

SINGAPORE KITCHEN EQUIPMENT LIMITED

(Company Registration No.: 201312671M)
(Incorporated in Singapore)

PROPOSED DISPOSAL OF PROPERTY AT NO. 1 COMMONWEALTH LANE #03-06 ONE COMMONWEALTH SINGAPORE 149544

1. Introduction

The Board of Directors (the "**Board**") of Singapore Kitchen Equipment Limited (the "**Company**") together with its subsidiaries (the "**Group**") wishes to announce that its wholly-owned subsidiary Q'son International Pte Ltd ("**Q'son**"), has granted an Option to Purchase (the "**Option**") to Element Design Studio Pte. Ltd., an unrelated third party, (the "**Purchaser**") relating to the sale of the property located at No. 1 Commonwealth Lane Singapore 149544 (the "**Property**"). The Board wishes to further announce that the Purchaser has on 21 November 2014 exercised the Option to purchase the Property ("**Proposed Disposal**").

2. Information on the Property

One Commonwealth is a 9-storey light industrial development comprising 22 units of showroom tramp up flatted factory and a canteen on the 15th storey, 90 ramp-up factory units from 2nd to 4th storeys, car park at 5th storey and 137 flatted factory units from 6th to 9th storey.

The Property is at 3rd storey ramp-up factory unit leasehold property with a 30-year lease granted by JTC ("**JTC**") commencing from 1 March 2008. The Property has a gross floor area of approximately 132 square metres.

3. The Consideration

The total consideration for the Property is S\$730,000 (exclusive of 7% Goods and Services Tax ("**GST**") (the "**Consideration**"). The Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account prevailing market conditions. The Group had commissioned a valuation on the Property by Premas Valuers & Property Consultants Pte Ltd (the "**Valuer**"). The Valuer assessed the Property's valuation at S\$770,000 in its valuation report of dated 29 January 2014 (the "**Valuation Report**").

The Consideration will be satisfied in cash and is to be paid by the Purchase in the following manner:

- (a) an amount of S\$7,300 (the "**Option Money**"), equivalent to 1% of the Consideration, which was paid by the Purchaser to the Company on 14 November 2014, being the date the Company granted the Purchaser the Option to purchase the property;
- (b) a non-refundable sum of S\$29,200 (the "**Deposit**"), which is equivalent to 5% of the Consideration less the Option Money, shall be paid by the Purchaser to the Company's solicitors on or before the 28 November 2014 (the "**Expiry Date**"), being the final date the Purchaser may exercise its option to Purchase the Property; and
- (c) the balance 95% of the Consideration of S\$693,500, shall be paid to the Company upon completion of the Proposed Disposal ("**Completion**").

As at the date of this announcement, the Purchaser has, in exercising its Option to purchase the Property, has made the payment of the Deposit to the Company's solicitors as stakeholders pending Completion. The proposed Completion is scheduled on 30 January 2015 (the "**Proposed Completion Date**").

4. Salient Terms of the Option

The Proposed Disposal is subject to, amongst others, the following terms:-

- (a) the sale and purchase of the Property is subject to "The Law Society of Singapore's Conditions of Sale 2012" (the "**Conditions**"), insofar as the Conditions and the terms and conditions of the Option are not contrary to or conflict with the Conveyancing & Law of Property (Conveyancing) Rules 2011 and the Singapore Academy of Law (Conveyancing Money) Rules 2011 (if applicable);
- (b) the Purchaser being able to obtain the approval from JTC to the sale and purchase of the Property (the "**JTC Approval**");
- (c) the sale price is exclusive of GST; and
- (d) the Property is sold with vacant possession;

Subject to the terms and conditions of the Option, Completion is expected to take place on or before 30 January 2015.

5. Rationale for the Proposed Disposal of the Property

The Directors consider it is an appropriate decision and time to dispose of and unlock the value of the Property, given the current sluggish outlook of the property market in Singapore. The Proposed Disposal will enable the Company to receive cash from the sale, which the Directors believe will be beneficial to the Company for core businesses redeployment purpose.

6. Excess of the Consideration over Book Value

Based on the audited consolidated accounts of the Group for the full year ended 31 December 2013 ("**FY2013**"), the net book value of the Property as at 31 December 2013 was approximately S\$533,108. The Consideration represents an excess of approximately S\$196,892 over the net book value of the Property as at 31 December 2013.

