocated	Total
	$	$	$	$
Group				
1 January 2017				
Capital expenditure				
Property, plant and equipment	–	–	165,026	165,026
Intangible assets	–	–	38,400	38,400
Assets and liabilities				
Segment assets	–	–	22,567,827	22,567,827
	–	–	22,567,827	22,567,827
Segment liabilities	–	–	5,894,498	5,894,498
- Current income tax payable	–	–	564,221	564,221
- Deferred tax liabilities	–	–	78,147	78,147
	–	–	6,536,866	6,536,866

Geographical information

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

	Singapore	Malaysia	Others	Total
	$	$	$	$
Group				
31 December 2018				
Total revenue from external customers	32,820,151	730,903	10,133	33,561,187
Non-current assets	1,907,872	389,120	–	2,296,992
31 December 2017				
Total revenue from external customers	30,444,746	120,685	159,992	30,725,423
Non-current assets	1,992,723	413,673	–	2,406,396
1 January 2017				
Non-current assets	998,224	430,831	–	1,429,055

29. Segment information (Continued)

Major customers

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

30. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group and Company are not exposed to equity price risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

The Group uses derivative financial instruments to manage its exposure to foreign currency risks.

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

30.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's major classes of financial assets are trade and other receivables and cash and bank balances. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

As the Group and the Company does not hold any collateral, the carrying amount of financial assets represents the maximum exposure to credit risk, except for the corporate guarantee provided by the Company to certain banks in respect of banking facilities granted to a subsidiary as disclosed in Note 27 to the financial statements. For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, it does not expect any material loss allowance under 12-month expected credit loss model.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, current economic condition in relation to each debtor's exposure. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risks (Continued)

The Group recognise lifetime expected credit losses for trade receivables based on individually significant customers or the ageing of customers collectively that are not individually significant. At the reporting period, the analysis of trade receivables and the carrying amount of loss allowances on third parties trade receivables are as follows:

	Gross carrying amount	Loss allowance on third parties trade receivables	Net carrying amount
	$	$	$
Group			
As at 31 December 2018			
Other customers collectively assessed			
Not past due	2,567,821	33,681	2,534,140
Past due 1 to 60 days	3,892,010	83,810	3,808,200
Past due 61 to 180 days	820,672	50,501	770,171
Past due 181 to 365 days	205,498	16,194	189,304
Past due over 365 days	19,726	1,465	18,261
	7,505,727	185,651	7,320,076
Project customers*	2,405,976	31,745	2,374,231
Credit impaired customers	14,169	14,169	–
	9,925,872	231,565	9,694,307

* Project customers have been extended credit terms in accordance with the terms of the contracts. Based on the extended credit terms, receivables due from these customers are within the not past due category of receivables in the application of the lifetime expected loss provision matrix.

The rates of ECL for not past due, past due from 1 to 60 days, past due 61 to 180 days, past due 181 to 365 days and past due over 365 days of the receivables have been determined to range from 1% to 10 % in Year 2018.

As disclosed in Note 2.7 in the financial statements, the impairment of trade receivables in prior years was assessed based on objective evidence that the estimated future cash flows have been impacted. 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.

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risks (Continued)

The Group's credit risk exposure in relation to trade receivables under FRS 39 as at 31 December 2017 and 1 January 2017 are reflected in the age analysis as at reporting period that are past due but not impaired is as follows:

	Group	
	31 December 2017	**1 January 2017**
	$	**$**
Past due 1 to 60 days	3,756,660	3,833,533
Past due 61 to 180 days	1,084,154	1,621,423
Past due 181 to 365 days	711,687	534,952
Past due over 365 days	1,180,703	404,672
	6,733,204	6,394,580

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience. The carrying amount of trade receivables individually determined to be impaired is as follows:

	Group	
	31 December 2017	**1 January 2017**
	$	**$**
Past due	317,187	57,460
Less: Allowance for impairment	(317,187)	(57,460)
	–	–

The impaired trade receivables relates mainly due to amounts which has been outstanding more than a year despite collection efforts.

Cash and bank balances

Credit risk also arises from cash and balances held with banks and financial institutions. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances have been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any credit losses from non-performance by the counterparties which are banks assigned with investment grade ratings by international credit-rating agencies.

