

CIRCULAR DATED 10 JULY 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Kitchen Culture Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee.

This Circular 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 Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. 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.



kitchen
culture

KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- A. PROPOSED CONVERSION OF THE SHAREHOLDER’S LOANS INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.070 PER SHARE (“PROPOSED DEBT CONVERSION”);**
- B. PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LIM WEE LI PURSUANT TO THE PROPOSED DEBT CONVERSION IN ACCORDANCE WITH RULE 803 OF THE CATALIST RULES;**
- C. PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LIM WEE LI FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT ALREADY OWNED, ACQUIRED OR AGREED TO BE ACQUIRED BY MR LIM WEE LI, AS A RESULT OF THE PROPOSED DEBT CONVERSION; AND**
- D. PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE PROPOSED NEW BUSINESS.**

**Independent Financial Adviser to the Independent Directors
in relation to the Proposed Whitewash Resolution**



XANDAR
CAPITAL

Xandar Capital Pte. Ltd.

(Company Registration No. 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 July 2020 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	27 July 2020 at 10.00 a.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- "2 April 2020 Announcement"* : The Company's announcement dated 2 April 2020 in relation to the Proposed Debt Conversion
- "ASEAN"* : Association of Southeast Asian Nations
- "associate"* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more,
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- "Audit Committee"* : The audit committee of the Company, comprising Mr William Teo Choon Kow, Mr Kesavan Nair, Mr Chua Siong Kiat and Mr Lau Kay Heng
- "Board"* : The board of Directors of the Company as at the Latest Practicable Date
- "Catalist"* : The sponsor-supervised listing platform of the SGX-ST
- "Catalist Rules"* : The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
- "CDP"* : The Central Depository (Pte) Limited
- "Circular"* : This circular to Shareholders dated 10 July 2020
- "CLA"* : The convertible loan agreement dated 3 May 2020 entered into between the Company and various investors
- "CLA Conversion"* : The conversion of the entire convertible loan (including interest) under the CLA, pursuant to which the Company would allot and issue an aggregate of up to 46,694,626 new Shares, on the terms and conditions of the CLA. Further details on the CLA and the CLA Conversion are set out in the Company's circular dated 13 June 2020
- "Companies Act"* : The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

<i>“Company”</i>	:	Kitchen Culture Holdings Ltd.
<i>“Completion”</i>	:	Completion of the Proposed Debt Conversion
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	:	A person (including a corporation) who: (a) (unless otherwise determined by the SGX-ST) holds directly or indirectly 15% or more of the nominal amount of all voting Shares; or (b) in fact exercises Control over the Company
<i>“Debt Conversion Deed”</i>	:	The conditional debt conversion deed entered into between the Company and LWL dated 2 April 2020 in relation to the Proposed Debt Conversion
<i>“Debt Conversion Share(s)”</i>	:	New Share(s) in the capital of the Company to be allotted and issued at the Issue Price to LWL in repayment of the Shareholder’s Loans extended by LWL, in whole or in part
<i>“Directors”</i>	:	The directors of the Company as at the Latest Practicable Date
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be held on 27 July 2020, notice of which is set out on pages 62 to 66 of this Circular
<i>“FY”</i>	:	Financial year of the Company ended or ending 30 June (as the case may be)
<i>“Group”</i>	:	The Company and its subsidiaries, collectively
<i>“HY”</i>	:	6-month financial period of the Company ended or ending 31 December (as the case may be)
<i>“IFA”</i>	:	Xandar Capital Pte. Ltd., being the independent financial adviser to the Independent Directors in respect of the Proposed Whitewash Resolution
<i>“IFA Letter”</i>	:	The letter dated 10 July 2020 from the IFA to the Independent Directors in respect of the Proposed Whitewash Resolution
<i>“Independent Directors”</i>	:	Mr Loy Soo Toon, Mr William Teo Choon Kow, Mr Kesavan Nair, Mr Chua Siong Kiat and Mr Lau Kay Heng, who are considered independent in relation to the Proposed Debt Conversion and the Proposed Whitewash Resolution
<i>“Independent Shareholders”</i>	:	Shareholders other than LWL and his concert parties (if any) and parties not independent of LWL for the purposes of the Proposed Whitewash Resolution
<i>“Issue Price”</i>	:	S\$0.070 per Debt Conversion Share
<i>“KC Medical”</i>	:	KC Medical Supplies Pte. Ltd.

DEFINITIONS

<i>“Latest Practicable Date”</i>	:	30 June 2020, being the latest practicable date prior to the printing of this Circular
<i>“LPS”</i>	:	Loss per Share
<i>“LWL”</i>	:	Mr Lim Wee Li, the Executive Chairman and Chief Executive Officer of the Company and a Substantial Shareholder
<i>“Notice of EGM”</i>	:	The notice of EGM set out on pages 62 to 66 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“NTL”</i>	:	Net tangible liabilities
<i>“Ordinary Resolutions”</i>	:	The ordinary resolutions to be passed by a simple majority of the Shareholders voting by proxy at the EGM to be convened for Shareholders to consider and approve the Proposed Transactions
<i>“Placement Exercise”</i>	:	The placement exercise undertaken by the Company, under which the Company allotted and issued 56,273,000 new Shares to third party subscribers procured by the placement agent, further details of which are set out in the Company’s announcements dated 6 March 2020, 16 March 2020 and 19 March 2020
<i>“PRC”</i>	:	People’s Republic of China
<i>“Proposed Acquisition”</i>	:	Has the meaning ascribed to it in paragraph 11.1 of this Circular
<i>“Proposed Debt Conversion”</i>	:	The proposed repayment of the Shareholder’s Loans, in whole or in part, by the Company to LWL, by way of the allotment and issue of the Debt Conversion Shares to LWL
<i>“Proposed Diversification”</i>	:	The diversification of the Group’s business to include the Proposed New Business
<i>“Proposed New Business”</i>	:	The business comprising the trading of medical and related supplies, which includes activities such as sourcing, manufacturing, formulating, branding, selling, distribution, wholesale and/or retail of medical, healthcare and related supplies, more particularly described in paragraph 11 of this Circular
<i>“Proposed Transfer of Controlling Interest”</i>	:	The proposed transfer of controlling interest to LWL upon the issue and allotment of the Debt Conversion Shares pursuant to the Proposed Debt Conversion
<i>“Proposed Whitewash Resolution”</i>	:	The proposed whitewash resolution for the waiver of the rights of the Independent Shareholders to receive a mandatory general offer from LWL for the remaining issued and paid-up Shares not already owned, acquired or agreed to be acquired by LWL, as a result of the Proposed Debt Conversion
<i>“Proposed Transactions”</i>	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
<i>“Proxy Form”</i>	:	The proxy form attached to this Circular

DEFINITIONS

<i>“Repayment Amount”</i>	:	The partial amount of S\$2,660,000 of the Shareholder’s Loans to be converted under Scenario 2 of the Proposed Debt Conversion
<i>“Scenario 1”</i>	:	The conversion of the entire Shareholder’s Loans into 66,148,657 Debt Conversion Shares to be issued to LWL, at the Issue Price, fractional entitlements to be disregarded, subject to, <i>inter alia</i> , the Whitewash Waiver being granted by the SIC, and subject to any conditions that the SIC may impose which are reasonably acceptable to LWL, including the Shareholders’ approval to the Proposed Whitewash Resolution
<i>“Scenario 2”</i>	:	The conversion of the Repayment Amount into 38,000,000 Debt Conversion Shares to be issued to LWL, at the Issue Price, fractional entitlements to be disregarded, in the event that the Whitewash Waiver is not granted by the SIC and/or the non-fulfilment of any condition as may be imposed by the SIC thereon, including the Shareholders’ approval to the Proposed Whitewash Resolution
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
<i>“Seller”</i>	:	Guangdong Fon-neus Environment Protection Technology Inc. (广东丰能环保科技股份有限公司)
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of the Company
<i>“Share Capital”</i>	:	The issued and paid-up share capital of the Company
<i>“Shareholder’s Loans”</i>	:	The total outstanding loans extended by LWL to the Company, which are interest-free, unsecured and repayable on demand, and amounting to S\$4,630,406.33 as at the Latest Practicable Date
<i>“Shareholders”</i>	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“SIC”</i>	:	Securities Industry Council
<i>“Sponsor”</i>	:	SAC Capital Private Limited
<i>“Substantial Shareholder”</i>	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares
<i>“Takeover Code”</i>	:	The Singapore Code on Take-overs and Mergers, as may be amended, modified, or supplemented from time to time

DEFINITIONS

- “*Target*” : Beijing Anxin Health Products Co., Ltd (北京安心卫生用品有限公司)
- “*Term Sheet*” : Has the meaning ascribed to it in paragraph 11.1 of this Circular
- “*Whitewash Waiver*” : The whitewash waiver granted by the SIC to LWL, waiving LWL’s obligation to make a mandatory general offer for the issued and paid-up Shares under Rule 14 of the Takeover Code if LWL’s, and his concert parties’, voting rights in the Company will increase to 30% or more based on the enlarged Share Capital due to the Proposed Debt Conversion, subject to the terms and conditions set out in paragraph 8 of this Circular

Currencies, Units and Others

- “%” : Per centum or percentage
- “S\$” or “cents” : Singapore dollars and cents, respectively

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

Board of Directors

Lim Wee Li (Executive Chairman and Chief Executive Officer)
Loy Soo Toon (Executive Director, Business Development)
William Teo Choon Kow (Lead Independent Director)
Kesavan Nair (Independent Director)
Chua Siong Kiat (Independent Director)
Lau Kay Heng (Independent Director)

Registered Office

2 Leng Kee Road,
#01-08 Thye Hong Centre,
Singapore 159086

10 July 2020

To: The Shareholders of Kitchen Culture Holdings Ltd.

