



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

**ENTRY INTO NON-BINDING TERM SHEET
IN RELATION TO A CONVERTIBLE LOAN AGREEMENT**

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 27 April 2020 entered into a non-binding term sheet (the "**Term Sheet**") with various investors (the "**Investors**" and together with the Company, the "**Parties**"), pursuant to which, the Investors have agreed to grant an interest-bearing convertible loan for the amount of S\$6,050,000 (the "**Convertible Loan Amount**") to the Company (the "**Convertible Loan**"). The Convertible Loan together with the interest payable on the Convertible Loan ("**Interest**"), is convertible into a maximum of 46,694,626 new ordinary shares ("**Shares**") in the issued and paid-up capital of the Company (the "**Conversion Shares**"), fractional entitlements to be disregarded, in accordance of the terms of the Term Sheet.

The conversion price ("**Conversion Price**") of S\$0.149 per Conversion Share for the conversion of the Convertible Loan and Interest was arrived at after taking into consideration, *inter alia*, the prevailing market conditions, the recent share prices of the Company and future plans of the Group. The Conversion Price represents a premium of approximately 5% of the weighted average price of S\$0.1415 per Share for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 24 April 2020, being the last full market day where Shares were traded before the date of the Term Sheet and prior to the trading halt requested by the Company with effect from 9.00 a.m. on 27 April 2020.

The Term Sheet is valid for a period of one (1) month and the Convertible Loan is subject to the negotiation and execution of the convertible loan agreement in the form and substance acceptable to the Parties. The Board also wishes to highlight to the shareholders of the Company that there is no assurance that the definitive convertible loan agreement will be entered into or completed.

2. PRINCIPAL TERMS OF THE TERM SHEET

The principal terms of the Term Sheet are summarised as follow:

Conversion Right	<p>(1) Subject to a minimum conversion of 500,000 Conversion Shares per conversion, each Investor has, at his sole discretion, the right to convert the full sum of the Convertible Loan Amount (together with Interest), or any part thereof that is outstanding at the Conversion Price after all the relevant approvals for the issuance and allotment of the Conversion Shares are obtained by the Company (on terms and conditions acceptable to the Company) at the Conversion Price.</p> <p>(2) The number of Conversion Shares shall be determined by dividing the (a) aggregate amount of the Convertible Loan Amount outstanding on the Maturity Date and Interest by (b) the Conversion Price. For the avoidance of doubt, Interest shall be equivalent to the sum of 15% of the Convertible Loan Amount regardless of the date of conversion.</p>
Interest	<p>The sum equivalent to 15% of the Convertible Loan Amount, payable on Maturity Date.</p> <p>Interest is payable on Maturity Date unless already converted into Conversion Shares in accordance to terms set out under "Conversion Shares" above.</p>
Drawdown	4 May 2020 (or such other date as parties may agree upon).
Maturity Date	18 months from Drawdown.
Redemption	<p>In full upon Maturity Date.</p> <p>Unless the Convertible Loan has been repaid or converted into Conversion Shares, the outstanding principal and any unpaid Interest on the Convertible Loan Amount will be due and payable on the Maturity Date.</p>
Voluntary Redemption	Voluntary redemption by the Company of the Convertible Loan is not allowed.

Conditions Precedent	<p>The grant of Convertible Loan shall be conditional upon the satisfaction of the following:</p> <ol style="list-style-type: none"> <li data-bbox="485 315 1374 584">(1) The Company having received approval from its shareholders at an extraordinary general meeting to be convened in respect of the issuance and allotment of the Conversion Shares and the same not being revoked or amended, and where such approval is subject to conditions, such conditions being acceptable to the Company and to the extent that any conditions to such approval are to be fulfilled on or before issuance and allotment of the Conversion Shares, they are so fulfilled to the satisfaction of the SGX-ST or so waived by the SGX-ST; <li data-bbox="485 622 1374 741">(2) the issuance, allotment and conversion of the Conversion Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the convertible loan agreement by any applicable law, legislative executive or regulatory body or authority of Singapore; and <li data-bbox="485 779 1374 808">(3) receipt of all other required regulatory approvals or consents.
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3. RATIONALE AND USE OF PROCEEDS

The Convertible Loan will allow the Group to raise gross proceeds of up to S\$6,050,000. After deducting estimated expenses (including but not limited to legal expenses), the estimated net proceeds from the Convertible Loan will amount to approximately S\$6,020,000 ("**Net Proceeds**"). The other professional and listing expenses to be incurred in relation to the Convertible Loan have not been taken into account as these costs are deemed immaterial to the Convertible Loan Amount and will be paid out as part of the Group's general working capital.

In accordance with Rule 810(1)(a)(iii) of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST ("**Catalist Rules**"), the Company intends to use the proceeds for the working capital requirements for KC Medical Supplies Pte. Ltd. ("**KC Medical**").