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risks (Continued)

Non-trade receivables

Management monitors and assess at each reporting date on any indicator of significant increase in credit risk for the non-trade receivables (Note 8). In the assessment for indicators, management took into account information that it has available internally about these counterparties' past, current and expected operating performance and cash flow position, as well as their performance ratio and if the entities had any default in external debts. Based on the assessment, management has determined that the credit risk for these assets has not increased significantly since their initial recognition, and accordingly, the non-trade amounts have been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any significant credit losses from non-performance by the counterparties and accordingly, no loss allowance has been recognised.

For Group's and Company's non-trade amounts due from ultimate holding company and subsidiary, management has assessed that risk of default to be minimal as these related entities have sufficient liquid assets and cash to repay their debts. Accordingly, these receivables are considered to be a low credit risk and subject to immaterial credit loss. No loss allowance has been recognised on the non-trade receivables due from related entities.

30.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from Singapore dollar ("SGD"), Ringgit Malaysia ("RM"), United States dollar ("USD"), Euro ("EUR"), and Chinese renminbi ("CNY") transactions.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	Group					
	Assets			Liabilities		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Singapore dollar	–	–	–	43,989	749,713	1,093,817
Ringgit Malaysia	280,690	8,998	79,647	2,891,961	1,540,925	146,236
United States dollar	509,062	621,599	623,173	1,230,756	457,533	282,646
Euro	163,635	499,440	973,326	1,435,018	1,470,142	226,016
Hong Kong dollar	16,644	15,757	–	77,069	165,400	9,739
Chinese renminbi	–	39,902	219,642	555,140	172,312	512,336

The Company has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

30. Financial instruments, financial risks and capital management (Continued)

30.2 Market risks (Continued)

Foreign currency risks (Continued)

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

The Company is not exposed to any foreign exchange risk.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (31 December 2017: 5%, 1 January 2017: 5%) change in SGD, RM, USD, EUR and CNY against respective functional currencies of the entities within the Group. The above rates are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, including loans from and loans to foreign operations, which are denominated in SGD, RM, USD, EUR and CNY are included in the analysis.

	Profit or Loss		
	31 December		1 January
	2018	2017	2017
	$	$	$
Group			
*Singapore dollar**			
Strengthens against Ringgit Malaysia	(2,199)	(37,486)	(54,691)
Weakens against Ringgit Malaysia	2,199	37,486	54,691
Ringgit Malaysia			
Strengthens against Singapore dollar	(130,564)	(76,596)	(3,329)
Weakens against Singapore dollar	130,564	76,596	3,329
United States dollar			
Strengthens against Singapore dollar	(36,085)	8,203	17,026
Weakens against Singapore dollar	36,085	(8,203)	(17,026)
Euro			
Strengthens against Singapore dollar	(63,569)	(48,535)	37,366
Weakens against Singapore dollar	63,569	48,535	(37,366)
Chinese renminbi			
Strengthens against Singapore dollar	(27,757)	(6,621)	(14,635)
Weakens against Singapore dollar	27,757	6,621	14,635

* Arising from exposure in SGD recorded in the subsidiaries with Ringgit Malaysia as the functional currency.

30. Financial instruments, financial risks and capital management (Continued)

30.2 Market risks (Continued)

Interest rate risks

As at 31 December 2018 and 2017, the Group and Company are not exposed to significant interest rate risks, as they do not have liabilities that are exposed to floating interest rates. Accordingly, no sensitivity analysis have been performed.

30.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirements.

Contractual maturity analysis – non-derivative financial instruments

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or 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 are not included in the carrying amount of the financial instrument on the statements of financial position.