Dear Sir/Madam

- A. **PROPOSED CONVERSION OF THE SHAREHOLDER'S LOANS INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.070 PER SHARE ("PROPOSED DEBT CONVERSION");**
- B. **PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR LIM WEE LI PURSUANT TO THE PROPOSED DEBT CONVERSION IN ACCORDANCE WITH RULE 803 OF THE CATALIST RULES;**
- C. **PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LIM WEE LI FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT ALREADY OWNED, ACQUIRED OR AGREED TO BE ACQUIRED BY MR LIM WEE LI, AS A RESULT OF THE PROPOSED DEBT CONVERSION; AND**
- D. **PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE PROPOSED NEW BUSINESS.**

1. INTRODUCTION

- 1.1 The Directors are convening an EGM to be held on Monday, 27 July 2020 at 10.00 a.m. to seek the approval of Shareholders for the following proposals:
 - (i) Proposed Debt Conversion;
 - (ii) Proposed Transfer of Controlling Interest;
 - (iii) Proposed Whitewash Resolution; and
 - (iv) Proposed Diversification,(collectively, the "**Proposed Transactions**").
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, and the rationale thereof, and to seek Shareholders' approval at the EGM for the Ordinary Resolutions in respect of the Proposed Transactions respectively as set out in the Notice of EGM.
- 1.3 Shareholders should note that the approval of Ordinary Resolution 1 relating to the Proposed Debt Conversion and Ordinary Resolution 2 relating to the Proposed Transfer of Controlling Interest are inter-conditional. As such, if either of Ordinary Resolutions 1 or 2 are not carried, both Ordinary Resolutions 1 and 2 will not be carried.

LETTER TO SHAREHOLDERS

Further, Shareholders should also note that the passing of Ordinary Resolution 3 relating to the Proposed Whitewash Resolution is contingent upon the Shareholders' approval to the Ordinary Resolutions 1 and 2 having been obtained. In the event that Ordinary Resolutions 1 and 2 are not passed, the Ordinary Resolution 3 relating to the Proposed Whitewash Resolution would not be effective, whether or not Ordinary Resolution 3 is passed at the EGM.

For the avoidance of doubt, the Ordinary Resolution 4 is not inter-conditional upon either of Ordinary Resolutions 1, 2 or 3.

- 1.4 The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular. If a Shareholder is in any doubt as to the course of action he should take, he should consult his bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser(s) immediately.

2. PROPOSED DEBT CONVERSION

2.1 Background

On 2 April 2020, the Company announced that it had, on the same day, entered into the Debt Conversion Deed with Mr Lim Wee Li ("**LWL**") in relation to the Proposed Debt Conversion. LWL is the Executive Chairman and Chief Executive Officer of the Company and a Substantial Shareholder, holding 14.81% of the total number of issued and paid-up Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the total outstanding loans extended by LWL to the Company which are interest-free, unsecured and repayable on demand, amounts 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.

Pursuant to the Debt Conversion Deed, LWL has agreed to the repayment of the Shareholder's Loans in whole or in part, by way of conversion into the Debt Conversion Shares, as follows:

- (i) the conversion of the entire Shareholder's Loans into 66,148,657 Debt Conversion Shares to be issued to LWL, at the Issue Price, fractional entitlements to be disregarded, subject to, *inter alia*, the Whitewash Waiver, and subject to any conditions that the SIC may impose which are reasonably acceptable to LWL, including the Independent Shareholders' approval to the Proposed Whitewash Resolution ("**Scenario 1**"); or
- (ii) In the event that the Whitewash Waiver is not granted by the SIC and/or the non-fulfilment of any condition as may be imposed by the SIC thereon, including the Independent Shareholders' approval to the Proposed Whitewash Resolution, the conversion of the partial amount of S\$2,660,000 of the Shareholder's Loans (the "**Repayment Amount**") into 38,000,000 Debt Conversion Shares at the Issue Price, fractional entitlements to be disregarded ("**Scenario 2**").

The Debt Conversion Shares are issued in full and final repayment and settlement of the Shareholder's Loans or the Repayment Amount (as the case may be) extended by LWL to the Company. Under Scenario 2, an amount of S\$1,970,406.33, which will remain outstanding from the Company to LWL, will remain interest-free, unsecured and repayable on demand.

LWL has subsequently sought the Whitewash Waiver from the SIC and SIC has, on 13 May 2020, granted LWL the Whitewash Waiver, waiving the requirement for LWL to make a mandatory general offer for the Shares under the Takeover Code if he increases his shareholding in the Company to 30% or more following the issue of 66,148,657 Debt Conversion Shares to LWL under Scenario 1 of the Proposed Debt Conversion, subject to the terms and conditions set out in paragraph 8 of this Circular. Please refer to paragraph 8 of this Circular for further details on the Whitewash Waiver and the Proposed Whitewash Resolution.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Proposed Debt Conversion

Based on the Group's latest announced unaudited consolidated financial statements for HY2020, the Group has incurred a net loss attributable to owners of the Company amounting to approximately S\$1.6 million, was in a negative working capital position of S\$5.6 million and in a net liability position of S\$6.8 million. The Proposed Debt Conversion will enable the Group to (i) improve its working capital and NTL position, (ii) reduce its indebtedness, gearing and LPS, (iii) eliminate the need for any cash repayment for the Shareholder's Loans or the Repayment Amount (as the case may be) in view of the current financial and cash position of the Group, and (iv) allow the Group to focus its resources on stabilising its business activities and better financial position to enable it to continue as a going concern.

2.3 Terms of the Proposed Debt Conversion

2.3.1 Debt Conversion Shares

The Debt 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 then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of allotment and issue of the Debt Conversion Shares.

The details of the Debt Conversion Shares to be allotted and issued pursuant to the Proposed Debt Conversion and LWL's shareholding interest in the Company before and after the Proposed Debt Conversion are set out below:

(i) Scenario 1: Proposed Debt Conversion of the Shareholder's Loans

Before the Proposed Debt Conversion		Details of the Proposed Debt Conversion			After the Proposed Debt Conversion	
Existing number of Shares held by LWL as at the Latest Practicable Date	Shareholding percentage ⁽¹⁾	Number of Debt Conversion Shares to be issued	Number of Debt Conversion Shares as a percentage of the total number of existing issued Shares ⁽¹⁾	Number of Debt Conversion Shares as a percentage of the total number of enlarged issued Shares ⁽²⁾	Total number of Shares held by LWL	Total number of Shares held as a percentage of the total number of enlarged issued Shares ⁽²⁾
26,177,000	14.81%	66,148,657	37.42%	27.23%	92,325,657	38.01%

Notes:

- (1) Based on the total number of existing issued Shares of 176,750,000 as at the Latest Practicable Date before the Proposed Debt Conversion.
- (2) Based on the total number of enlarged issued Shares of 242,898,657 after the Proposed Debt Conversion under Scenario 1.

LETTER TO SHAREHOLDERS

(ii) Scenario 2: Proposed Debt Conversion of the Repayment Amount

Before the Proposed Debt Conversion		Details of the Proposed Debt Conversion			After the Proposed Debt Conversion	
Existing number of Shares held by LWL as at the Latest Practicable Date	Shareholding percentage ⁽¹⁾	Number of Debt Conversion Shares to be issued	Number of Debt Conversion Shares as a percentage of the total number of existing issued Shares ⁽¹⁾	Number of Debt Conversion Shares as a percentage of the total number of enlarged issued Shares ⁽²⁾	Total number of Shares held by LWL	Total number of Shares held as a percentage of the total number of enlarged issued Shares ⁽²⁾
26,177,000	14.81%	38,000,000	21.50%	17.69%	64,177,000	29.88%

Notes:

- (1) Based on the total number of existing issued Shares of 176,750,000 as at the Latest Practicable Date before the Proposed Debt Conversion.
- (2) Based on the total number of enlarged issued Shares of 214,750,000 after the Proposed Debt Conversion under Scenario 2.

Please refer to paragraph 7 of this Circular for the changes in shareholdings of the Directors, Substantial Shareholders and existing public Shareholders in the Company as a result of the Proposed Debt Conversion.

2.3.2 Issue Price

The Issue Price of S\$0.070 for each Debt Conversion Share was arrived at after taking into consideration, *inter alia*, the prevailing market conditions, the recent share prices of the Company, the rationale for the Proposed Debt Conversion as set out in paragraph 2.2 of this Circular, LWL's undertaking to provide financial support for the Group when necessary and the amount of financial support provided by LWL to the Group as at the date of the Debt Conversion Deed, and was mutually agreed between the Company and LWL.

The Issue Price of S\$0.070 for each Debt Conversion Share represents a premium of 1.45% to the volume weighted average price of S\$0.069 for trades done on the Shares on Catalist on 2 April 2020 (being the full market day on which the Debt Conversion Deed was signed).

2.3.3 Conditions Precedent

Completion is conditional upon, *inter alia*, the fulfilment (or otherwise waiver at the sole and absolute discretion of LWL, if capable of being waived) of the following conditions precedent on or before the date of Completion:

- (i) the Whitewash Waiver being granted by the SIC to LWL and his concert parties, subject to any conditions that the SIC may impose which are reasonably acceptable to LWL, for the purpose of the Proposed Debt Conversion under Scenario 1;
- (ii) the listing and quotation notice being obtained from the SGX-ST for the listing of and quotation for the Debt Conversion Shares on Catalist and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing of and quotation for the Debt Conversion Shares on Catalist are required to be fulfilled on or before the date of Completion for the Proposed Debt Conversion, they are so fulfilled;
- (iii) the Proposed Debt Conversion being approved by the Audit Committee and the Board;

LETTER TO SHAREHOLDERS

- (iv) the approval of the Shareholders being obtained in respect of the Proposed Debt Conversion at the EGM, including but not limited to the allotment and issue of the Debt Conversion Shares and the Proposed Whitewash Resolution, for the purpose of the Proposed Debt Conversion under Scenario 1 (if the Whitewash Waiver is obtained), and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the Company and LWL; and
- (v) the allotment and issue of the Debt Conversion Shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore.

If any of the conditions set out in the Debt Conversion Deed is not satisfied or waived by LWL on or before the date falling 12 months from the date of the Debt Conversion Deed or such other date as the parties may agree in writing, either party will have the right to terminate the Debt Conversion Deed and the parties will be released and discharged from their respective obligations under the Debt Conversion Deed.

2.4 Listing and Quotation Notice

The Company has, through the Sponsor, made an application to the SGX-ST for the listing of and quotation for the Debt Conversion Shares on Catalyst. The Company will make the necessary announcement(s) to notify the Shareholders when the listing and quotation notice from the SGX-ST for the listing of and quotation for the Debt Conversion Shares on Catalyst, is obtained.

