

SINGAPORE KITCHEN EQUIPMENT LIMITED

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

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION

The Board of Directors (the “**Board**”) of Singapore Kitchen Equipment Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the Company’s responses to queries raised by the Singapore Exchange Regulation in relation to the Company’s SGXNet announcement dated 13 September 2020 titled **Announcement on Investigation** (the “**Investigation Announcement**”). Unless otherwise defined, all capitalised terms used herein shall have the same meaning as ascribed thereto in the Investigation Announcement.

SGX Query 1:

Will the Company be taking steps to enhance the controls surrounding the payment of entertainment expenses and sales commissions while the independent review is ongoing, to ensure that any of such payments in the future are in the best interest of the Company and its group of companies?

Company’s Response:

The Group has taken immediate steps to reiterate existing controls and to introduce further controls surrounding the payment of expenses and sales incentives/commissions, and has instituted and reiterated the following:

- (i) cash disbursements to all parties (including customers and suppliers) for expenses have ceased with immediate effect;
- (ii) cash disbursements to employees for sales incentives and commissions have ceased with immediate effect; and
- (iii) all expense claims must be strictly justified by supporting documents, without which such claims will not be processed.

In addition, the Group has by way of internal communications reminded all employees of the Group’s zero tolerance for corruption, bribery and misconduct in any of its business dealings, as stated in the Group’s Employees Handbook. The Board had sought the advice of the independent reviewer on controls and will implement such other measures that the independent reviewer may recommend, as the review progresses.

SGX Query 2:

Does the Company anticipate any impact to the operations and financials of the Company and its group of companies, as a result of the entertainment expenses and sales commissions involved in CPIB’s investigation?

Company’s Response:

As stated in the Investigation Announcement, the Relevant Persons will continue to discharge their responsibilities and duties in the operation of the Group’s businesses and accordingly, at this stage, the Board does not expect the day-to-day operations of the Group to be materially adversely impacted.

The Group’s customers comprise service providers who operate primarily in the food and beverage and hospitality services industries, such as central kitchens, restaurants, integrated resorts, membership clubs and hotels, as well as government agencies, developers and owners of residential properties. As disclosed under Note 30 of the Company’s annual report for the latest financial year ended 31 December 2019 (“**FY2019**”), due to the diverse base of customers to whom the Group sells its products, 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 in FY2019.

Further, based on information made available to the Board as at the date of this announcement, the projects, to which the Investigation appear to relate at this juncture, had all been completed and accordingly, such past projects would not have any material impact on the Group’s revenue for the current financial year ending 31 December 2020.

Shareholders should note that the foregoing statements are based on information made available to the Board as at the date of this announcement and to the best of the Board's knowledge and belief at this time. As the Investigation is ongoing, such statements may have to be revised or updated if there are future material developments, events or circumstances and as new information becomes available. As stated in the Investigation Announcement, the Board will make further announcement(s) as and when there are material developments and shareholders are advised to read all such further announcements.

SGX Query 3:

Please disclose the identity of the independent reviewer, and share the scope and period that the independent reviewer's review of the Group's internal processes and internal controls would cover?

Company's Response:

The Audit Committee has appointed TRS Forensics Pte Ltd as the independent reviewer.

The scope of work for the independent review, covering the period from 1 January 2017 to 13 September 2020 (being the date of the Investigation Announcement) (the "**Review Period**"), is as follows:

- (i) review of existing processes and internal controls in respect of the Group's entertainment expenses, sales commissions, sales incentives, cash disbursements and fees to third parties and the Group's anti-bribery and anti-corruption policies and procedures (collectively "**Existing Controls**");
- (ii) review documents of the entertainment expenses, sales commissions, sales incentives and such relevant transactions in relation to certain projects undertaken by Q'son Kitchen Equipment Pte Ltd ("**Subject Transactions**");
- (iii) conduct interviews with relevant employees in relation to the Existing Controls and Subject Transactions;
- (iv) identify internal control weaknesses in relation to the Existing Controls;
- (v) highlight any non-compliance, significant or unusual deviations with the requirements or guidelines under the Constitution of the Company or the Group's policies;
- (vi) provide recommendations to strengthen the Group's corporate governance in relation to the Existing Controls;
- (vii) highlight any other matters and/or areas which may require further review or investigations; and
- (viii) if necessary, expand the Review Period and/or conduct further review or investigations into such additional matters / areas such as forensic review of email communications in relation to the Subject Transactions.

By Order of the Board

SINGAPORE KITCHEN EQUIPMENT LIMITED

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

15 September 2020

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact persons for the Sponsor are Mr Eric Wong (Director, Investment Banking) and Ms Tan Cher Ting (Director, Investment Banking) at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115..*