



KITCHEN CULTURE HOLDINGS LTD.
(Company Registration No: 201107179D)
(Incorporated in the Republic of Singapore on 25 March 2011)

RESPONSES TO SGX'S QUERIES RECEIVED ON 23 JULY 2020

The Board of Directors (the "**Board**" or "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 22 July 2020 (the "**Announcement**") in relation to the proposed placement of an aggregate of 40,572,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company at an issue price of S\$0.235 per Placement Share (the "**Proposed Placement**"). *Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcement.*

The Company's responses to the queries received from the Singapore Exchange Securities Trading Limited ("**SGX**") on 23 July 2020 are set out below.

Query 1: Paragraphs 2.1 and 2.3(ii) of the Announcement – Please clarify if the Proposed Placement is subject to shareholders' approval in a general meeting or the Company is relying on the General Mandate obtained at the 2020 EGM.

As set out in paragraph 2.1 of the Announcement, the Placement Shares are intended to be issued pursuant to the general share issuance mandate obtained at the extraordinary general meeting of the Company held on 29 June 2020 ("**2020 EGM**").

Query 2: Please provide the basis upon which the 9.62% discount was determined.

The Placement Price, representing a discount of 9.62% to the volume weighted average price of S\$0.260 for trades done on the Shares on 17 July 2020 (being the preceding full market day during which the Shares were traded prior to the signing of the Subscription Agreements), was arrived at taking into consideration the discount applied to the issue price in the last placement exercise in March 2020, current economic situation and investors sentiments.

Query 3: The Company had a few fundraising exercises in the past few months, including:

Period	Fundraising exercise	Proceeds	Use of Proceeds
March 2020	Placement	S\$3.8m	- Repayment of debts - Pursue new business opportunities - General working capital
April to June 2020	Convertible Loan	S\$6.05m	- Working capital requirements for the new medical business (KC Medical)
Now	Proposed Placement	S\$9.5m	- Pursue new business opportunities - General working capital - Repayment of debts

In addition, the Company will convert the debt of S\$4.6 million owed to Executive Chairman, Mr Lim Wee Li, into shares (subject to shareholders' approval in an upcoming extraordinary general meeting of the Company on 27 July 2020). The accumulated loans were used to finance the Group's working capital.

Please provide an updated status report on the use of proceeds for each of the past corporate exercise.

i. Placement Exercise

The Company, on 19 March 2020, allotted and issued 56,273,000 new Shares to such third party subscribers procured by the placement agent, UOB Kay Hian Private Limited, at a placement price of S\$0.068 per Share, under the placement exercise undertaken by the Company which was completed on 19 March 2020 (the "Placement Exercise"). The Company raised net proceeds from the Placement Exercise (after deducting expenses incurred in connection with the Placement Exercise) amounting to S\$3.73 million (the "Placement Net Proceeds"). As at the date of this announcement, the use of Placement Net Proceeds is as follows:

Use of Placement Net Proceeds	Amount allocated (S\$'000)	Amount utilised as at date of this announcement (S\$'000)	Balance as at the date of this announcement (S\$'000)
Repayment of amounts owing to external parties	1,900	1,900	-
Pursue new business opportunities	1,000	-	1,000
General working capital (including meeting general overheads and other operating expenses of the Group, as well as the expenses pertaining to the Placement Exercise)	831	621	210
Total:	3,731	2,521	1,210

The breakdown of the utilisation of Placement Net Proceeds for general working capital is as follows:

	S\$'000
Consultancy fees in connection with the Group's fundraising and marketing strategies	195
Operating expenses (including staff costs and other miscellaneous expenses)	389
Expenses in relation to the Placement Exercise	37
Total	621

The above utilisation of Placement Net Proceeds is in line with the intended use and allocation as set out in the Company's announcements dated 6 March 2020, 16 March 2020, 19 March 2020 and 22 April 2020.

ii. Convertible Loan Agreement dated 3 May 2020

The Company had on 3 May 2020 entered into a Convertible Loan Agreement with various investors (“**CLA**”) pursuant to which such investors agreed to grant an interest-bearing convertible loan of an aggregate amount of S\$6,050,000 (the “**Convertible Loan**”), and the Company agreed to allot and issue an aggregate of up to 46,694,626 new Shares at the conversion price of S\$0.149 per new Share upon the investors’ exercise of their respective conversion rights to convert the Convertible Loan (including interest), in accordance with the terms and conditions of the CLA (the “**Proposed CLA Conversion**”). The Proposed CLA Conversion was approved by Shareholders at the 2020 EGM. Subsequent to the 2020 EGM, the Company had allotted and issued an aggregate of 46,694,626 new Shares to the investors pursuant to such investors’ exercise of their respective rights under the CLA.