It should be noted that the listing and quotation notice to be issued by the SGX-ST is not to be taken as an indication of the merits of the Proposed Debt Conversion, the Debt Conversion Shares, the Debt Conversion Deed, the Proposed Transfer of Controlling Interest, the Proposed Whitewash Resolution, the Company, its subsidiaries and their securities.

3. PROPOSED DEBT CONVERSION AS AN INTERESTED PERSON TRANSACTION

3.1 LWL as an Interested Person under Chapter 9 of the Catalyst Rules

As LWL is a Director and the Chief Executive Officer of the Company, he is therefore an interested person in accordance with Rule 904 of the Catalyst Rules, and the Proposed Debt Conversion is an interested person transaction under Chapter 9 of the Catalyst Rules.

3.2 Thresholds under Chapter 9 of the Catalyst Rules

Pursuant to Rule 905 of the Catalyst Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 3.0% of the Group's latest audited NTA, an immediate announcement shall be made regarding that transaction.

Pursuant to Rule 906 of the Catalyst Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions entered into with the same interested person during the same financial year, equals or exceeds 5.0% of the Group's latest audited NTA, that transaction shall be subject to the approval of the Shareholders.

3.3 Value of Interested Person Transaction

The value-at-risk of the Proposed Debt Conversion will be the conversion of the amounts owing to LWL into Debt Conversion Shares. Accordingly, the value-at-risk for the Proposed Debt Conversion would amount to S\$4,630,406.33 for Scenario 1, while the value-at-risk for Scenario 2 would be S\$2,660,000.

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Based on the audited consolidated financial statements of the Group for FY2019, the Group was in a NTL position of S\$5.3 million. Accordingly, the Company will use its market capitalisation, for purposes of computing the materiality of the Proposed Debt Conversion as an interested person transaction for purposes of Rules 905 and 906 of the Catalist Rules. Based on the Company's market capitalisation as at 30 June 2019, which is S\$12.6 million (based on the closing price of S\$0.106 on 11 March 2019, being the full market day on which the Shares were traded on Catalist on or preceding 30 June 2019, multiplied with the total number of Shares outstanding as at 30 June 2019 of 118,477,000 Shares), the value-at-risk under Scenario 1 represents 36.87% of the Company's market capitalisation, and the value-at-risk under Scenario 2 represents 21.18% of the Company's market capitalisation.

Accordingly, as the values-at-risk for Scenarios 1 and 2 are more than 5.0% of the market capitalisation as at 30 June 2019, the Proposed Debt Conversion is an interested person transaction subject to Shareholders' approval. Pursuant to Rule 906 of the Catalist Rules, the Company will be seeking the approval of Shareholders for the Proposed Debt Conversion as an interested person transaction.

Pursuant to Rule 919 of the Catalist Rules, LWL will abstain, and will procure that his associates abstain, from exercising their voting rights in respect of all existing issued Shares owned by them, and will not accept appointments as proxies unless specific instructions as to voting are given, in respect of the Ordinary Resolutions to approve the Proposed Debt Conversion and the allotment and issue of Debt Conversion Shares to LWL.

3.4 Total Amount of Interested Person Transactions

Save for the Proposed Debt Conversion, there were no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Group with LWL and his associates since the beginning of FY2020 up to the Latest Practicable Date. There were no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Group since the beginning of FY2020 and up to the Latest Practicable Date.

4. ISSUE OF DEBT CONVERSION SHARES TO RESTRICTED PERSON PURSUANT TO CHAPTER 8 OF THE CATALIST RULES

4.1 Rule 803 of the Catalist Rules

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

LWL is a Substantial Shareholder, holding 14.81% of the total number of issued Shares as at the Latest Practicable Date. As the allotment and issue of the Debt Conversion Shares to LWL pursuant to the Proposed Debt Conversion under both Scenario 1 and Scenario 2 will result in his aggregate voting rights crossing 15.0% in the enlarged Share Capital, specific approval of the Shareholders for the Proposed Transfer of Controlling Interest is required under Rule 803 of the Catalist Rules.

The Ordinary Resolution to seek Shareholders' approval for the Proposed Transfer of Controlling Interest is set out as Ordinary Resolution 2.

Accordingly, LWL will abstain, and will procure that his associates abstain, from exercising their voting rights in respect of all existing issued Shares owned by them, and LWL will not accept appointments as proxy unless specific instructions as to voting are given, in respect of the Ordinary Resolution to approve the Proposed Transfer of Controlling Interest.

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4.2 Rule 804 and Rule 812 of the Catalist Rules

Rule 804 of the Catalist Rules further provides, among others, that except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

In addition, Rule 812(1) and Rule 812(2) of the Catalist Rules provide that an issue of shares must not be placed to an issuer's directors and substantial shareholders unless specific shareholders' approval has been obtained for such placement, and the person, and its associates, must abstain from voting on the resolution approving the placement.

As Debt Conversion Shares will be allotted and issued to LWL (being a Director and Substantial Shareholder), Shareholders' approval is required to be obtained in connection with the Proposed Debt Conversion pursuant to Rule 804 and Rule 812(2) of the Catalist Rules.

Pursuant to Rule 804 and Rule 812(2) of the Catalist Rules, LWL will abstain, and procure that his associates abstain, from exercising their voting rights in respect of all existing issued Shares owned by them, and LWL will not accept appointments as proxy unless specific instructions as to voting are given, in respect of the Ordinary Resolutions to approve the Proposed Debt Conversion and the allotment and issue of Debt Conversion Shares to LWL.

4.3 Rule 805(1) of the Catalist Rules

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The allotment and issue of the Debt Conversion Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the allotment and issue of the Debt Conversion Shares in accordance with Rule 805(1) of the Catalist Rules. The Debt Conversion Shares will not be issued pursuant to the general mandate granted by Shareholders during the extraordinary general meeting of the Company held on 29 June 2020.

5. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

The *pro forma* financial effects of each of Scenario 1 and Scenario 2 of the Proposed Debt Conversion set out below are purely for illustrative purposes only and do not reflect the future financial position and performance of the Company or the Group. The tables illustrating the financial effects of the Proposed Debt Conversion have been prepared based on the Group's latest audited consolidated financial statements for FY2019 and the following principle assumptions:

- (i) the financial effects on the Group's NTL per Share and the gearing of the Group are computed based on the assumption that the Proposed Debt Conversion had been completed on 30 June 2019;
- (ii) the financial effect on the Group's LPS is computed based on the assumption that the Proposed Debt Conversion had been completed on 1 July 2018; and
- (iii) the expenses incurred for the Proposed Debt Conversion are assumed to be insignificant and have been ignored for the purposes of computing the financial effects.

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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.

5.1 Share Capital

For illustrative purposes only, the effects of the Proposed Debt Conversion on the Share Capital of the Company as at the Latest Practicable Date are set out below:

	As at the Latest Practicable Date	
	Number of Shares	S\$
Existing Share Capital	176,750,000	13,076,577
<u>Proposed Debt Conversion under Scenario 1</u>		
Issue of the Debt Conversion Shares	66,148,657	4,630,406
Enlarged Share Capital immediately after Completion	242,898,657	17,706,983
<u>Proposed Debt Conversion under Scenario 2</u>		
Issue of the Debt Conversion Shares	38,000,000	2,660,000
Enlarged Share Capital immediately after Completion	214,750,000	15,736,577

5.2 NTL of the Group

Assuming the Proposed Debt Conversion 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:

	Scenario 1		Scenario 2	
	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
NTL attributable to equity holders of the Company (S\$)	(4,926,316)	(295,910)	(4,926,316)	(2,266,316)
Number of Shares	118,477,000	184,625,657	118,477,000	156,477,000
Effect of the Proposed Debt Conversion on the NTL per Share (cents)	(4.16)	(0.16)	(4.16)	(1.45)

5.3 LPS of the Group

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

	Scenario 1		Scenario 2	
	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
Net loss attributable to equity holders of the Company (S\$)	(3,874,348)	(3,874,348)	(3,874,348)	(3,874,348)
Weighted average number of Shares	118,477,000	184,625,657	118,477,000	156,477,000
Effect of the Proposed Debt Conversion on the LPS (cents)	(3.27)	(2.10)	(3.27)	(2.48)

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5.4 Gearing of the Group

Assuming the Proposed Debt Conversion had been completed on 30 June 2019, the financial effects of the Proposed Debt Conversion on the gearing of the Group as at 30 June 2019 are as follows:

	Scenario 1		Scenario 2	
	Before the Proposed Debt Conversion	After the Proposed Debt Conversion	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
Total borrowings (S\$) ⁽¹⁾	6,572,995	4,456,871	6,572,995	4,456,871
Net borrowings (S\$) ⁽²⁾	6,239,318	4,123,194	6,239,318	4,123,194
Total liabilities and equity (S\$)	13,785,898	13,785,898	13,785,898	13,785,898
Gearing ⁽³⁾	0.48	0.32	0.48	0.32
Net gearing ⁽⁴⁾	0.45	0.30	0.45	0.30

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.

6. CONFIRMATION BY DIRECTORS

The Proposed Debt Conversion will not result in any new cash proceeds for the Company. The Directors are of the opinion that after taking into consideration the financial support from LWL, the written commitments from certain lenders not to demand payment for the next 12 months, the recent Placement Exercise completed on 19 March 2020, the proceeds from the CLA, and the operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements.