	On demand or within one year	After one year but within two years	After two years but within five years	After five years	Adjustments	Total
	$	$	$	$	$	$
Group						
31 December 2018						
Financial assets						
Trade and other receivables	10,457,209	–	–	–	–	10,457,209
Cash and bank balances	10,232,282	–	–	–	–	10,232,282
Financial liabilities						
Trade and other payables	5,355,288	–	–	–	–	5,355,288
Borrowings	2,861,705	–	–	–	(15,640)	2,846,065
Finance lease payables	419,520	419,520	978,982	241,392	(248,799)	1,810,615

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risks (Continued)

Contractual maturity analysis – non-derivative financial instruments (Continued)

	On demand or within one year	After one year but within two years	After two years but within five years	After five years	Adjustments	Total
	$	$	$	$	$	$
Group						
31 December 2017						
Financial assets						
Trade and other receivables	8,348,504	–	–	–	–	8,348,504
Contract assets	113,658	–	–	–	–	113,658
Cash and bank balances	11,041,568	–	–	–	–	11,041,568
Financial liabilities						
Trade and other payables	4,487,264	–	–	–	–	4,487,264
Borrowings	3,162,065	–	–	–	(7,232)	3,154,833
Finance lease payables	346,260	346,260	864,606	388,743	(251,431)	1,694,438
1 January 2017						
Financial assets						
Trade and other receivables	7,706,985	–	–	–	–	7,706,985
Contract assets	125,005	–	–	–	–	125,005
Cash and bank balances	9,200,716	–	–	–	–	9,200,716
Financial liabilities						
Trade and other payables	3,732,740	–	–	–	–	3,732,740
Borrowings	820,690	–	–	–	(4,059)	816,631
Finance lease payables	151,698	151,698	268,006	29,332	(67,724)	533,010

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risks (Continued)

Contractual maturity analysis – non-derivative financial instruments (Continued)

	On demand or within one year $
Company	
31 December 2018	
Financial assets	
Trade and other receivables	4,341,010
Cash and bank balances	1,132,515
Financial liabilities	
Trade and other payables	476,251
Financial guarantee contracts	3,687,161
31 December 2017	
Financial assets	
Trade and other receivables	4,828,205
Cash and bank balances	1,066,118
Financial liabilities	
Trade and other payables	250,432
Financial guarantee contracts	4,756,219
1 January 2017	
Financial assets	
Trade and other receivables	5,165,205
Cash and bank balances	47,110
Financial liabilities	
Trade and other payables	162,896
Financial guarantee contracts	1,327,444

The repayment terms of the Group's borrowings are disclosed in Note 12 to the financial statements.

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risks (Continued)

Contractual maturity analysis – derivative financial instruments

The following table details the Group's maturity analysis for its derivative financial instruments. The table has been drawn up based on undiscounted gross cash inflows/(outflows) on those derivatives that require gross settlement.

	Group		
	On demand or within one year		
	31 December		1 January
	2018	2017	2017
	$	$	$
Gross settled:			
Structured forward foreign exchange contracts:			
Gross inflow	593,900	318,600	725,900
Gross outflow	(603,386)	(318,873)	(727,601)
	(9,486)	(273)	(1,701)

30.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 16, 17 and 18 to the financial statements respectively.

The Group and Company are in compliance with all externally imposed capital requirements which are the bank covenants in relation to the borrowings included in Note 12 to the financial statements, for the reporting periods ended 31 December 2018 and 2017.

The Group's and the Company's management review the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on its operating cash flows. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2017.

30. Financial instruments, financial risks and capital management (Continued)

30.4 Capital management policies and objectives (Continued)

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, borrowings and finance lease payables less cash and bank balances.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Trade and other payables	5,769,422	4,674,465	3,891,648	476,251	250,432	162,896
Borrowings	2,846,065	3,154,833	816,631	–	–	–
Finance lease payables	1,810,615	1,694,438	533,010	–	–	–
Cash and bank balances	(10,232,282)	(11,041,568)	(9,200,716)	(1,132,515)	(1,066,118)	(47,110)
Net (cash)/debt	193,820	(1,517,832)	(3,959,427)	(656,264)	(815,686)	115,786
Total equity	16,339,751	16,820,523	16,030,961	5,654,951	5,658,213	5,068,478
	16,533,571	15,302,691	12,071,534	4,998,687	4,842,527	5,184,264

30.5 Fair value of financial assets and financial liabilities

For the financial reporting purposes, the fair value measurement of the Group's and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Financial instrument that are not measured at fair value on a recurring basis

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

	31 December 2018		31 December 2017		1 January 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$	$	$
Group						
Financial liabilities						
- financial lease payables	1,810,615	1,753,000	1,694,438	1,628,000	533,010	524,000

30. Financial instruments, financial risks and capital management (Continued)

30.5 Fair value of financial assets and financial liabilities (Continued)

The fair values of finance leases for disclosure purposes have been determined using discounted cash flow pricing models and are considered level 3 fair value measurements. Discount rate is determined based on the market incremental lending rate for similar types of leasing arrangements at the end of the reporting period. Significant inputs to the valuations include adjustments to the discount rate for credit risk associated with the Group. There were no changes to the valuation techniques during the year.

