

SINGAPORE KITCHEN EQUIPMENT LIMITED
(Company Registration No.: 201312671M)
(Incorporated in the Republic of Singapore)

PROPOSED PLACEMENT OF 5,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF SINGAPORE KITCHEN EQUIPMENT LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Singapore Kitchen Equipment Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 21 November 2017, entered into a subscription agreement (the “**Subscription Agreement**”) with Ascapia Fund II (the “**Subscriber**”).
- 1.2 Pursuant to the Subscription Agreement, the Company has agreed to offer, by way of private placement, and the Subscriber has agreed to subscribe for an aggregate of 5,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”), at an issue price of S\$0.20 per Placement Share (the “**Issue Price**”), amounting to an aggregate consideration of S\$1,000,000 (“**Consideration**”) (the “**Proposed Placement**”).
- 1.3 Assuming that the Placement Shares are fully subscribed, the Placement Shares represent approximately 3.33% of the existing issued ordinary shares in the capital of the Company of 150,000,000 ordinary shares as at the date of this announcement (excluding treasury shares). Immediately after the completion of the Proposed Placement and assuming that no further ordinary shares are issued prior thereto, the Proposed Placement will increase the issued ordinary shares in the capital of the Company to 155,000,000 ordinary shares and the Placement Shares will represent 3.23% of the enlarged issued share capital of the Company (excluding treasury shares).
- 1.4 No placement agent has been appointed in respect of the Proposed Placement. No commission or referral fees will be paid by the Company to any party in connection with the Proposed Placement.

2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Issue Price

The Issue Price represents a premium of approximately 14.94% to the volume weighted average price of the Company's shares (“**Shares**”) of S\$0.174 per ordinary share in the capital of the Company based on trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 21 November 2017 (being the full market day on which the Subscription Agreement was signed). The Issue Price was arrived at following arm's length negotiation between the Company and the Subscriber, considering the current market conditions.

2.2 Ranking

The Placement Shares, when allotted and issued, shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions the record date for which falls on or before the date of issue of the Placement Shares.

2.3 Information on the Subscriber

The Subscriber is a value-based private investment fund which was incorporated in Cayman Islands on 24 November 2014 and managed by Ascapia Capital Private Limited, a fund management company regulated by the Monetary Authority of Singapore. The directors of the Subscriber are Wesley Widjaja and Christopher Angkasa and the sole shareholder of the Subscriber is Ascapia Capital Private Limited. The Subscriber focuses on investments in emerging Asian countries and is a long-term investor in its portfolio companies. Its investors primarily consist of Asian family offices and high net worth individuals.

The Subscriber expressed interest in investing in the Company and the Company agreed to place the Placement Shares to the Subscriber. No introducer fee or placement commission has been paid or will be payable by the Company for the Proposed Placement.

The Subscriber will be subscribing for the Placement Shares for investment purposes and has no intention to seek a board position or a management role to influence or exercise control over the Company.

Under the Subscription Agreement, the Subscriber has represented and warranted to the Company that it does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

In addition, pursuant to the Subscription Agreement, the Subscriber has represented that it is not acting in concert with any substantial shareholder of the Company and it does not act in accordance with the instructions of any substantial shareholder of the Company.

The Proposed Placement would also not result in any transfer of controlling interest in the Company.

2.4 Conditions Precedent

Completion under the Subscription Agreement is conditional upon, *inter alia*:

- (a) the Consideration having paid in full to the Company prior to the submission of the additional listing application;
- (b) the SGX-ST or any other authority not having notified the Company of any reason why the Company should not allot and issue the Placement Shares, and the listing and quotation notice for the listing and quotation of the Placement Shares on the sponsor-supervised platform ("**Catalist**") of the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the Catalist of the SGX-ST are required to be fulfilled on or before Completion Date (as defined below), they are so fulfilled;
- (c) the exemption under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore being applicable to the Proposed Placement under the Subscription Agreement;
- (d) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Subscriber; and

- (e) there having been, as at Completion Date (as defined below), no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect of the warranties contained in the Subscription Agreement if they were repeated on and as of the Completion Date.

(collectively, the “**Conditions Precedent**”)

If the Conditions Precedent are not fulfilled on or before the date falling four (4) weeks after the date of the Subscription Agreement (the “**Cut-off Date**”) (or such other date as the Company and the Subscriber may mutually agree), the Subscription Agreement shall terminate and shall be of no further effect and neither the Company nor the Subscriber shall be under any liability to the other in respect of the Subscription Agreement save that the Company shall refund the amount of the Consideration paid by the Subscriber without interest within ten (10) days from the Cut-off Date.

2.5 Completion

Completion under the Subscription Agreement (“**Completion**”) shall take place on the date falling seven (7) business days after the date of fulfilment of the Conditions Precedent to the Completion is satisfied or such other date as the parties may agree in writing, but in any event being a date no later than the Cut-off Date (“**Completion Date**”).