7. CHANGES IN SHAREHOLDINGS IN THE COMPANY

(i) Based on the shareholdings of the Company as at the Latest Practicable Date, the effects of the Proposed Debt Conversion on the shareholdings of the Directors, Substantial Shareholders and existing public Shareholders are as follows:

	As at the Latest Practicable Date			After Completion under Scenario 1			After Completion under Scenario 2		
	Direct Interest Number of Shares	Deemed Interest Number of Shares	% ⁽¹⁾	Direct Interest Number of Shares	Deemed Interest Number of Shares	% ⁽²⁾	Direct Interest Number of Shares	Deemed Interest Number of Shares	% ⁽³⁾
Directors									
Lim Wee Li	26,177,000	-	14.81	92,325,657	-	38.01	64,177,000	-	29.88
Loy Soo Toon	-	-	-	-	-	-	-	-	-
William Teo Choon Kow	-	-	-	-	-	-	-	-	-
Kesavan Nair	-	-	-	-	-	-	-	-	-
Chua Siong Kiat	-	-	-	-	-	-	-	-	-
Lau Kay Heng	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)									
Chee Tuck Hong	20,000,000	-	11.32	20,000,000	-	8.23	20,000,000	-	9.31
Fang Pengchong	8,308,000	2,668,300 ⁽⁴⁾	4.70	8,308,000	2,668,300 ⁽⁴⁾	3.42	8,308,000	2,668,300 ⁽⁴⁾	3.87
Existing Public Shareholders	122,265,000	-	69.17	122,265,000	-	50.34	122,265,000	-	56.94
Total	<u>176,750,000</u>	<u>100.00</u>		<u>242,898,657</u>	<u>100.00</u>		<u>214,750,000</u>	<u>100.00</u>	

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Notes:

- (1) Based on the total number of existing Shares of 176,750,000 as at the Latest Practicable Date.
- (2) Based on the total enlarged number of Shares of 242,898,657 after Completion under Scenario 1.
- (3) Based on the total enlarged number of Shares of 214,750,000 after Completion under Scenario 2.
- (4) Mr Fang Pengchong is deemed interested in the Shares held by Skyatt Investment Private Limited as he is the beneficiary owner of the company.

Assuming (a) no change in the number of Shares in the existing Share Capital of the Company; and (b) no change in the number of Shares held by non-public Shareholders from the Latest Practicable Date up to the date of Completion, approximately 50.34% and 56.94% of the Shares will be held in the hands of the public based on the enlarged Share Capital of the Company following Completion under Scenario 1 and Scenario 2 respectively. Accordingly, the Company would be in compliance with Rule 723 of the Catalist Rules.

As at the Latest Practicable Date, save for the CLA Conversion, the Company has not granted any options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable into any Shares.

Save for LWL who is interested in the Proposed Debt Conversion, none of the Directors or Controlling Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Debt Conversion, other than through their respective shareholdings (if any) in the Company.

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(ii) Assuming (a) the completion of the CLA Conversion; (b) no other changes in the number of Shares in the existing Share Capital of the Company; and (c) no other changes in the number of Shares held by non-public Shareholders from the Latest Practicable Date up to the date of Completion (collectively, the “**Post-CLA Shareholdings**”), the effects of the Proposed Debt Conversion on the shareholdings of the Directors, Substantial Shareholders and existing public Shareholders are as follows:

	Based on the Post-CLA Shareholdings			After Completion under Scenario 1			After Completion under Scenario 2		
	Direct Interest	Deemed Interest		Direct Interest	Deemed Interest		Direct Interest	Deemed Interest	
	Number of Shares	Number of Shares	% ⁽¹⁾	Number of Shares	Number of Shares	% ⁽²⁾	Number of Shares	Number of Shares	% ⁽³⁾
Directors									
Lim Wee Li	26,177,000	-	11.72	92,325,657	-	31.88	64,177,000	-	24.55
Loy Soo Toon	-	-	-	-	-	-	-	-	-
William Teo Choon Kow	-	-	-	-	-	-	-	-	-
Kesavan Nair	-	-	-	-	-	-	-	-	-
Chua Siong Kiat	-	-	-	-	-	-	-	-	-
Lau Kay Heng	-	-	-	-	-	-	-	-	-
Substantial Shareholders (other than Directors)									
Chee Tuck Hong	23,859,060	-	10.68	23,859,060	-	8.24	23,859,060	-	9.13
Fang Pengchong	10,623,436	2,668,300 ⁽⁴⁾	4.75	10,623,436	2,668,300 ⁽⁴⁾	3.67	10,623,436	2,668,300 ⁽⁴⁾	4.06
Existing Public Shareholders	162,785,130	-	72.85	162,785,130	-	56.21	162,785,130	-	62.26
Total	<u>223,444,626</u>	<u>100.00</u>		<u>289,593,283</u>	<u>100.00</u>		<u>261,444,626</u>	<u>100.00</u>	

Notes:

- (1) Based on the total enlarged number of Shares of 223,444,626, assuming the Post-CLA Shareholdings.
- (2) Based on the total enlarged number of Shares of 289,593,283 after Completion under Scenario 1, and assuming the Post-CLA Shareholdings.
- (3) Based on the total enlarged number of Shares of 261,444,626 after Completion under Scenario 2 and assuming the Post-CLA Shareholdings.
- (4) Mr Fang Pengchong is deemed interested in the Shares held by Skytt Investment Private Limited as he is the beneficiary owner of the company.

Assuming the Post-CLA Shareholdings, approximately 56.21% and 62.26% of the Shares will be held in the hands of the public based on the enlarged Share Capital of the Company following Completion under Scenario 1 and Scenario 2 respectively. Accordingly, the Company would be in compliance with Rule 723 of the Catalyst Rules.

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8. PROPOSED WHITEWASH RESOLUTION

8.1 Mandatory General Offer Requirement under the Takeover Code

Under Rule 14 of the Takeover Code, except with the consent of the SIC, where any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company, such person must extend offers immediately, on the basis set out in Rule 14 of the Takeover Code, to the holders of any class of share capital of a company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

As at the Latest Practicable Date, LWL holds 26,177,000 Shares, representing approximately 14.81% of the total number of issued Shares in the Company, and does not hold any instruments convertible into rights to subscribe for and options in respect of Shares. LWL confirms that he is not acting in concert with any party in respect of the Proposed Debt Conversion. LWL is also not presumed to be acting in concert with any party in respect of the Proposed Debt Conversion for the purposes of the Takeover Code.

Assuming the Completion under Scenario 1 of the Proposed Debt Conversion, LWL would hold 92,325,657 Shares, representing:

- (a) approximately 38.01% of the enlarged Share Capital of the Company comprising 242,898,657 Shares before the CLA Conversion; and
- (b) approximately 31.88% of the enlarged Share Capital of the Company comprising 289,593,283 Shares after the CLA Conversion.

Accordingly, LWL would thereby acquire 30.0% or more voting rights of the Company as a result of the allotment and issue of the Debt Conversion Shares pursuant to Scenario 1 of the Proposed Debt Conversion. In such an event, LWL and his concert parties would incur an obligation to make a mandatory general offer for the Company under Rule 14 of the Takeover Code.

8.2 Whitewash Waiver

LWL had sought the Whitewash Waiver from the SIC and SIC had, on 13 May 2020, granted LWL the Whitewash Waiver, waiving the requirement for LWL to make a mandatory general offer for the Shares under Rule 14 of the Takeover Code if he increases his shareholding in the Company to 30.0% or more following the issue of 66,148,657 Debt Conversion Shares to LWL under Scenario 1 of the Proposed Debt Conversion, subject to the following conditions:

- (a) A majority of holders of voting rights of the Company approving at a general meeting, before the issue of the Debt Conversion Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from LWL;
- (b) The Proposed Whitewash Resolution is separate from other resolutions;
- (c) LWL, parties acting in concert with him, as well as parties not independent of him abstain from voting on the Proposed Whitewash Resolution;
- (d) LWL and his concert parties did not acquire and are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the date of the 2 April 2020 Announcement and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

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- (ii) in the 6 months prior to the date of the 2 April 2020 Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Debt Conversion;
- (e) The Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) The Company sets out clearly in this Circular:
 - (i) details of the Proposed Debt Conversion, including the proposed issue of the Debt Conversion Shares;
 - (ii) the dilution effect to existing holders of voting rights of the Company upon the issue of the Debt Conversion Shares;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by LWL and his concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to LWL as a result of the Proposed Debt Conversion; and
 - (v) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from LWL at the highest price paid by LWL and his concert parties for the Shares in the past 6 months preceding the commencement of the offer;
- (g) This Circular stating that the Whitewash Waiver granted by the SIC is subject to the conditions stated in (a) to (f) above;
- (h) The Company obtaining the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) To rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within 3 months from 13 May 2020 and the issuance of the Debt Conversion Shares to LWL pursuant to the Proposed Debt Conversion must be completed within 3 months of the approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions set out under paragraphs 8.2(a), 8.2(d)(i) and 8.2(i) of this Circular which are expected to be satisfied only at or after the EGM, all other conditions imposed by the SIC set out above have been satisfied.

Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution as set out as Ordinary Resolution 3 in the Notice of EGM on pages 62 to 66 of this Circular.

The Directors have, on behalf of the Company, appointed the IFA to advise the Independent Directors as to whether the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable. The recommendation of the IFA is outlined in paragraph 9 of this Circular. The IFA Letter, setting out the IFA's advice to the Independent Directors on the Proposed Whitewash Resolution, is set out in Appendix A to this Circular.

In connection with the Proposed Whitewash Resolution, LWL has confirmed that LWL and his concert parties have not purchased or acquired any Shares or instruments convertible into and options in respect of Shares for the period of 6 months prior to the release of the 2 April 2020 Announcement and LWL and his concert parties have not purchased or acquired any Shares during the period between the date of the 2 April 2020 Announcement and the Latest Practicable

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Date. LWL and his concert parties have further undertaken not to purchase or acquire any Shares or instruments convertible into and options in respect of Shares from the Latest Practicable Date to the date of the EGM of the Company convened for the approval of the Proposed Debt Conversion.

BY VOTING IN FAVOUR OF THE PROPOSED WHITEWASH RESOLUTION, INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT THEY ARE WAIVING THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER UNDER RULE 14 OF THE TAKEOVER CODE FROM LWL FOR THE REMAINING ISSUED AND PAID-UP SHARES NOT ALREADY OWNED, ACQUIRED OR AGREED TO BE ACQUIRED BY LWL FOLLOWING THE COMPLETION OF THE PROPOSED DEBT CONVERSION UNDER SCENARIO 1, WHICH LWL AND HIS CONCERT PARTIES WOULD OTHERWISE HAVE BEEN OBLIGED TO MAKE AT THE HIGHEST PRICE PAID OR AGREED TO BE PAID BY LWL AND HIS CONCERT PARTIES FOR THE SHARES IN THE 6 MONTHS PRECEDING THE 2 APRIL 2020 ANNOUNCEMENT.