As part of the strategic business review conducted by the Group announced on 31 March 2020, and with reference to the announcement dated 23 April 2020 in connection with the incorporation of a wholly-owned subsidiary, KC Medical, the Company intends to use the Net Proceeds for the working capital requirements of this subsidiary. The principal activity of KC Medical is to undertake the trading of medical and related supplies, which is a step towards exploring new areas of business opportunities.

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 Convertible Loan is beneficial for the Group as it will allow the Group to strengthen its financial position (if converted), improve the Group's cash flow and increase working capital available to the Group to fund the anticipated working capital requirements of KC Medical, which would exceed the proceeds available from the recent placement completed on 19 March 2020. For the avoidance of doubt, no agreement in respect of KC Medical has been reached and there can be no assurance that an agreement will be entered into or completed.

Pending the deployment of the Net Proceeds, the Company may place the Net Proceeds from the Convertible Loan 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 they are materially disbursed and provide a status report on the use of the net proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report and whether such a use is in accordance with the stated use and in accordance with the stated percentage allocated. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied. Where there is any material deviation from the stated use of proceeds, the Company will make the necessary announcement for the reasons for such deviation.

4. THE INVESTORS

Shareholders should note that the information relating to the Investors in this paragraph and elsewhere in this announcement were provided by the Investors. The Company and the Directors have not independently verified the accuracy and correctness of such information.

The list of Investors, together with their respective Convertible Loan Amounts are set out in the table below. Where the Investor is a substantial shareholder of the Company (if applicable), specific shareholder approval will be sought at the extraordinary general meeting to be convened pursuant to Rule 812(1) of the Catalist Rules.

No.	Investor	Convertible Loan Amount (S\$)	Maximum Number of Conversion Shares ⁽¹⁾	Conversion Shares as a Percentage of Enlarged Capital ⁽²⁾
1	Chan Hiang Ngee	1,050,000	8,104,026	3.63%
2	Qiu Mian	500,000	3,859,060	1.73%
3	Wong Hong Eng	900,000	6,946,308	3.11%
4	Dennis Lee Tuck Wing	700,000	5,402,684	2.42%
5	Tan Kee Tuan	500,000	3,859,060	1.73%
6	Chee Tuck Hong	500,000	3,859,060	1.73%
7	Yang Xianzheng	500,000	3,859,060	1.73%
8	Pamela Rachel Kwan Ka Foong	500,000	3,859,060	1.73%
9	Ken Tan Khim Seng	300,000	2,315,436	1.04%
10	Tan Koon	300,000	2,315,436	1.04%
11	Fang Pengchong	300,000	2,315,436	1.04%
	Total	6,050,000	46,694,626	20.90%

Notes:

- (1) The maximum number of Conversion Shares to be issued pursuant to the Convertible Loan is calculated assuming full conversion of the Convertible Loan Amount and Interest.
- (2) Based on the maximum number of 46,694,626 Conversion Shares, the enlarged share capital will consist of 223,444,626 Shares.

Save for the Investors in the table below, the Investors do not hold any Shares as at the date of this announcement.

No.	Investor	Existing Shareholding ⁽¹⁾⁽³⁾	New Shareholding ⁽²⁾⁽³⁾
1	Chan Hiang Ngee	2.94%	5.95%
2	Wong Hong Eng	1.12%	3.99%
3	Tan Kee Tuan	1.58%	2.98%
4	Chee Tuck Hong	11.32%	10.68%
5	Tan Koon	1.65%	2.34%
6	Fang Pengchong	6.21%	5.95%

Notes:

- (1) Based on existing share capital consisting of 176,750,000 Shares.
(2) Based on the maximum number of 46,694,626 Conversion Shares, the enlarged share capital will consist of 223,444,626 Shares.
(3) Including both direct and deemed interests.

Accordingly, assuming full conversion of the Convertible Loan Amount and Interest and no change in the share capital of the Company from the date of this announcement up to the date of issuance of Conversion Shares, upon the issue of Conversion Shares, Chan Hiang Ngee will become a new substantial shareholder of the Company, and Chee Tuck Hong and Fang Pengchong, existing substantial shareholders of the Company, will continue to be substantial shareholders of the Company. The relevant disclosure of interest as required by the Securities and Futures Act of Singapore will be made, wherever necessary, in due course. Accordingly, the Company will be seeking specific shareholders' approval pursuant to Rule 812(1) of the Catalist Rules for the issue of Convertible Shares to Chee Tuck Hong and Fang Pengchong and each of Chee Tuck Hong and Fang Pengchong and his associates shall abstain from voting on the resolution approving the issue of Convertible Shares.