The actual excess of the proceeds over the net book value can only be finalized after the Completion.

7. Use of Sale Proceeds

The net proceeds from the Proposed Disposal will be used by the Group for its general working capital requirements.

8. Net Profits Attributable to the Assets Being Disposed Of

Based on the audited consolidated accounts of the Group for FY2013, the net profit attributable to the Property is S\$35,192 (after deducting related expenses).

9. Financial Effects

The financial effects of the Proposed Disposal set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Disposal nor a projection of the future financial performance or position of the Group after the Completion. The financial effects set out below are based on the Company's audited consolidated financial statements for FY2013.

a. Net tangible assets ("NTA") per share

Assuming the Proposed Disposal had been effected on 31 December 2013, being the most recently completed financial year, the pro-forma financial effects on the consolidated NTA per share of the Group as at 31 December 2013 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to equity-holders of the Company (S\$'000)	13,408	13,605
Number of issued shares ('000)	150,000	150,000
NTA per share (Singapore cents)	8.93	9.07

b. Earnings per share ("EPS")

Assuming the Proposed Disposal had been effected on 1 January 2013, the effect on the EPS of the Group for FY2013 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net Profit attributable to equity-holders of the Company (S\$'000)	110	250
Weighted average number of issued shares ('000)	71,055 ⁽ⁱ⁾	71,055 ⁽ⁱ⁾
EPS (Singapore cents)	0.16	0.35

Note:

- (i) Earnings per share is computed based on the weighted average number of shares of the Company for FY 2013, this being 71,055,294 ordinary shares.

10. Relative Figures Computed Pursuant to Rule 1006 of the Listing Manual

The relative figures for the Proposed Disposal (the "**Relative Figures**") computed on the bases of assessment pursuant to Rule 1006 (a) to (e) of the SGX Listing Manual Section B: Rules of Catalyst (the "Listing Manual") are set out below:

Rule	Bases	Relative Figures %
1006 (a)	The net asset value ("NAV") of the assets to be disposed of, compared with the Group's NAV	4.0 ⁽ⁱ⁾
1006 (b)	The net profits attributable to the assets disposed, compared with the Group's net profits	32.5 ⁽ⁱⁱ⁾
1006 (c)	The aggregate value of the consideration given, compared with the Company's market capitalization	2.4 ⁽ⁱⁱⁱ⁾
1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in use.	Not applicable, as the Proposed Disposal does not involve an issue of equity securities by the Company
1006 (e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable, as the Company is not a mineral, oil and gas Company

Notes:

- (i) Based on the audited consolidated financial statements of the Group for the FY2013, the net book value of the Property as at 31 December 2013 was S\$533,108. Based on the audited consolidated financial statements of the Group for FY2013, the net asset value of the Group as at 31 December 2013 was S\$13,471,152.
- (ii) Based on the audited consolidated financial statements of the Group for FY2013, the net profits attributable to the assets disposed of was S\$35,912. Based on the audited consolidated financial statements of the Group for FY2013, the net profit of the Group was S\$110,340.
- (iii) This is calculated based on the Company's market capitalization of S\$30,000,000, which is computed using the last transacted share price of S\$0.20 on 28 August 2014, which was the last market day immediately preceding the date of the Agreement, multiplied by the total number of shares in issue of 150,000,000 shares.

As the Relative Figures computed on the above bases of assessment in Rule 1006(b) exceeds 5% but does not exceed 50%, the Proposed Disposal only constitutes a "discloseable transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, shareholders' approval is not required for the Proposed Disposal.

11. Interests of Directors and Controlling Shareholders

None of the Directors or Controlling Shareholders of the Company has any interest, directly or indirectly, in the Proposal Disposal.

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. Documents for Inspection

A copy of the Option and the Valuation Report is available for inspection during the normal business hours at the Company's registered address at Block 115A Commonwealth Drive #01-27/28 Tanglin Halt Industrial Estate Singapore 149596 for a period of three (3) months from the date of this announcement.

By Order of the Board
SINGAPORE KITCHEN EQUIPMENT LIMITED

Chua Chwee Choo
Managing Director
24 November 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST and Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong, Director, Corporate Finance. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +656337 5115.