3. GENERAL MANDATE

- 3.1 The Placement Shares will be allotted and issued pursuant to the general mandate obtained from shareholders of the Company, by way of ordinary resolution, at the annual general meeting (“**2017 AGM**”) of the Company held on 27 April 2017 (“**General Mandate**”). As such, no circular will be issued by the Company in connection with the Proposed Placement.
- 3.2 Pursuant to the General Mandate, the Directors of the Company are authorised to issue new ordinary shares, other than on a pro rata basis to the shareholders of the Company, of up to 50% of the total number of issued Shares (excluding treasury shares) of 150,000,000 shares at the time of passing of the said resolution.
- 3.3 The Placement Shares represent approximately 3.33% of the Share Capital as at the date of the 2017 AGM. As at the date of this announcement, the Company has not issued any Shares under the General Mandate, and no event has occurred which would result in any adjustment in the number of Shares on which the General Mandate is based. As such, the proposed issue and allotment of the Placement Shares will fall within the limits of the General Mandate.

4. RATIONALE AND USE OF PROCEEDS

- 4.1 The Board is of the view that after taking into account the present working capital position of the Group, the Proposed Placement is beneficial to the Group as it will increase resources available to the Company to improve its cash flow and will allow the Company to fund new business expansion or investments as and when opportunities arise.
- 4.2 Based on the Issue Price of S\$0.20 per Placement Share and assuming the Placement Shares will be fully subscribed, the Proposed Placement will allow the Company to raise net cash proceeds (after deducting estimated expenses, will amount to approximately S\$20,000) of approximately S\$980,000 (the “**Net Proceeds**”), which will be utilised as follows:
 - (a) 60% of the Net Proceeds will be used for new business expansion or investments; and

- (b) 40% of the Net Proceeds will be used for general working capital purposes.
- 4.3 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and whether the use of Net Proceeds is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the utilisation of such Net Proceeds in the Company's interim and full-year financial statements and annual report(s). The Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 4.4 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

5. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

- 5.1 The financial effects of the Proposed Placement set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of financial position and results of the Company and the Group following the Proposed Placement. The table below set out the financial effects of the Proposed Placement based on the following bases and assumptions:
- (a) audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2016;
 - (b) for the purpose of computing the effect of the Proposed Placement on the net tangible assets ("NTA") per Share, it is assumed that the Proposed Placement was completed on 31 December 2016;
 - (c) for the purpose of computing the effect of the Proposed Placement on the earnings per Share ("EPS"), it is assumed that the Proposed Placement was completed on 1 January 2016; and
 - (d) the Proposed Placement of 5,000,000 Placement Shares at the Issue Price of S\$0.20 each.

Share Capital

	Before the allotment of Placement Shares pursuant to Proposed Placement	After the allotment of Placement Shares pursuant to Proposed Placement
Issued and paid-up share capital before allotment of Placement Shares (S\$'000)	4,125	5,125
Number of issued Shares ('000)	150,000	155,000

NTA

	Before the allotment of Placement Shares pursuant to Proposed Placement	After the allotment of Placement Shares pursuant to Proposed Placement
NTA (S\$'000)	16,030	17,010
Number of issued Shares (‘000)	150,000	155,000
NTA per Share (cents)	10.69	10.97

EPS

	Before the allotment of Placement Shares pursuant to Proposed Placement	After the allotment of Placement Shares pursuant to Proposed Placement
Profit attributable to owners of the parent (S\$'000)	1,531	1,531
Weighted average number of Shares (‘000)	150,000	155,000
EPS (cents)	1.02	0.99

6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Placement will be undertaken by way of placement to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

7. ADDITIONAL LISTING APPLICATION

An application to the SGX-ST will be made through the Company's sponsor, CIMB Bank Berhad, Singapore Branch, for the listing of and quotation for the Placement Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares.

8. CONFIRMATIONS BY DIRECTORS

The Directors are of the opinion as at the date of this Announcement, after taking into consideration the cash and cash equivalents, cash generated from operations and available banking facilities of the Group, that the working capital available to the Group is sufficient to meet its present requirements. Nonetheless, the Board is of the view that the Proposed Placement is

beneficial to the Group as it will support future growth of the Group and further strengthen the financial position of the Group.

The Directors are further of the opinion that, after taking into consideration the cash and cash equivalents, cash generated from operations, available banking facilities of the Group and the Net Proceeds, that the working capital available to the Group is sufficient to meet its present requirements.

9. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Placement Shares will be placed and issued by the Company to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Catalist Rules. None of the Directors, substantial shareholders of the Company and their associates has any interest, direct or indirect, in the Proposed Placement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their ordinary shares in the capital of the Company. There is no certainty or assurance as at the date of this announcement that the proposed allotment and issuance of the Placement Shares will be completed or that no changes will be made to the terms of the Subscription Agreement. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement will be made available for inspection during normal business hours at the Company's registered office at 115A Commonwealth Drive, #01-27/28 Tanglin Halt, Industrial Estate, Singapore 149596 for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

Chua Chwee Choo
Managing Director
21 November 2017

This announcement 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 (the "SGX-ST"), 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. The Sponsor and the SGX-ST 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, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.