The Company raised gross proceeds of up to S\$6,050,000 under the CLA. After deducting estimated expenses (including but not limited to legal expenses), the estimated net proceeds amount to approximately S\$6,020,000 (the “**CLA Net Proceeds**”). The Company intends to use the CLA Net Proceeds for the working capital requirements for KC Medical Supplies Pte. Ltd. (“**KC Medical**”). The breakdown of the utilisation of CLA Net Proceeds as at the date of this announcement is as follows:

	S\$’000
Consultancy fee on potential projects for KC Medical	303
KC Medical’s operating expenses and other miscellaneous expenses	9
Additional expenses in relation to the Proposed CLA Conversion	43
Total	355

iii. Proposed Debt Conversion

The Company has entered into a conditional debt conversion deed dated 2 April 2020 (the “**Debt Conversion Deed**”) with Mr Lim Wee Li (“**LWL**”), in relation to the repayment of the shareholder’s loans extended by LWL to the Company, in whole or in part, by way of conversion into new Shares (the “**Proposed Debt Conversion**”). LWL is the Executive Chairman, Chief Executive Officer and a substantial shareholder of the Company. As at the date of the Debt Conversion Deed, the total outstanding loans extended by LWL to the Company which are interest-free, unsecured and repayable on demand, amounted to an aggregate of S\$4,630,406.33 (the “**Shareholder’s Loans**”). The Shareholder’s Loans were extended by LWL to the Company to fund the working capital requirements of the Group.

As set out in the Company’s announcement dated 2 April 2020 and the circular dated 10 July 2020, the Proposed Debt Conversion will not result in any new cash proceeds for the Company.

Query 4: About 50% of the use of proceeds of the current Proposed Placement will be used to pursue new business opportunities. Please clarify the areas of new business opportunities, whether it is related to the Company’s core kitchen business, or to further finance the KC Medical business or new areas of healthcare and medical supplies solutions, artificial intelligence, machine learning and data science.

As set out in paragraph 5.3 of the Announcement, the Company intends to utilise the Net Proceeds from the Proposed Placement to, *inter alia*, pursue new business opportunities. It was further set out in paragraph 5.1 that for avoidance of doubt, for the new medical supplies business, the Company will first utilise the proceeds from the CLA before using the proceeds from the Proposed Placement and the proceeds from the Proposed Placement shall be prioritise for other new business opportunities when they arise.

The Company currently has not identified specific new business that it will make investment with the Net Proceeds from the Proposed Placement. However, it could potentially utilise such Net Proceeds for artificial intelligence, machine learning and data science business which the Company is currently assessing. The Board is of the opinion that having funds ready for investment will be advantageous to the Company should good projects become available in current economic climate.

Query 5: Will the Company's core business be still in the kitchen systems and furniture business going forward?

As set out in the Company's circular dated 10 July 2020, the Group intends to maintain its focus on its core business, which is in the sale and distribution of premium imported kitchen systems and appliances and household furniture. To this end, the Group will continue to source for suitable opportunities to expand its geographical coverage and its brand and product range to target broader market segments, and enter into acquisitions, joint ventures and/or strategic alliances to grow its existing core business.

While the Company is committed to grow its core business, the Company is simultaneously exploring new areas of opportunities and alternate businesses to increase the revenue streams of the Group. The Group will be seeking shareholders' approval at the extraordinary general meeting to be held on 27 July 2020 for the proposed diversification of business to include the proposed new business comprising the trading of medical and related supplies.

The Company will seek shareholders' approval for the proposed diversification into the new businesses in separate resolutions at general meetings to be held, at an appropriate time. Further announcement(s) will be made as and when appropriate.

By Order of the Board

Lim Wee Li
Executive Chairman and Chief Executive Officer
24 July 2020

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms. Lee Khai Yinn (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.