



SAMURAI 2K AEROSOL LIMITED
(Company Registration Number 201606168C)
(Incorporated in the Republic of Singapore)

SGX QUERY - UPDATE ON PROPOSED PLACEMENT

The Board of Directors (the "**Board**") of Samurai 2K Aerosol Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to its announcement on 27 November 2017 in relation the proposed placement. SGX had on 8 December 2017, queried the Board on:-

- (i) its rationale for the proposed placement when the Company still has approximately S\$1.2 million unutilised IPO proceeds as well as approximately RM20.8 million cash as of 30 September 2017; and
- (ii) details of the Company's plans for business development and expansion.

As announced on 3 October 2017, 10 October 2017 and in the corporate presentation dated 10 November 2017 (the "**Corporate Presentation**") which was uploaded to SGXNet, the Group intends to develop its business and expand into new geographical locations, namely the United States of America ("**USA**") and Cambodia.

In addition to USA and Cambodia, the Group also plans to expand its geographical reach globally. The Group expects the entry into these new geographical locations will require additional working capital for, amongst others:-

- (i) Setting up operations in the respective jurisdictions;
- (ii) Expenditures required for sales and marketing activities such as trade shows, events, training activities, demonstrations, advertisements and other above-the-line marketing activities to achieve brand awareness in the new geographical locations; and
- (iii) Expanding its production facilities and capabilities to cope with the expected increase in the demand for our products from both the existing markets as well as the new markets. As at 30 November 2017, the Group's utilisation rate of its production capacity was approximately 72%, based on the actual production output of 9.1 million cans for the 8 months ended 30 November 2017 ("**8M2018**") divided by the estimated maximum production capacity of 12.8 million cans for 8M2018.

Further, as highlighted in the Corporate Presentation, the Group intends to further strengthen its research and development capabilities to increase its range of innovative and disruptive products.

With the net cash position (including the unutilised IPO net proceeds) of approximately S\$3.825 million as at 30 September 2017 (based on the exchange rate of RM100.00: S\$32.97 as at 30 September 2017), the Company is of the view that the available funds would not be sufficient to expand both geographically and operationally. Accordingly, the Board has approved the proposed placement, which is expected to provide the Group with sufficient capital for its business expansion plans and strengthening its R&D capabilities.

The combined use of proceeds arising from this proposed placement exercise with the balance amount from the IPO net proceeds, as stated in the Company's announcement dated 21 November 2017, are as follow:-

Use of proceeds	Estimated budget (S\$'000)	Balance IPO proceeds	Total fund raised
Business Development & expansion	9,600	-	9,600
- Setting up operations in new geographical area & sales and marketing activities for the Group			
- Expansion of production facilities			
- Strengthening its R&D capabilities			
Expansion of production facilities	-	166	166
General working capital	-	1,009	1,009
Total	9,600	1,175	10,775

By Order of the Board

Ong Yoke En

Executive Director and Chief Executive Officer

8 December 2017

Samurai 2K Aerosol Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 16 January 2017. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.