There are no transfers between the levels of the fair value hierarchy during the year.

Financial instrument that are measured at fair value on a recurring basis

Financial liability	**Fair value loss**			**Fair value hierarchy**	**Valuation technique(s) and key inputs**
	31 December		**1 January**		
	2018	**2017**	**2017**		
Group	**$**	**$**	**$**		
Structured forward foreign exchange contracts	(9,486)	(273)	(1,701)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rate (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

30.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			**Company**		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Financial assets at amortised cost (2017: Loans and receivables)	20,689,491	19,503,730	17,032,706	5,473,525	5,894,323	5,212,315
Financial liabilities						
Derivative financial instruments	9,486	273	1,701	–	–	–
Other financial liabilities, at amortised cost	10,011,968	9,336,535	5,082,381	476,251	250,432	162,896

31. Convergence to SFRS(I)s

The Group has transited to SFRS(I)s on 1 January 2018. In transiting to SFRS(I)s, the Group is required to apply all of the specific transition requirements under SFRS(I) 1 *First-time Adoption of SFRS(I)*.

The accounting policies set out in Note 2 to the financial statements comply with SFRS(I)s effective on 1 January 2018. These accounting policies have been applied in preparing the financial statements of the Group for the end of reporting period 31 December 2018, as well as comparative information presented in these financial statements for the end of reporting period 31 December 2017 and in the preparation of the opening statements of financial position at 1 January 2017 ("date of transition").

(a) Optional exemptions applied

The Group has applied the following exemptions in preparing their first set of financial statements in accordance with SFRS(I)s:

<u>Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*</u>

The Group has elected to apply the short-term exemptions upon adoption of SFRS(I) 9 on 1 January 2018. As a result, the financial instruments included in the comparatives have been accounted for in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* on the disclosure requirements in relation to SFRS(I) 9.

<u>Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*</u>

On 1 January 2017, the Group has elected to apply the transitional provisions under SFRS(I) 15 and has used the following practical expedients:

- the Group had not disclose the information about any remaining performance obligation that is a part of contract that has original expected duration of one year or less.
- the Group did not disclose the amount of the transaction price allocated to the remaining performance obligation for the end of reporting period 31 December 2017 and an explanation of when the Group expects to recognised that amount as revenue.

(b) Changes in presentation of the comparative financial information in the statements of financial position arising from the transition from FRS to SFRS(I)

In the first set of SFRS(I) financial statements for the end of reporting period 31 December 2018, an additional opening statement of financial positon as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts are not presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017) as there were no changes compared to amounts previously reported.

There are no material adjustments on the initial transition to the new framework as (i) management has not elected to take up any transition exemption under SFRS(I) 1, (ii) the application of the SFRS(I) 9 impairment requirements has not resulted in additional loss allowance to be recognised, and (iii) no changes to the revenue recognition policy was assessed to be required upon application of SFRS(I) 15.

31. Convergence to SFRS(I)s (Continued)

(b) Changes in presentation of the comparative financial information in the statements of financial position arising from the transition from FRS to SFRS(I) (Continued)

In accordance with requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively. As disclosed in (a), the Group has elected to apply the transition provisions in accordance with SFRS(I) 15:C5. The adoption of SFRS(I) 15 has resulted in adjustments to the previously reported financial statements due to the followings:

Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statement of financial position on adopting SFRS(I) 15 as at 31 December 2017:

- "unbilled receivables" of $113,658 (1 January 2017: $125,005) included in "trade and other receivables", is now being reclassified and included in "contract assets", as presented on the statement of financial position; and
- "advances received from customers" of $428,801 (1 January 2017: $620,708) included in "trade and other payables", is also being reclassified and included in "contract liabilities", as presented on the statement of financial position.