Details of the Investors are set out below:

No.	Investor	Background of Investor
1	Chan Hiang Ngee	Chan Hiang Ngee is a private investor.
2	Qiu Mian	Qiu Mian is a businessman.
3	Wong Hong Eng	Wong Hong Eng is a forex trading professional.
4	Dennis Lee Tuck Wing	Dennis Lee Tuck Wing is a private investor.
5	Tan Kee Tuan	Tan Kee Tuan is a businessman.
6	Chee Tuck Hong	Chee Tuck Hong is a Private Investor. He is also currently a substantial shareholder of the Company.
7	Yang Xianzheng	Yang Xianzheng is a private investor.
8	Pamela Rachel Kwan Ka Foong	Pamela Rachel Kwan Ka Foong is a private investor.
9	Ken Tan Khim Seng	Ken Tan Khim Seng is a public accountant.
10	Tan Koon	Tan Koon is a businessman.

No.	Investor	Background of Investor
11	Fang Pengchong	Fang Pengchong is a private investor. He is also currently a substantial shareholder of the Company.

The Investors are acquaintances of the Company and Chan Hiang Ngee, Wong Hong Eng, Tan Kee Tuan, Chee Tuck Hong, Tan Koon and Fang Pengchong are existing shareholders of the Company. The Company confirms that the Convertible Loan will not result in any material conflict of interest as there are no other relationships between the Investors and the Company save as set out above. Each Investor has entered into the Term Sheet purely for investment purposes only, and has no intention of influencing the management of, or exercising control over, the Company. Save as disclosed above, to the best of knowledge of the Directors, the Group, its Directors and substantial shareholders do not have any connection (including business relationship) with the Investors.

Save as disclosed above, none of the Investors fall within any of the categories as set out in Rule 812(1) of the Catalist Rules. The Conversion Shares will not be issued to the Investors if such issuance would result in a transfer of controlling interest in the Company which is prohibited under Rule 803 of the Catalist Rules unless prior approval of shareholders is obtained.

5. STATUS OF CONVERSION SHARES, CIRCULAR AND EGM

The Company will be convening an extraordinary general meeting (“**EGM**”) to seek the approval of the shareholders (“**Shareholders**”) of the Company for the allotment and issue of the Conversion Shares pursuant to the Convertible Loan, as well as for the proposed issue of Conversion Shares to existing substantial shareholders pursuant to Rule 812(1) of the Catalist Rules. A circular containing, *inter alia*, the notice of the EGM and details of the Convertible Loan will be despatched to the Shareholders in due course.

The Company will keep Shareholders updated on any material developments in relation to the Convertible Loan, *inter alia*, the signing of the convertible loan agreement relating to the Convertible Loan and the despatch of the circular, by way of announcements as and when appropriate. No listing is sought for the Convertible Loan. Financial effects of the Convertible Loan will be set out in the announcement to be made by the Company at the time the convertible loan agreement relating to the Convertible Loan will be signed.

The Conversion Shares to be allotted and issued to the Investors represent approximately 26.42% of the existing share capital of 176,750,000 Shares, and approximately 20.90% of the enlarged share capital of 223,444,626 Shares after the allotment and issue of the Conversion Shares. The Company has no existing warrants or other outstanding convertibles saved as announced via SGXNET on 2 April 2020 in relation to the proposed debt conversion with Mr. Lim Wee Li, Executive Chairman of the Company.

The Conversion Shares will, when allotted and issued, be credited as fully-paid Shares free from any and all encumbrances and rank *pari passu* in all respects with and carry all rights similar to the existing issued 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 date of issue of the Conversion Shares.

The Company will be making an application, through its sponsor, SAC Capital Private Limited (the “**Sponsor**”), to the SGX-ST for the listing and quotation of the Conversion Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcement upon receipt of the approval from the SGX-ST for the listing and quotation of the Conversion Shares.

6. DIRECTORS' CONFIRMATION

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, the recent placement completed on 19 March 2020 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 recent placement completed on 19 March 2020, 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 Convertible Loan is beneficial for the Group for such reasons as set out in Section 4 of this announcement.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Convertible Loan will be undertaken by way of offer made to accredited investors in accordance with Section 275 of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Convertible Loan.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Convertible Loan other than through their respective directorships and/or shareholdings in the Company.

9. DOCUMENT AVAILABLE FOR INSPECTION

The Term Sheet is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 for a period of three (3) months from the date of this announcement.

10. 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 Convertible Loan, 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 this announcement in its proper form and context.

11. TRADING CAUTION

Shareholders and potential investors should note that the Convertible Loan is subject to the fulfilment of, *inter alia*, the conditions set out above, including the Company and the Investors entering into definitive agreements, and the Company obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the shares of the Company.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By order of the Board

Lim Wee Li

Executive Chairman and Chief Executive Officer

29 April 2020

This announcement has been reviewed by the Sponsor. It has not been examined or approved by SGX-ST, and 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