9. **ADVICE OF THE IFA IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION**

Pursuant to the conditions imposed by the SIC, Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors as to whether the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

A copy of the IFA Letter is set out in Appendix A to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider the recommendation of the Independent Directors for the Proposed Whitewash Resolution as set out in paragraph 12 of this Circular before deciding on whether to approve the Proposed Whitewash Resolution.**

The advice of the IFA to the Independent Directors in relation to the Proposed Whitewash Resolution has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Debt Conversion. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Proposed Debt Conversion:

- (a) as the Group had net liabilities as at 30 June 2019 and 31 December 2019, the Issue Price is at a premium when compared to the negative NAV per Share as at 30 June 2019 and 31 December 2019;*
- (b) the Group will still be in a net liabilities position after taking into account fair value gain on its investment properties;*
- (c) the Issue Price represents premia to the VWAPs of the Shares traded for the 24-month, 12-month, 6-month and 3-month periods prior to the Announcement Date;*
- (d) the Issue Price for the Debt Conversion Shares were determined on 2 April 2020, after approximately three months of active trading of Shares in January, February and March 2020, and represents a premium to the VWAP of the Shares traded for the 3-month period prior to the Announcement Date;*
- (e) the Issue Price is higher than the average selling price of the Shares sold by Mr Lim on 30 January 2020;*

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- (f) *the Issue Price for the Proposed Debt Conversion is at a slight premium to the VWAP of the Shares traded on 2 April 2020 while the recent issues of new ordinary shares by the Company had been at a discount to the VWAP of the Shares traded prior to the issues; and*
- (g) *the basis of determining the Issue Price is within the range of premium/discount of the Precedent Loan Conversion.*

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Proposed Debt Conversion:

- (i) *the Group had been loss making for the Track Record Period and the Company’s annual reports for FP2017, FY2018 and FY2019 contained a note on going concern of the Group;*
- (ii) *the Group has been relying on the continuous financial support from Mr Lim and it will affect the going concern of the Group in the event the Group needs to repay the Shareholders’ Loans in cash;*
- (iii) *the Group has announced several acquisitions and disposals since 17 April 2020, however there is no assurance that the acquisitions or disposal will materialise or the Group will be able to turnaround its financial performance and financial position with the recent development announced;*
- (iv) *the Group’s NTL per Share and loss per Share will improve after the Proposed Debt Conversion; and*
- (v) *other consideration set out in paragraph 4.8 of this IFA Letter.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

We therefore advise the Independent Directors to recommend Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.”

10. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee having reviewed, *inter alia*, the rationale for, the terms and conditions and the financial effects of the Proposed Debt Conversion and having considered the advice of the IFA in relation to the Proposed Whitewash Resolution, is of the opinion that the terms of the Proposed Debt Conversion are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

11. PROPOSED DIVERSIFICATION OF BUSINESS

11.1 Background

On 31 March 2020, the Company announced its intention to conduct a strategic business review of the Group’s business segments, to evaluate opportunities and positioning, with a view to strengthening the core business of the Group whilst maximising potential value for all stakeholders. The Company had also announced that the Group intends to explore new areas of opportunities and alternate businesses, including areas of healthcare and medical supplies solutions, artificial intelligence, machine learning and data science.

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The Company subsequently on 23 April 2020 incorporated KC Medical to undertake the trading of medical and related supplies. The Company had also, in an announcement dated 4 May 2020 relating to the CLA, announced its intention to use the proceeds from the CLA for the working capital requirements of KC Medical. On the same day, the Company also released an announcement in relation to its responses to queries from the SGX-ST, where the Company had announced that it is simultaneously exploring new areas of opportunities and alternate businesses to increase the revenue streams of the Group, and will seek Shareholders' approval for, *inter alia*, the Proposed Diversification to undertake the Proposed New Business at an appropriate time.

The Company also announced that it had on 20 May 2020 entered 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**") 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) (the "**Target**"), a company incorporated in the PRC (the "**Proposed Acquisition**").

Further details on the Proposed Acquisition are set out in paragraph 11.4 of this Circular. For the avoidance of doubt, as at the Latest Practicable Date, no definitive agreement(s) in respect of the Proposed Acquisition has been reached and there can be no assurance that an agreement will be entered into or completed.

11.2 Existing Business of the Group

The Group specialises in the sale and distribution of a wide range of premium imported kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories mainly from Europe, catering to the high-end markets under the "Kitchen Culture" brand.

The Group's existing business is organised into the following business segments:

(a) **Residential Projects**

The Group provides kitchen and household solutions for luxury residential projects, and its customers in this segment are predominantly construction companies who are the main contractors of property developers. The Group's residential projects are awarded either directly by developers or through invitation to tender from developers, architects and quantity surveyors.

The Group has also in 2018 relaunched its own in-house artisan brand, Pureform, for kitchen and wardrobe systems. This enabled the Group to expand its residential project portfolio to cover both high-end and mid-level developments.

(b) **Distribution and Retail**

Under the Group's "Kitchen Culture" brand, the Group brand manages, sells and distributes its premium imported kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories through a network of authorised dealers and retailers operating mainly in Singapore and Malaysia. Retail customers may purchase the Group's products directly through its retail showrooms and "Kitchen Culture" stores located in Singapore, Malaysia, Hong Kong and China, where the Group displays a variety of its kitchen systems, kitchen appliances, wardrobe systems, household furniture and accessories.

In addition, the Group provides value-added services to both its (i) Residential Projects and (ii) Distribution and Retail customers such as installation services for its kitchen systems and wardrobe systems as well as additional carpentry works (where required). The Group also provides its customers with maintenance services in connection with the products it supplies.

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11.3 Information regarding the Proposed New Business

Subject to the approval of Shareholders for the Proposed Diversification being obtained at the EGM, the Company intends to diversify the Group's core business to include the Proposed New Business, briefly described as the trading of medical and related supplies, which consists of the following activities:

- (a) the sourcing, manufacturing and/or formulating of medical, healthcare and related supplies; and
- (b) the branding, selling, distribution, wholesale and/or retail of medical, healthcare and related supplies.

The Company also proposes, as part of the Proposed New Business, to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the Proposed New Business.

11.4 Information regarding the Proposed Acquisition

As at the Latest Practicable Date, the Company has announced that it had on 20 May 2020 entered into the Term Sheet in relation to the Proposed Acquisition. The Target is a manufacturer of medical supplies such as masks and sanitizers and owns and is licensed to use certain intellectual properties, which includes the "AnXin 安心" brand of sanitizers, which is part of the Proposed New Business. Please refer to the Company's announcement dated 20 May 2020 for further details on the Proposed Acquisition.

For the avoidance of doubt, as at the Latest Practicable Date, no definitive agreement(s) in respect of the Proposed Acquisition has been reached and there can be no assurance that an agreement will be entered into or completed.

11.5 Organisation of the Proposed New Business

Being a new entrant to the Proposed New Business, the Group intends to undertake the Proposed New Business in joint venture(s) or collaboration(s) with third parties who have the relevant expertise and resources, as a start. Building on its initial foray into the Proposed New Business, the Group will then consider undertaking the Proposed New Business independently when it has built its expertise and experience in this field over time. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and market conditions of the Proposed New Business, taking into account the opportunities available.

Where there are suitable opportunities available, the Group will also take into account, amongst other factors, the working capital requirements and financial condition of the Group. The Group will initially focus on establishing the Proposed New Business in Singapore and China, and may extend beyond to other jurisdictions as and when any suitable opportunity arises. Accordingly, the Group does not plan to restrict the Proposed New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits.

The Proposed New Business will become a new segment of the Group's business.

11.6 Management and Manpower required for the Proposed New Business

The Executive Director (Business Development) of the Company, Mr Loy Soo Toon, will be the main driver and overseer of the Proposed New Business. He was appointed to the Board on 11 February 2020 to spearhead the search for new customers and business of the Group. Mr Loy Soo Toon is a qualified chartered accountant and has more than 25 years' experience in accounting, auditing, business development, corporate advisory, and mergers and acquisitions. He is not expected to be involved on an executive level in the daily running of the Proposed New

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Business in the long run but will be providing oversight on a strategic level with the aim of growing the Proposed New Business. Accordingly, the Company is also in the process of scouting for and identifying a suitable qualified candidate to assist with spearheading the Group's growth in the Proposed New Business, including the search for new business opportunities and management of the Proposed New Business.

The Group's current business activities include the supply of kitchen systems to residential projects. The Group has a proven track record in project execution from the residential projects business since 1991. Both the Proposed New Business and the existing core business of the Group require project management expertise such as ensuring timeliness of delivery, skill in managing labour, skill in monitoring progress of projects and ability to manage costs, including labour and related costs involved in the sourcing of products and materials, and brand managing and distribution. Due to these similarities, the Directors believe that the Group will be able to leverage on the expertise and knowledge of its management team, whilst increasing its manpower as and when required in connection with the Proposed New Business.

At the initial stage of its foray into the Proposed New Business, and as mentioned in paragraph 11.5 of this Circular above, the Group will foster partnerships with various third parties in the medical supplies industry to assist it in undertaking the Proposed New Business more effectively and efficiently as the Group seeks to build its expertise and experience in this field. Such partnerships may be done either on a case by case basis or on a term basis. Where necessary, work may be outsourced to third parties who have expertise in the relevant area in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the partners concerned.

The Board will continue to evaluate the manpower and expertise required for the Proposed New Business and the Group will consider hiring additional staff or in-house or external consultants and professional advisers as and when required in connection with the Proposed New Business.

11.7 Funding for the Proposed New Business

The Company intends to fund the Proposed New Business through internal resources, bank borrowings and to tap on the equity market as and when more funds are needed to fuel growth and expansion of the Proposed New Business.

As at the Latest Practicable Date, the Company had raised net proceeds of approximately S\$6,020,000 through the CLA. Further details on the CLA are set out in the Company's circular dated 13 June 2020.

11.8 Internal Controls and Risk Management of the Proposed New Business

The Board recognises the importance of internal control and risk assessment for the smooth running of the Proposed New Business. In order to better manage the Group's external and internal risks resulting from the Proposed Diversification, the Group will implement a set of operations and compliance procedures.

The Audit Committee and the Board will:

- (a) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Proposed New Business; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

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11.9 Conflict of Interest

When the Company identifies a potential opportunity in respect of the Proposed New Business, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his associates have an interest (and the full extent thereof) in the transaction (“**Conflicted Individual**”).