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	29	8.84	26,000	0.01
1,001 - 10,000	138	42.07	756,600	0.49
10,001 - 1,000,000	156	47.56	13,682,400	8.83
1,000,001 AND ABOVE	5	1.53	140,535,000	90.67
TOTAL	**328**	**100.00**	**155,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
QKE Holdings Ptwe Ltd[1]	122,491,500	79.03	–	–
Chua Chwee Choo Sally[2]	230,000	0.15	122,491,500	79.03
Lee Chong Hoe Alan[2]	192,000	0.12	122,491,500	79.03
Cheng Chun Choi Frankie[2]		–	122,491,500	79.03

Notes:

(1) QKE Holdings Pte Ltd ("QKE Holdings") is an investment holding company incorporated in Singapore on 5 March 2013. It holds 122,491,500 shares in Singapore Kitchen Equipment Limited.

(2) Chua Chwee Choo Sally (Chief Executive Officer) and Lee Chong Hoe Alan (Executive Director) and Cheng Chun Choi Frankie each hold approximately 33.3% of the issued share capital of QKE Holdings. As they each hold not less than 20.0% of the issued share capital in QKE Holdings, each of them is therefore deemed to have an interest in the Shares held by QKE Holdings pursuant to section 7 of the Companies Act, Chapter 50.

Statistics of Shareholdings

AS AT 25 MARCH 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QKE HOLDINGS PTE. LTD.	122,491,500	79.03
2	SIRIUS VENTURE CAPITAL PTE LTD	6,010,500	3.88
3	HSBC (SINGAPORE) NOMINEES PTE LTD	5,033,000	3.25
4	NEO GROUP LIMITED	4,500,000	2.90
5	POON WAI	2,500,000	1.61
6	HO EE HWA @ MADELEINE HO	955,100	0.62
7	OCBC SECURITIES PRIVATE LIMITED	875,000	0.56
8	NG TIAN ZHU	734,700	0.47
9	DBS NOMINEES (PRIVATE) LIMITED	718,000	0.46
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	680,000	0.44
11	HOLT ASIA INVESTMENT PTE LTD	652,000	0.42
12	PHILLIP SECURITIES PTE LTD	450,300	0.29
13	MAK PAO YUN	450,000	0.29
14	CHANG THIAM HOCK	375,000	0.24
15	AH HOT GERARD ANDRE	302,800	0.20
16	NEO KAH KIAT	285,000	0.18
17	LEE LAI HENG BRIAN	275,400	0.18
18	THAM SOK ING	250,000	0.16
19	CHUA CHWEE CHOO	230,000	0.15
20	LAM TECK MENG LAWRENCE	200,000	0.13
	TOTAL	**147,968,300**	**95.46**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

20.38% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual : Rules of Catalist.

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
Date Of Appointment	:	25 June 2013	16 September 2013	18 May 2018
Age	:	66	50	44
Country Of Principal Residence	:	Singapore	Singapore	Hong Kong
Date of last re-appointment (if applicable)	:	27 April 2017	27 April 2017	Not Applicable
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	:	Eileen has in-depth experience in auditing, accounting, finance, taxation, merger, acquisitions and public listing to the Company	Kevin brings to the table his 23 years' experience in the food and beverage (F&B) industry, and has a strong understanding of the dynamics of the F&B industry	Samuel has about 20 years' of experience in capital markets, investment banking, private equity, financial and risk management, compliance and auditing
Whether appointment is executive, and if so, the area of responsibility	:	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	:	Independent Non-Executive Chairman	Independent Non-Executive Director	Independent Non-Executive Director
Professional qualifications	:	B. ACC (Hons), Fellow of ISCA, CIMA, UK, Australia CPA	B. Business Admin. Masters Ed. Diploma Directorship	Bachelor of Accountancy, CA (Singapore)
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	:	No	No	No
Conflict of interest (including any competing business)	:	No	No	No
Working experience and occupation(s) during the past 10 years	:	Was a partner of KPMG, sat on board of listed companies in Singapore	Vice President, Superbrands General Manager, APB	Merrill Lynch Investment Banking, CFO for Hong Kong – listed company, Non-Executive Director for Hong Kong – listed company, Financial Adviser

