

SINGAPORE KITCHEN EQUIPMENT LIMITED

(Company Registration No.: 201312671M)

(Incorporated in Singapore)

PROPOSED ACQUISITION OF PROPERTY BY Q'SON KITCHEN EQUIPMENT PTE LTD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

- GRANT OF OPTION TO PURCHASE THE PROPERTY AT LOT NO. MK1-U31693T, 207, HENDERSON ROAD, #01-01 AND #03-01 HENDERSON INDUSTRIAL PARK, SINGAPORE 159550

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Singapore Kitchen Equipment Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Q’son Kitchen Equipment Pte Ltd, a wholly-owned subsidiary of the Company (“**QKE**”) has been granted an option to purchase (the “**Option**”) the property known as Lot No. MK1-U31693T, 207, Henderson Road, #01-01 and #03-01 Henderson Industrial Park, Singapore 159550 (the “**Property**”) by EAC Corporation Pte Ltd (UEN : 199003408W) (the “**Vendor**”) upon payment of a sum of S\$61,000 (the “**Option Money**”) (the “**Proposed Acquisition**”). The Vendor is an independent and unrelated third party.

The Option Money represents 1% of the total consideration for the purchase of the Property of S\$6,100,000 (the “**Consideration**”).

2. INFORMATION OF THE PROPERTY, THE VENDOR AND RATIONALE FOR THE PROPOSED ACQUISITION

The Property is a freehold 3-storey industrial building, with an approximate lot area of 788 square meter.

The Vendor is a Singapore incorporated company, having its registered office address at 207 Henderson Road, #01-01 Henderson Industrial Park, Singapore 159550. It is principally engaged in the business of building construction. To the best of the Company’s knowledge, the Vendor, its directors and its shareholder and their respective associates are not related to the Group, its directors and substantial shareholders or their respective associates.

The Vendor, its directors and shareholders do not currently hold any shareholding interest (direct or indirect) in the Company. The Proposed Acquisition is intended to consolidate the Group’s corporate office, Finance Department, Human Resource Department, Design and Drafting Department, Sales & Service Administration Department, Technical and Commercial Sales Departments, and Showroom & Live Demo Kitchen. This centralisation will enhance management and oversight, increase operational synergies and efficiencies, and facilitate greater interaction amongst the staff of the Group.

3. SALIENT TERMS OF THE OPTION

3.1 Consideration

The Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the transacted prices of comparable properties in the vicinity and the indicative valuation from a Singapore-based bank. This property is highly sought after, with scarcity of units in the market for sale, a freehold status, good transportation network and at a central location. The Consideration, which is payable in cash, will be financed by internally generated funds and bank borrowings.

3.2 Expiry of Option

The Option shall expire at 4.00 p.m. on 10 November 2021 and will be null and void if not exercised by QKE in accordance with the terms of the Option. A further S\$244,000, being 5% of the Purchase Consideration less the Option Money, is payable to the Vendor's solicitors, as stakeholders pending completion of the Proposed Acquisition ("**Completion**"), on the exercise of the Option.

3.3 Completion

Completion of the sale and purchase of the Property is subject to satisfactory legal requisition replies from the relevant government departments and shall take place within 12 weeks upon exercise of the Option, whereupon the balance Consideration shall be payable by QKE to the Vendor.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

For the purpose of illustration only, the pro forma financial effects of the Proposed Acquisition on the earnings per share and the net tangible assets per share based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**") are not expected to be material.

5. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES") OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 June 2021, the relative figures of the Proposed Acquisition as computed on the relevant bases set out in Rule 1006 of the Catalist Rules of the SGX-ST are as follows:

Rule		Relative Figures %
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable as the Proposed Acquisition relates to an acquisition of asset.
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	Not applicable as there are no net profits attributable to the Property.
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	66.70% ⁽¹⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as there are no equity securities issued as consideration for the Proposed Acquisition.
1006 (e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the Company's market capitalisation of approximately S\$9.14 million.

6. SERVICE CONTRACT

No person will be appointed to the Board of the Company, and no service contract will be entered into by the Company, in connection with the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company and its Directors and controlling shareholders are not related to the Vendor, its shareholders or their respective associates. Other than through their respective shareholdings (if any) in the Company, none of the Directors and controlling shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the Proposed Acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories on guidelines relating to safe distancing which may be issued by the relevant authorities, the Option is available for inspection during normal business hours at the registered office of the Company at 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596 for a period of 3 months from the date of this announcement.

By Order of the Board
SINGAPORE KITCHEN EQUIPMENT LIMITED

Chua Chwee Choo
Executive Director and Chief Executive Officer
28 October 2021

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 (the "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 person for the Sponsor is Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.