



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 1 SEPTEMBER 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 announcements dated 20 May 2020, 21 May 2020 and 31 August 2020 (the "**Announcements**") relating to the Company's entry into a non-binding term sheet (the "**Term Sheet**") with Guangdong Fon-neus Environment Protection Technology Inc. (广东丰能环保科技股份有限公司) (the "**Seller**" and together with the Company, the "**Parties**"), in relation to the proposed acquisition by the Company of 40% of the equity interest in Beijing Anxin Health Products Co., Ltd (北京安心卫生用品有限公司) ("**Target Company**") (the "**Proposed Acquisition**"). *Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.*

The Company's responses to the queries received from the Singapore Exchange Securities Trading Limited ("**SGX**") on 1 September 2020 are set out below.

Query 1: Please clarify what are the reasons for the termination.

The Parties entered into the Term Sheet on the basis that the Target Company must achieve the Target Profit as follows:

- (i) at least RMB 10 million net profit after tax for each of the first two financial years; or
- (ii) an accumulation of at least RMB 20 million net profit after tax for the first two financial years,

immediately after the execution of the Framework Agreement, before extraordinary items, as reflected in audited financial statements of the Target Company. In addition, the issue of Consideration Shares would be deferred to such time when the Target Company achieves the Target Profit.

Subsequent to the Parties' entry into the Term Sheet, the business of the Target Company did not pick up as expected, and the Seller was of the view that the Target Company would not be able to meet the Target Profit. Hence, the Parties mutually agreed to let the Term Sheet lapse and to terminate their negotiations in relation to the Proposed Acquisition.

Query 2: On 24 July 2020, we queried on the use of proceeds from the various fund-raising exercises. In response, the Company stated that the proceeds from the Convertible Loan (April to June 2020) and maybe from the proceeds from the July 2020 Placement exercise.

(i) How much proceeds has the Company utilised on the Proposed Acquisition before its termination?

The Company has utilised S\$25,000 from the proceeds from the convertible loan agreement dated 3 May 2020 for legal fees in relation to the Term Sheet.

(ii) Which fund-raising exercise were the proceeds utilised?

Please see the Company's response to query 2(i) above.

(iii) Will there be a change of proceeds from the July Placement and Convertible Loan? If so, please make announcement accordingly.

Presently, the Company is in the process of actively evaluating possible investments/acquisitions in the business comprising the trading of medical and related supplies. Hence, the Company does not envisage any change in the use of proceeds from the Company's placement exercise completed on 12 August 2020 and the convertible loan agreement dated 3 May 2020 (collectively, "**Net Proceeds**"), at present.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full year financial statements and the Company's annual report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation

Query 3: The Company has incorporated KC Medical to undertake the trading of medical and related supplies, as part of its business diversification. With the termination of the Proposed Acquisition, what are the Company's plans for its Medical Supplies Trading Business?

Please see the Company's response to query 2(iii) above. For avoidance of doubt, no definitive agreement has been entered into to-date and further announcement(s) in relation to material development in the Company's medical supplies trading business will be made as and when appropriate.

By Order of the Board

Lim Wee Li
Executive Chairman and Chief Executive Officer
1 September 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.*

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