Additional Information on Directors Seeking for Re-Election

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	:	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	:	None	Yes	None
Shareholding Details	:	Not Applicable	500,000 ordinary shares in the Company (Held under DBS Nominee Account under joint name with spouse)	Not Applicable
Other Principal Commitments Including Directorships	:	Prior to 2013: A partner of KPMG and sat on board of listed companies in Singapore 2013-2017: Independent Director of Cordlife Group Limited Present: Independent Director of Jason Marine Holdings Ltd and Sunningdale Tech Ltd 2014-2018: Please refer to Eileen's biography on page 14	Present: Independent Director, NEO Garden Please refer to Kevin's biography on page 16	Past (for the last 5 years): Non-Executive Director of EFT Solutions Holdings Limited Present: Non-Executive Director of EFT Solutions Holdings Limited Please refer to Samuel's biography on page 16
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	:	No	No	No

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	:	No	No	No
Whether there is any unsatisfied judgment against him?	:	No	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	:	No	No	No
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	:	No	No	No

Additional Information on
Directors Seeking for Re-Election

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	:	No	No	No
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	:	No	No	No
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	:	No	No	No
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	:	No	No	No

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
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	:	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	:	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	:	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	:	No	No	No

Additional Information on Directors Seeking for Re-Election

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Name	:	Eileen Tay-Tan Bee Kiew	Ng How Hwan, Kevin	Lui Hin Weng Samuel
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 In September 2006, the Monetary Authority of Singapore ("MAS") issued a supervisory warning to Eileen as a resulf of a ten days' delay by the then-company secretary of Asia Growth Capital Advisory Pte Ltd ("Asia Growth Capital") in submitting notice of Eileen's cessation to act as a representative of Asia Growth Capital. The delay occurred despite Eileen's reminder to the then-company secretary of Asia Growth Capital to ensure timely submission of such notice. No further action has been taken and Eileen have not thereafter been contacted by the MAS on this matter.	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of an listed issuer listed on the Exchange? If No, please state if the director has attended or will be attending training on the roels and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	:	Not Applicable	Not Applicable	Not Applicable

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singapore Kitchen Equipment Limited ("the Company") will be held at 115A Commonwealth Drive, #01-30 Tanglin Halt Industrial Estate, Singapore 149596 on Thursday, 25 April 2019 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare the final dividend of 0.25 Singapore cent per ordinary share tax exempt one-tier for the financial year ended 31 December 2018 (FY2017 : 0.50 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 98 of the Constitution of the Company:

   Ms Tan Bee Kiew **(Resolution 3)**
   Mr Ng How Hwan, Kevin **(Resolution 4)**

4. To re-elect Mr Lui Hin Weng Samuel, who retires as Director of the Company pursuant to Article 102 of the Constitution of the Company: **(Resolution 5)**

5. To approve the payment of Directors' Fees of up to S$145,000 for the financial year ended 31 December 2018 (FY2017 : S$145,000). **(Resolution 6)**

6. To re-appoint Messrs BDO LLP as the Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue new shares**

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

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

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

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

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

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

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 8)**
[See Explanatory Note (i)]

9. **Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing Singapore Kitchen Equipment Performance Share Plan ("PSP") and (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the PSP, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the PSP, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 9)**
[See Explanatory Note (ii)]

By Order of the Board

Wong Yoen Har
Company Secretary
Singapore, 10 April 2019

Explanatory Notes:

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

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) Ordinary Resolution 9 proposed in item 9 above, if passed, will authorise and empower the Directors of the Company to allot and issue and/or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/or new shares as may be required to be delivered pursuant to the vesting of the awards under the Singapore Kitchen Equipment Performance Share Plan, which was approved at the Extraordinary General Meeting of the Company on 25 June 2013.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Singapore Kitchen Equipment Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 25 April 2019 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Payment of proposed final dividend		
3	Re-election of Ms Tan Bee Kiew as Director		
4	Re-election of Mr Ng How Hwan, Kevin as Director		
5	Re-election of Mr Lui Hin Weng Samuel as Director		
6	Approval of Directors' Fees of up to S$145,000 for the financial year ended 31 December 2018		
7	Re-appointment of Messrs BDO LLP as Independent Auditor		
8	Authority to issue new shares		
9	Authority to offer and grant awards and to allot and issue shares under the Singapore Kitchen Equipment Performance Share Plan		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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