A Conflicted Individual shall not (i) vote in respect of matters in relation to the Proposed New Business; (ii) will not, directly or indirectly, make any executive decisions in respect of the Proposed New Business; and (iii) will not, directly or indirectly influence or participate in the operations and management of the Proposed New Business.

11.10 Prospects and Future Plans for the Proposed New Business

(a) Prospects

Our Directors believe that the outlook and prospects for the Proposed New Business will likely be positive in view of the following trends and developments:

Increased Health Expenditure Worldwide

Global trends in health expenditure reflect a continued faster growth in total health spending than the rest of the economy⁽¹⁾, including spending on medicines and medical supplies.⁽²⁾ Similarly, this trend applies to health expenditure in Singapore.

In Singapore, government spending on healthcare forms a significant portion of the annual budget, and the overall national health expenditure is expected to continue increasing.⁽³⁾ The Singapore government’s spending on healthcare had increased from S\$2.2 billion in 2007 to S\$10.2 billion in 2018.⁽⁴⁾ There is expected to be a continued shift in public expenditure in the next decade towards healthcare spending, taking into consideration both short-term and long-term growth drivers, such as the COVID-19 outbreak and the aging population profile respectively.

Impact of COVID-19 on the Medical Supplies Market

The COVID-19 outbreak is anticipated to significantly drive growth in the market for medical supplies, due to the surge in demand for medical and related supplies, such as disinfectants, personal protective equipment, ventilators and diagnostics supplies, and an increased production of medical supplies.⁽⁵⁾ The COVID-19 outbreak has further underscored the critical need to increase the overall global supply and distribution of essential medical supplies.

Increased Life Expectancy with an Aging Population

The medical sector is also fortified by long-term growth drivers, such as the aging population in Singapore, PRC and generally across the ASEAN countries. Over the next three decades, the global number of persons aged 65 years or over is projected to more than double, reaching over 1.5 billion persons in 2050.⁽⁶⁾ In Singapore, the median age of the resident population rose from 34.0 years in 2000 to 41.1 years in 2019⁽⁷⁾ and the number of citizens aged 65 and above is expected to further increase.

The shift in priorities towards healthcare, coupled with the aging population profile and the continued economic development, is expected to result in increased health expenditure. Governments, including the Singapore government, have also shown a steady increase in healthcare budgets to cater to the aging population.

Building on its initial foray into the Proposed New Business, the Group will then consider undertaking the Proposed New Business independently when it has built its expertise and experience in this field over time. The Directors and management of the Company will endeavour to build a portfolio of businesses positioned to create and enhance shareholder value over the long term in a prudent manner.

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Notes:

- (1) The information was extracted from the report “Global Spending on Health: A World in Transition” published by the World Health Organisation in 2019. (https://www.who.int/health_financing/documents/health-expenditure-report-2019.pdf?ua=1)
- (2) The information was extracted from the report “Public Spending on Health: A Closer Look at Global Trends” published by the World Health Organisation in 2018. (https://www.who.int/health_financing/documents/health-expenditure-report-2018/en/)
- (3) The information was extracted from the internet website for the Singapore Budget 2020 (https://www.singaporebudget.gov.sg/budget_2020/about-budget/budget-features/govt-spending-on-education-and-healthcare)
- (4) The information was extracted from the internet website for the Singapore Budget 2020 (https://www.singaporebudget.gov.sg/budget_2020/about-budget/budget-features/govt-spending-on-education-and-healthcare)
- (5) The information was extracted from the news article titled “*Coronavirus necessitates global increase in protective equipment, medical supplies: UN health chief*” from the internet website of the United Nations. (<https://news.un.org/en/story/2020/03/1060662>)
- (6) The information was extracted from the report “World Population Ageing 2019” published by the United Nations Department of Economic and Social Affairs (<https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/files/documents/2020/Jan/worldpopulationageing2019-highlights.pdf>)
- (7) The information was extracted from the Department of Statistics, Government of Singapore. (<https://www.singstat.gov.sg/find-data/search-by-theme/population/population-and-population-structure/latest-data>)

Each of the above organisations or corporations (as the case may be) has not consented to the inclusion of the above information in this Circular and is therefore not liable for the relevant information. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(b) **Future Plans**

In respect of the Group’s existing core business, the Group intends to maintain its focus on its core strength of being a kitchen solutions provider. 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, which is in the sale and distribution of premium imported kitchen systems and appliances and household furniture, the Company is simultaneously exploring new areas of opportunities and alternate businesses to increase the revenue streams of the Group.

In respect of the Proposed New Business, the Group intends to explore new areas of opportunities, including joint ventures, partnerships and/or strategic alliances to carry out the Proposed New Business, and expand into overseas markets should appropriate opportunities arise.

11.11 **Rationale for the Proposed New Business**

The Group intends to diversify its business to include the Proposed New Business due to the following reasons:

(a) **Potential in the Proposed New Business**

The Board has identified the potential in the Proposed New Business as a business activity which could provide the Group with sustainable and long-term prospects of profitability and growth for the Group. The medical sector and the medical and healthcare supplies industry are relatively stable markets which are largely impervious to cyclical business and

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economic fluctuations, and remain relevant and necessary in the market as these sectors cater to societal needs. The medical sector is also fortified by long-term growth drivers, such as the ageing population in Singapore and PRC. In addition, there is flexibility within the medical sector and healthcare industry to cater to different market segments.

The recent COVID-19 pandemic has further marked a spike in demand for medical supplies, along with a shift in priorities towards medical supplies and healthcare budgets, and an increased dependence on global supply chains for a range of medical and related products.

(b) The Proposed New Business can become a new engine of growth

Barring unforeseen circumstances, the Directors are of the view that the Proposed Diversification fits well into the objectives of the Company as it can become a new engine of earnings growth for the Group given the potential of the medical and related supplies industry globally.

The Directors are of the view that the Proposed Diversification may offer new business opportunities, provide the Group with increased revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

(c) Reducing reliance on the existing core business of the Group

The Proposed Diversification is in line with the Group's strategy to diversify the Group's revenue sources to reduce the Group's dependency on its existing core business in the sale and distribution of premium imported kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture and kitchen accessories. This would allow the Group to have better prospects of profitability and long-term growth.

11.12 Risk Factors Relating to the Proposed New Business

In undertaking the Proposed Diversification, the Group could be affected by a number of risks which relate to the Proposed New Business as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Diversification, this may have a material and adverse impact on the overall results of operations, financial condition and prospects of the Group.

The risks described below are not intended to be exhaustive and are not presented in any particular order of importance. New risk factors may emerge from time to time, and it is not possible for the Board to predict all risk factors, nor can the Board assess the impact of all factors on the Proposed Diversification or the extent to which any factor, or combination of factors, may affect the Proposed Diversification. There may also be other risks associated with entry into the Proposed Diversification which are not presently known to the Company, or that the Company may currently deem immaterial and as such have not been included in the discussion below.

The Group has no prior track record in the Proposed New Business

As the Group does not have a prior track record in the Proposed New Business, it will face the usual risks, uncertainties and problems associated with the entry into any new business which it has no prior track record in.

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While it intends to undertake the Proposed New Business in joint venture(s) or collaboration(s) with third parties who have the relevant expertise and resources, as a start, there is no certainty that the Group will be able to consistently secure suitable opportunities in relation to the Proposed New Business and in such event, the Group will not be able to successfully penetrate into the medical and related supplies industry. In addition, there is no assurance that the Group's foray into the Proposed New Business will achieve the expected level of revenue and margins or be commercially successful. If the Group and/or its partners fail to manage costs effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group's future plans with regard to the Proposed New Business may not be profitable, may not achieve profitability that justify the investments made and may take a long period of time before the Group can realise any return. Further, such future plans and new initiatives could result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group.

The Proposed New Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Proposed New Business is subject to risks associated with acquisitions, joint ventures, partnerships or strategic alliances

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Proposed New Business may involve acquisitions, joint ventures, partnerships and/or strategic alliances with third parties, in Singapore as well as overseas markets that the Group intends to focus on. Such third parties may be individuals or economic entities with their own assets and liabilities beyond the scope of the Group's knowledge. In the event any of the Group's partners is unable to fulfil their respective contractual obligations or commitments, the operations and supply chain relating to medical and related supplies may be materially adversely affected and this might adversely affect the Group's financial performance.

Additionally, in the Group's participation in joint ventures, the Group may make investments in entities that are not the Group's subsidiary and over which the Group does not have majority control. The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the Proposed New Business that affect the Group as described herein. There is no assurance that the Group will be able to influence the management, operation and performance of these entities through its voting rights, in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

The Proposed New Business may face intense competition from existing competitors and new market entrants

The Proposed New Business is competitive, with strong competition from existing as well as new entrants to the Proposed New Business. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and/or stronger track records. There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, its business operations, financial performance and financial condition may be adversely affected.

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The Group may not have the ability or sufficient expertise to execute and grow the Proposed New Business

The Group's ability to successfully expand into the Proposed New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the Proposed New Business. There is no assurance that the Group will be able to retain its existing employees or hire new employees with the relevant experience and knowledge as the Group may have to depend on the expertise of certain individuals to provide guidance and/or its investment partners to undertake the projects coming within the Proposed New Business. The Group may also appoint third party professionals and/or foster partnerships with various third parties to assist in undertaking the Proposed New Business more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. Accordingly, the Group may not be able to successfully implement the Proposed New Business and this may adversely affect the Group's financial performance and profitability.

The Proposed New Business may be adversely affected by various laws and government regulations and subsequent changes thereto

The Proposed New Business is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group operates and the countries or industries its clients operate. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance of the Group.

The Proposed New Business may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the Proposed New Business and/or in the interruption of its operations and may have a material adverse effect on its business.

