

SINGAPORE KITCHEN EQUIPMENT LIMITED

(Company Registration No.: 201312671M)

(Incorporated in Singapore)

RESPONSES TO SHAREHOLDERS' QUESTIONS PRIOR TO THE ANNUAL GENERAL MEETING TO BE HELD ON 25 JUNE 2020 ("AGM")

The Board of Directors (the "**Board**") of Singapore Kitchen Equipment Limited (the "**Company**") and together with its subsidiaries, the "**Group**") would like to thank all shareholders for their active participation in the upcoming AGM by submitting their questions in advance.

The Board wishes to announce the following in response to the questions raised by shareholders by 22 June 2020, which is the deadline for submission of questions.

1) What is impact of Covid-19 on the revenues for the months of April and May 2020?

Company's Response:

The Company had not been spared from the backlash of Covid-19 in April and May 2020. Demand for goods and services in first half of the year had been significantly reduced, which in turn had adversely impacted our revenue.

2) With Phase 2, has the company seen new orders?

Company's Response:

Company is expecting new orders to be realised in Phase 2 of the re-opening of Singapore's economy ("**Phase 2**"). In the first few days since the start of Phase 2, a few delayed fabrication and distribution projects had re-started, with tentative revisions to layouts, products and design for projected completion in the second half of the year.

3) What are the specific measures to manage the operating expenses and preserve cash in 2020?

Company's Response:

Tightened control of operating expenses:

- a) Primarily due to the lack lustre business in the first half of year, all staff took a wage cut of between 30% to 50% since March 2020. The Company also received Government subsidies (JSS) based on the reduced wages.
- b) Early termination of the leases of 2 units of motor vehicles and 6 housing units. These housing units were for work permit holders staff who were unable to return to Singapore.
- c) Relocation to cheaper premises (approximately 50% lesser than current rates) for 14 existing warehousing units in Commonwealth Drive, ie leases which expired in May and June 2020 and leases expiring in December 2020.
- d) Digitising segments of business (tapping government's newly rolled out plans) to reduce resources (paper, manpower, equipment and space).
- e) Negotiated equipment sales purchases in the past 3 months for higher discounts, approximately between 5% and 24% more than usual. We intend to continue negotiating for further discounts for equipment sales purchases. The price reductions are however, very much dependent on the suppliers as they are also unwilling to offload their products at further discounted prices.

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- 4) What are the progress in the new business segments? Is the company still seeking fresh fund to support this new business?**

Company's Response:

- a) The Company will continue to explore the setting up of manufacturing plant for cold room panels, which it believes, is a viable project. Amongst other considerations, commencement of the project will depend on the securing of funds for the construction of the manufacturing plant and purchases of equipment.
- b) Regional expansion into Bintan had been curtailed. In view of the Covid-19 restricted border controls of people and goods' movements and also the current uncertain economic conditions in Bintan, the plan to deliver customised commercial kitchen equipment solutions to restaurants and resorts has been put on hold.
- c) The Company had also planned to increase its penetration into the residential kitchen equipment market. Progress has however, been slow due to Covid-19 circuit breaker measures, which have hampered our marketing plans and demonstrations. However, with the start of Phase 2 and more relaxed rules, the Company expects to see a steady flow of enquiries.

- 5) Moving forward, what would be the management's outlook for the F&B sector? Will the company continue its expansion plans both locally and overseas?**

Company's Response:

Management believes that the F&B sector will rebound. There will be a shift in the type of products in demand, with the trend leaning towards technology enabled and automatic equipment. The Company is well positioned to satisfy the different needs of the F&B sector.

The Company strive to increase its local market share. Please refer to our response in 4c) for our plans concerning the residential kitchen equipment market.

The Company will take a cautious approach towards overseas expansion, in view of uncertainties, and will continue to adopt an opportunistic stance towards providing its services to foreign markets.

- 6) If so, does the company have enough cash resources for its current working capital as well as its plans for expansion?**

Company's Response:

The Company has sufficient cash for its current working capital. Certain potential expansion plans will require further funding such as setting up of manufacturing plant for cold room panels, as mentioned in our response in 4a).

- 7) Did the company do any cost cutting measures during this Covid-19 period?**

Company's Response:

Please refer to our response in 3.

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- 8) What will the management explore on and do to enhance shareholder's value for their continuous support for the company throughout its failed listing in Hong Kong and COVID-19 period?**

Company's Response:

The Group will actively pursue new projects to increase revenues, manage the costs and maximise the use of its resources.

Even though F&B and hospitality sectors have been severely affected, there are other market segments that are not or are only marginally affected by the Covid-19. The Company has identified these segments such as the community care centres, nursing homes, central kitchens, army cookhouses and training kitchens, and are diligently working on securing more of these projects. Orders had already streamed in.

By Order of the Board

Chua Chwee Choo

Executive Director and Chief Executive Officer

24 June 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 (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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) 63375115.