



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

(Incorporated in the Republic of Singapore on 25 March 2011)

PROPOSED PLACEMENT OF UP TO 57,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT A PLACEMENT PRICE OF S\$0.068 PER SHARE

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 6 March 2020 entered into a placement agreement (the "**Placement Agreement**") with UOB Kay Hian Private Limited as placement agent (the "**Placement Agent**"). Pursuant to the Placement Agreement, the Company has agreed to allot and issue up to 57,000,000 new ordinary shares in the capital of the Company (the "**Shares**") (the "**Placement Shares**") at a placement price of S\$0.068 (the "**Placement Price**") for each Placement Share, and the Placement Agent has agreed to procure the subscription and payment for the Placement Shares at the Placement Price for each Placement Share on a best endeavours basis (the "**Proposed Placement**").

Assuming that the Proposed Placement is fully subscribed, the Company expects to raise gross proceeds of S\$3,876,000. A placement commission of 2.5% of the Placement Price for each Placement Share subscribed, is payable by the Company to the Placement Agent pursuant to the Placement Agreement. No part of the commission will be shared with any placee. The Proposed Placement is non-underwritten.

2. THE PROPOSED PLACEMENT

2.1 The Placement Shares

The Placement Shares will be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 29 November 2019 (the "**General Mandate**") which, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and subject to Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**"), authorises the Directors to allot and issue new Shares not exceeding 100.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time the General Mandate was passed, of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company shall not exceed 50.0% (excluding treasury shares and subsidiary holdings).

The number of issued Shares (excluding treasury shares and subsidiary holdings) at the time the General Mandate was passed was 118,477,000 Shares. Accordingly, the maximum number of Shares that can be issued pursuant to the General Mandate on a *pro-rata* basis is

118,477,000 Shares, of which the maximum number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company is 59,238,500 Shares.

The Company, on 22 January 2020, allotted and issued 2,000,000 Shares in relation to the conversion of loans amounting to S\$150,000 extended by a lender to the Company. As such, the maximum number of remaining Shares that may be issued pursuant to the General Mandate other than on a *pro-rata* basis shall not exceed 57,238,500 Shares.

Assuming that the Proposed Placement is fully subscribed, the Placement Shares will represent approximately 47.3% of the Company's existing issued and paid up share capital of 120,477,000 Shares as at the date of this announcement. Upon completion of the Proposed Placement and assuming that the Proposed Placement is fully subscribed and there is no change to the number of shares in the Company's existing issued and paid up share capital, the issued and paid up share capital of the Company will increase to 177,477,000 Shares and the Placement Shares will represent approximately 32.1% of the Company's enlarged issued and paid up share capital.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with 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 issue date.

The Placement Shares (i) will not be placed to persons within the categories as set out in Rule 812(1) of the Catalist Rules and (ii) will not be issued if such issuance would result in a transfer of controlling interest in the Company.

2.2 The Placement Price

The Placement Price of S\$0.068 for each Placement Share was arrived at pursuant to discussions with the Placement Agent, taking into account, among others, the prevailing market price of the Shares, and represents a discount of approximately 9.3% to the volume weighted average price of S\$0.075 for trades done on the Shares on Catalist on 4 March 2020, being the last full market day prior to the signing of the Placement Agreement. The Company had effected a trading halt of the Shares after trading hours on 4 March 2020.

2.3 Conditions Precedent

The Proposed Placement is conditional upon, *inter alia*:

- (i) approval for listing and quotation of the Placement Shares on 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 SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (ii) the exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**") being applicable to the Proposed Placement;
- (iii) 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 Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any jurisdiction which is applicable to the Company or the Placement Agent;
- (iv) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change which is or is reasonably likely to be materially adverse in the context of the

Proposed Placement or is reasonably likely to prejudice materially the success of the Proposed Placement or dealings in the Placement Shares in the secondary market;

- (v) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all material respects as at the Completion Date (as defined below) and the Company having performed all of its obligations under the Placement Agreement on or before the Completion Date, and
- (vi) the Placement Agent having received the subscription monies from the subscribers of the Placement Shares in full.

There will not be any prospectus or offer information statement issued in connection with the Proposed Placement as the Proposed Placement will be made by way of a private placement in accordance with Section 272B(1) of the SFA.

If any of the conditions set out in the Placement Agreement has not been satisfied or otherwise waived on or before the date falling four (4) weeks after the date of the Placement Agreement or such other date as the parties may mutually agree, the Placement Agreement shall terminate and shall be of no further effect and no party thereto shall be under any liability to the other in respect of the Placement Agreement.

2.4 **Completion**

The Company's Sponsor, SAC Capital Private Limited, will be submitting an application on behalf of the Company to the SGX-ST for the listing of and quotation for the Placement Shares on Catalist. The Company will make the necessary announcements once the listing and quotation notice (the "LQN") for the listing of and quotation for the Placement Shares is obtained from SGX-ST.

Completion of the Proposed Placement will occur within three (3) business days after the Company's receipt of the LQN from the SGX-ST or such other date as the Company and the Placement Agent may agree (the "Completion Date").

2.5 **Other Salient Terms**

Under the Placement Agreement, the Company further agrees that, save for the Placement Shares to be allotted and issued pursuant to the Placement Agreement and any shares to be issued pursuant to the conversion of any part of the outstanding shareholder's loan extended by the Executive Chairman and Chief Executive Officer, Mr Lim Wee Li, to the Company at such issue price to be mutually agreed between the Company and Mr Lim Wee Li, from the date of the Placement Agreement and up to six (6) months (180 days) from the Completion Date, it will not:

- (i) issue any marketable securities or shares or options thereof or declare or distribute any dividend or vary, alter, subdivide or otherwise do anything to its capital structure, without the prior approval of the Placement Agent;
- (ii) agree to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above or any transaction which is reasonably likely to result in and involve any such transaction described in (i) or (ii) above.

3. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

Based on the unaudited financial results of the Group for the half year ended 31 December 2019, the Group is in a net current liabilities position of S\$5.6 million and a net liabilities position of S\$6.8 million. The Directors are of the view that the Proposed Placement is beneficial for the Group as it will allow the Group to strengthen its financial position, improve the Group's cash flow and increase resources and working capital available to the Group to pursue new business opportunities, as part of the management's strategy for long-term business growth.

Assuming that the Proposed Placement is fully subscribed, the estimated net proceeds from the Proposed Placement (after deducting the placement commission pertaining to the Proposed Placement of approximately S\$96,900 to be borne by the Company and excluding the other professional and listing expenses pertaining to the Proposed Placement) will be approximately S\$3,779,100 (the "**Net Proceeds**"). The other professional and listing expenses to be incurred in relation to the Proposed Placement have not been taken into account as these costs are deemed immaterial to the Net Proceeds and will be paid out as part of the Group's general working capital.

The Company intends to allocate the Net Proceeds as follows:

- (1) S\$1.9 million towards the repayment of loans and borrowings;
- (2) S\$1.0 million for pursuing new business opportunities; and
- (3) The balance of approximately S\$0.9 million to meet the Group's anticipated general working capital requirement for the purpose of meeting general overheads and other operating expenses of the Group, as well as the expenses pertaining to the Proposed Placement.

Use of Net Proceeds	Amount (S\$'000)	Percentage Allocation (%)
Repayment of amounts owing to external parties	1,900	50.3
Pursue new business opportunities	1,000	26.5
General working capital (including meeting general overheads and other operating expenses of the Group, as well as the expenses pertaining to the Proposed Placement)	879	23.2
Total	3,779	100.0

Pending the deployment of the Net Proceeds, the Company may place the Net Proceeds from the Proposed Placement with banks and/or financial institutions or use the Net Proceeds for any other purposes on a short-term basis, as the Directors may deem fit in the interests of the Group.

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 the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net

Proceeds have been applied in the announcements and the 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.

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The tables illustrating the financial effects of the Proposed Placement, assuming that the Proposed Placement is fully subscribed, on (i) the net tangible liabilities (“**NTL**”) per Share of Group (assuming the Proposed Placement had been completed at the end of that financial year); and (ii) the loss per Share (“**LPS**”) of the Group (assuming that the Proposed Placement had been completed at the beginning of that financial year) based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2019 (“**FY2019**”) are set out below.

For the avoidance of doubt, these financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 July 2019. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed Placement.

4.1 NTL of the Group

Assuming the Proposed Placement had been completed on 30 June 2019, the financial effects on the NTL per Share of the Group as at 30 June 2019 are as follows:

	Before the Proposed Placement	After the Proposed Placement
NTL attributable to equity holders of the Company (S\$)	(4,926,316)	(1,147,216)
Number of Shares	118,477,000	175,477,000
Effect of the Proposed Placement on the NTL per Share (S\$ cents)	(4.16)	(0.65)

4.2 LPS of the Group

Assuming the Proposed Placement had been completed on 1 July 2018, the financial effect on the LPS of the Group for FY2019 are as follows:

	Before the Proposed Placement	After the Proposed Placement
Net loss attributable to equity holders of the Company (S\$)	(3,874,348)	(3,874,348)
Weighted average number of shares	118,477,000	175,477,000
Effect of the Proposed Placement on the LPS (S\$ cents)	(3.27)	(2.21)

4.3 Gearing of the Group

Assuming the Proposed Placement had been completed on 30 June 2019, for illustrative purposes only, the effect of the Proposed Placement on the gearing of the Group as at 30 June 2019 is as follows:

	Before the Proposed Placement	After the Proposed Placement
Total borrowings ⁽¹⁾	6,572,995	4,672,995
Net borrowings ⁽²⁾	6,239,318	2,460,218
Total liabilities and equity	13,785,898	17,564,998
Gearing ⁽³⁾	0.48	0.27
Net gearing ⁽⁴⁾	0.45	0.14

Notes:

- (1) Total borrowings is a summation of borrowings from financial and non-financial institutions, finance lease liabilities and loan from a director and a shareholder of a subsidiary (including the Shareholder's Loans) as at 30 June 2019.
- (2) Net borrowings is total borrowings less cash and cash equivalents.
- (3) Gearing is computed using total borrowings divided by total liabilities and equity.
- (4) Net gearing is computed using net borrowings divided by total liabilities and equity.

5. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that:

- (i) after taking into consideration the financial support from one of the controlling shareholders of the Company, the written commitments from certain lenders not to demand payment for the next 12 months and the operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements; and
- (ii) after taking into consideration the financial support from one of the controlling shareholders of the Company, the written commitments from certain lenders not to demand payment for the next 12 months, the operating cash flows of the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the above, the Directors are of the view that the Proposed Placement is beneficial for the Group for such reasons as set out in section 3 of this announcement.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Placement, other than through their respective shareholdings (if any) in the Company.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection at the Company's registered office at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 during normal business hours for three (3) months from the date of this announcement.

8. 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, the Company and its subsidiaries, 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 the announcement in its proper form and context.

9. GENERAL

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers.

Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Lim Wee Li
Executive Chairman and Chief Executive Officer
6 March 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.