The Group must also comply with the applicable laws and regulations in the Proposed New Business, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its projects under the Proposed New Business which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

The Proposed New Business is dependent on third-party contractors or suppliers in meeting the Group's quality standards

The Group proposes to engage independent third-party contractors or suppliers to provide various manufacturing or importation services for the Proposed New Business. These independent third-party contractors or suppliers may also in turn outsource some parts of their work to other subcontractors or source their supplies from other suppliers. There is no assurance that the products supplied by such independent third-party contractors or suppliers will always be satisfactory and compliant with standards and requirements. If these products are alleged or proved to be of an inferior quality affecting the safety or quality of the Company's products, the Company may need to find alternative products, or discard or otherwise dispose of its products, which could adversely affect its results of operations. Additionally, if the quality of the products is not alleged or discovered until after the affected products have been distributed, the Company may need to withdraw or recall the affected products and the Group may experience adverse publicity or product liability claims. In either case, the Group's results of operations could be adversely affected.

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The Proposed New Business is exposed to risks associated with the Company's counterparties

The Company faces the risk that its counterparties, such as customers, suppliers and service providers, may fail to honour their contractual obligations to the Company. This may result in the Group facing stress on its cash flow and a material increase in bad debts. The non-execution of contracts by counterparties may also lead to the Company in turn not being able to honour its contractual obligations to third parties. This may subject the Group to, among others, legal claims and penalties. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Company's counterparties may default on credit which the Company may grant to them. Credit default may arise due to the failure of the Company's internal credit exposure monitoring system or mechanism, improper judgment or incomplete information on the trading risks of the Company's counterparties. In the countries from which the Company procures its products, the Company may make advances to agents, co-operatives and other suppliers. These advances may not be recoverable in the event of volatile price movements or disruptions to the supplies. The Company may also make advances to established suppliers or sell on credit to established customers, where it is commercially advantageous to do so. In all these situations, default on advances by the counterparty will adversely affect the Group's financial performance. Where loans are secured with collateral, the Company may not be able to recover the full value of the loan by liquidating the collateral. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group may not be able to provide the capital investments needed to undertake the Proposed New Business

The Proposed New Business may require substantial capital investments or cash outlay. There is no assurance that financing, either on a short term or a long term basis, will be made available or, if available, that such financing can be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected.

Additional debt funding is subject to interest payments and interest rate fluctuations and may also be subject to conditions that restrict or require consent for corporate restructuring, additional financing or fund raising, requirements on the maintenance of certain financial ratios. These conditions may reduce the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes. In addition, these conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business or industry and increase the Group's vulnerability to general adverse economic and industry conditions.

Additional equity financing may result in a dilution to Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

The Proposed New Business is subject to general risks associated with operating businesses outside Singapore

The Company does not plan to restrict the Proposed New Business to any specific geographical market. There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

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In addition, if the governments of countries in which the Group operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group will be adversely affected.

The Proposed New Business may be subject to exposure to complaints, product recall and product liability claims as well as litigation associated with such claims

The development, manufacture, sale and distribution of products carry an inherent risk of exposure to product liability claims and other damage claims for defective products. While the Group will attempt to protect itself from such claims and exposures in its adherence to standards and specifications and contractual negotiations, the Group cannot assure that its efforts in this regard will ultimately protect it from any such claims. For instance, a customer may attempt to seek contribution from the Group due to a product liability claim brought against them by a consumer, or a consumer may bring a product liability claim directly against the Group.

Such disputes and claims, with or without merit, may result in legal proceedings which may result in substantial costs and the diversion of financial and management resources. Additionally, if these disputes or claims are not concluded in the Group's favour, the Group will be liable to pay for the claims and/or damages in addition to any legal or other professional fees incurred and its business reputation and results of operations will be adversely affected. While the Group will, where appropriate, obtain insurance policies to cover product liability claims and other losses with respect to the Proposed New Business and its existing businesses, a successful product liability claim or series of claims against the Group may not be covered under its existing insurance policies or may be in excess of the Group's insurance coverage, for which it is not otherwise indemnified. Any product liability claim brought against the Group, with or without merit, could increase the Group's insurance rates or prevent the Group from securing insurance coverage in the future. Additionally, any product liability lawsuit could damage the Group's reputation, result in the recall of products, or result in the termination of existing agreements by the Group's partners, any of which could impact the Group's results of operations. Such events could have a material adverse effect on the business, results of operations, financial condition or prospects of the Group.

The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover product liability claims and other losses with respect to the Proposed New Business and its existing businesses, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damage to the Group's assets, including materials required for the Proposed New Business, which are not covered by insurance policies in excess of the amount it is insured would affect the Group's profitability. The Group may also have to commit additional resources, other than to meet the uninsured losses, to complete a project, which would also adversely affect the financial performance of the Group.

The Proposed New Business will be subject to exposure to macro-economic risks

The markets in which the Group will operate the Proposed New Business are affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates:

- (i) legal and regulatory changes;
- (ii) economic and political conditions;
- (iii) the level and volatility of liquidity and risk aversion;
- (iv) concerns about natural disasters, terrorism and war;

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- (v) the level and volatility of equity, debt, property, commodity and other financial markets;
- (vi) the level and volatility of interest rates and foreign currency exchange rates; and
- (vii) concerns over inflation.

The Proposed New Business may face disruptions, including health epidemics and other outbreaks of contagious diseases

The Proposed New Business could be adversely affected by unforeseen external factors such as natural disasters, acts of God, fire, flooding, civil commotion, other calamities or events beyond the Group's control, and health epidemics or outbreaks of communicable diseases, such as COVID-19, avian flu, H1N1 influenza, SARS or other diseases. An outbreak of contagious diseases, and other adverse public health developments in the countries where the Group operates, could have a material adverse effect on its business operations. Any disruptions in the business operations in the respective countries, such as the temporary closure of workplaces or facilities, could disrupt the operations of the Proposed New Business. This would result in longer lead-time for production and delayed delivery to customers. Notwithstanding any measures and steps taken by the Group, there is no assurance that emergency crises would not cause disruptions in the Group's operations. As a result of such disruptions, failure to meet customers' expectations and make deliveries as required by the Group's agreements with customers could damage the Group's reputation and/or expose it to legal claims and may, as a result, lead to loss of business and affect its ability to attract new business. In such events, the Group's business and financial performance may be adversely affected.

11.13 Application of Chapter 10 of the Catalist Rules

Upon Shareholders' approval of the Proposed Diversification having been obtained, any acquisition or disposal which is in, or in connection with, the Proposed New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules.

Rule 1002(1) of the Catalist Rules provides that "transaction" generally refers to the acquisition or disposal of assets by an issuer or its subsidiary, including an option to acquire or dispose of assets. It excludes a transaction which is in, or in connection with, the ordinary course of its business or of a revenue nature.

As such, the compliance requirements prescribed under Rules 1010 and 1014 of the Catalist Rules do not apply to transactions which are within the Company's existing core business for so long as it is in the ordinary course of its business or of a revenue nature. Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction defined in Rule 1002(1) of the Catalist Rules where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 75% but is less than 100% in respect of an acquisition or 50% in respect of a disposal (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in a general meeting. In the case where the transaction exceeds 5% but is less than 75% (for an acquisition) or 50% (for a disposal) of the relative figures, an announcement of the prescribed information pursuant to Rule 1010 of the Catalist Rules will also be required.

Pursuant to Practice Note 10A of the Catalist Rules, shareholders' approval is not required for an acquisition that is regarded to be in, or in connection with the ordinary course of an issuer's business, if (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile. Further guidelines are provided under Practice Note 10A of the Catalist Rules on the assessment of what consists of "existing principal business" and "change of risk profile". Further, Practice Note 10A of the Catalist Rules also states that a disposal of an issuer's business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business.

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The Proposed Diversification will thus allow the Company, in its normal course of business, to enter into transactions in furtherance of the Proposed New Business in an efficient and timely manner without the need for Shareholders' approval, for so long as it is in the ordinary course of its business or of a revenue nature. As such, the Company will not need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions which are transactions within the ordinary course of the Proposed New Business or are of a revenue nature, even where such transactions cross the thresholds of a Major Transaction. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

For the avoidance of doubt, notwithstanding the Shareholders' approval for the Proposed Diversification, where:

- (a) in respect of an acquisition of assets or several acquisition of assets when aggregated under Rule 1005 of the Catalist Rules, any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or such acquisition will result in a change in control of the issuer, Chapter 10 of the Catalist Rules (including Rule 1015) will continue to apply to any such acquisition, which must be made conditional upon the approval of, *inter alia*, Shareholders;
- (b) a transaction constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will continue to apply to any such transaction; and
- (c) in light of Practice Note 10A of the Catalist Rules, if a transaction is not within the existing principal business or changes the risk profile of the Company, Shareholders' approval may be required for such transaction.

12. DIRECTORS' RECOMMENDATIONS

- 12.1 The Independent Directors have considered and reviewed, *inter alia*, the rationale for, the terms and conditions of the Proposed Debt Conversion and all other relevant facts set out in this Circular. Save for LWL who is interested in the Proposed Debt Conversion and the Proposed Transfer of Controlling Interest and has abstained from making any recommendation, the Independent Directors are collectively of the view that the Proposed Debt Conversion and the Proposed Transfer of Controlling Interest are in the best interests of the Company, and therefore recommend that Shareholders vote in favour of the Ordinary Resolution 1 in relation to the Proposed Debt Conversion and Ordinary Resolution 2 in relation to the Proposed Transfer of Controlling Interest at the EGM.
- 12.2 The Independent Directors have considered, *inter alia*, the rationale for the Proposed Debt Conversion, and concur with the advice of the IFA in relation to the Proposed Whitewash Resolution. Save for LWL who is interested in the Proposed Debt Conversion and the Proposed Whitewash Resolution and has abstained from making any recommendation, the Independent Directors are collectively of the view that the Proposed Whitewash Resolution is in the best interests of the Company, and therefore recommend that Independent Shareholders vote in favour of the Ordinary Resolution 3 in relation to the Proposed Whitewash Resolution at the EGM.
- 12.3 The Directors have considered, *inter alia*, the rationale for the Proposed Diversification and all other relevant facts set out in this Circular. The Directors are collectively of the view that the Proposed Diversification is in the best interests of the Company, and therefore recommend that Shareholders vote in favour of the Ordinary Resolution 4 in relation to the Proposed Diversification at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for, and the financial effects of (as the case may be), the Proposed Transactions and for those who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

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13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 62 to 66 of this Circular, will be held by way of electronic means on Monday, 27 July 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions in relation to the Proposed Transactions set out in the Notice of EGM.

14. ABSTENTION FROM VOTING

14.1 LWL will abstain, and will procure that his associates abstain, from voting on the Ordinary Resolutions 1 and 2 set out in the Notice of EGM in relation to the allotment and issue of the Debt Conversion Shares and the Proposed Transfer of Controlling Interest to LWL. LWL, in his capacity as the Chairman of the EGM, will also not accept any nominations to act as proxy for any Shareholder in voting on the Ordinary Resolutions 1 and 2 unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolutions 1 and 2. Accordingly, the Company will disregard any votes cast on the Ordinary Resolutions 1 and 2 (as the case may be) by such persons required to abstain from voting in respect of the respective resolutions.

14.2 Pursuant to the conditions by the SIC as set out in paragraph 8.2(c) above, LWL, persons acting in concert with him (if any), and parties not independent of him (if any), will abstain from voting on the Ordinary Resolution 3 set out in the Notice of EGM relating to the Proposed Whitewash Resolution. LWL, in his capacity as the Chairman of the EGM, will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolution 3, unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolution 3. Accordingly, the Company will disregard any votes cast on the Ordinary Resolution 3 by such persons required to abstain from voting in respect of the Ordinary Resolution 3.

15. ACTIONS TO BE TAKEN BY SHAREHOLDERS

15.1 No Attendance at EGM in Person

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the EGM in person.

15.2 Alternative Arrangements

Alternative arrangements have been put in place to allow Shareholders to participate at the EGM. The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 which was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

(i) Live EGM Webcast and Live EGM Audio Feed

The proceedings of the EGM will be broadcast through live audio-visual webcast and live audio-only stream (“**Live EGM Webcast**” and “**Live EGM Audio Feed**”, respectively) on Monday, 27 July 2020 at 10.00 a.m.

Shareholders will be able to watch or listen to the EGM proceedings through the Live EGM Webcast or the Live EGM Audio Feed via mobile phone, tablet, computer or any such electronic device.

In order to do so, Shareholders must pre-register online at the URL <https://sg.conveneagm.com/kitchenculture> by 10.00 a.m. on 25 July 2020 (the “**Registration Deadline**”), being not less than 48 hours before the time appointed for holding the EGM, to enable the Company to verify their Shareholders’ status. Please refer to the Notice of EGM set out on pages 62 to 66 of this Circular for further details on the Live EGM Webcast and the Live EGM Audio Feed, including registration details.

LETTER TO SHAREHOLDERS

(ii) Submission of Proxy Forms to Vote

Shareholders will not be able to vote through the Live EGM Webcast or the Live EGM Audio Feed on the Ordinary Resolutions to be tabled for approval at the EGM.

A Shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the EGM must submit a Proxy Form to appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. Shareholders who wish to appoint the Chairman of the EGM as proxy to vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company by post, or submitted by email to EGM@kitchenculture.com, or submitted via the Shareholder's account following registration at the URL <https://sg.conveneagm.com/kitchenculture>, in each case not less than 48 hours before the time appointed for holding the EGM, i.e. by 10.00 a.m. on 25 July 2020.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit the completed and signed Proxy Forms electronically via email.

Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who buy shares using SRS monies, who wish to exercise their votes by appointing the Chairman of the EGM as his/her/its proxy should approach their respective relevant intermediaries (which would include SRS Operators) through which they hold such shares, to submit their votes at least 7 working days before the date of the EGM, i.e. by 10.00 a.m. on 16 July 2020.

(iii) Submission of Questions in Advance

To ensure orderly proceedings during the Live EGM Webcast and the Live EGM Audio Feed, Shareholders should submit questions relating to the resolutions set out in the Notice of the EGM in advance at (i) <https://sg.conveneagm.com/kitchenculture>, (ii) by post to the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086, or (iii) via email to EGM@kitchenculture.com by 24 July 2020, Friday, at 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM). Please note that Shareholders will not be able to raise questions during the Live EGM Webcast and the Live EGM Audio Feed.

A shareholder who wishes to submit his/her/its questions by post or by email is required to indicate his/her/its full name (for individuals)/company name (for corporates), NRIC/passport number/company registration number, contact number, shareholding type and number of shares held together with his/her/its submission of questions, to the office address or email address provided. The Company will endeavour to address the substantial and relevant questions before or during the EGM. The responses to questions from Shareholders will be posted on the SGXNET and the Company's website soonest possible before the EGM, or if answered during the EGM, to be included in the minutes of the EGM which will be published on the SGXNET and the Company's website within 1 month after the date of the EGM.

(iv) Notice of EGM and Circular

Printed copies of the Notice of EGM and the Circular (including Proxy Form) will not be despatched to Shareholders. Instead, these documents will be sent to members solely by electronic means via publication on the Company's website at the URL <https://kcholdings.com.sg/media-centre/announcements.php> and will also be made available on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

LETTER TO SHAREHOLDERS

Due to the evolving COVID-19 situation in Singapore, the Company may change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGXNET. Shareholders are advised to check the SGXNET regularly for updates on the EGM.

15.3 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to vote thereat unless his name appears on the Depository Register as certified by CDP at least 72 hours before the time appointed for holding the EGM.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

17. CONSENTS

- 17.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and the IFA Letter and all references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.
- 17.2 The legal adviser to the Company as to the Proposed Transactions, Opal Lawyers LLC, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and all references thereto in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

18. DOCUMENTS FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2019;
- (c) the Debt Conversion Deed;
- (d) the IFA Letter set out in Appendix A to this Circular; and
- (e) the consent letters referred to in paragraph 17 above.

LETTER TO SHAREHOLDERS

Shareholders who wish to inspect the above documents shall make an appointment via the following email address EGM@kitchenculture.com, so that the relevant arrangements can be made in compliance with the Singapore Government's directives in relation to the ongoing COVID-19 outbreak.

Yours faithfully
For and on behalf of the Board
KITCHEN CULTURE HOLDINGS LTD.

Lim Wee Li
Executive Chairman and Chief Executive Officer

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



10 July 2020

KITCHEN CULTURE HOLDINGS LTD.

2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086

Attention: The Independent Directors

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF KITCHEN CULTURE HOLDINGS LTD. (THE “COMPANY”) IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LIM WEE LI FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT ALREADY OWNED, ACQUIRED OR AGREED TO BE ACQUIRED BY MR LIM WEE LI, AS A RESULT OF THE PROPOSED CONVERSION OF THE SHAREHOLDER’S LOANS FROM MR LIM WEE LI INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.070 PER NEW SHARE

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Company’s circular to shareholders dated 10 July 2020 (the “Circular”).

1. INTRODUCTION

Kitchen Culture Holdings Ltd. (the “**Company**”) is seeking its shareholders’ approval for the following transactions:

- (a) the proposed conversion of total outstanding interest-free loans extended by Mr Lim Wee Li (“**Mr Lim**”) to the Company for working capital purposes which aggregated S\$4,630,406.33 as at the Latest Practicable Date (the “**Shareholder’s Loans**”) into up to 66,148,657 new ordinary shares (the “**Debt Conversion Shares**”), fractional entitlements to be disregarded, at the issue price of S\$0.070 (the “**Issue Price**”) for each Debt Conversion Share (the “**Proposed Debt Conversion**”) pursuant to the conditional debt conversion deed entered into between the Company and Mr Lim dated 2 April 2020 (the “**Debt Conversion Deed**”); and
- (b) the proposed whitewash resolution for the waiver by the Independent Shareholders (as defined below) of their rights to receive a mandatory general offer from Mr Lim for the remaining issued and paid-up shares in the capital of the Company (the “**Shares**”) not already owned, acquired or agreed to be acquired by Mr Lim, as a result of the Proposed Debt Conversion (the “**Proposed Whitewash Resolution**”).

The resolution for the Proposed Whitewash Resolution is conditional upon the passing of the resolution for the Proposed Debt Conversion.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



1.1 THE PROPOSED DEBT CONVERSION

Pursuant to the Debt Conversion Deed, Mr Lim has agreed to the repayment of the Shareholder's Loans in whole or in part, as follows:

- (i) in the event that the Proposed Whitewash Resolution is approved by the Company's shareholders (the "**Shareholders**") other than Mr Lim and his concert parties and parties not independent of Mr Lim for the purposes of the Proposed Whitewash Resolution (the "**Independent Shareholders**"), 66,148,657 Debt Conversion Shares shall be allotted and issued to Mr Lim at the Issue Price, fractional entitlements to be disregarded, as full repayment of the Shareholder's Loans ("**Scenario 1**"); or
- (ii) in the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, 38,000,000 Debt Conversion Shares shall be allotted and issued to Mr Lim at the Issue Price, fractional entitlements to be disregarded, as partial repayment amounting to S\$2,660,000 of the Shareholder's Loans ("**Scenario 2**").

Mr Lim is the Executive Chairman and the Chief Executive Officer of the Company. Accordingly, Mr Lim is an 'interested person' and the Proposed Debt Conversion is an 'interested person transaction' under Chapter 9 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").

Pursuant to Rule 906 of the Catalyst Rules, an issuer must obtain shareholders' approval for any interested person transaction of a value equal to, or more than 5% of the group's latest audited net tangible assets ("**NTA**"). The value-at-risk of the Proposed Debt Conversion will be the conversion of the amounts owing to Mr Lim into Debt Conversion Shares. Accordingly, the value-at-risk for the Proposed Debt Conversion would amount to S\$4,630,406.33 for Scenario 1, while the value-at-risk for Scenario 2 would be S\$2,660,000.

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2019 ("**FY2019**"), the Group had net tangible liabilities of S\$5.3 million as at 30 June 2019. Accordingly, the Company will use its market capitalisation, for purposes of computing the materiality of the Proposed Debt Conversion as an interested person transaction under the Catalyst Rules. Based on the Company's market capitalisation as at 30 June 2019 of S\$12.6 million (based on the closing price of S\$0.106 on 11 March 2019, being the full market day on which the Shares were traded on Catalyst on or preceding 30 June 2019, multiplied with the total number of shares outstanding as at 30 June 2019 of 118,477,000 Shares), the value-at-risk under Scenario 1 represents 36.87% of the Company's market capitalisation, and the value-at-risk under Scenario 2 represents 21.18% of the Company's market capitalisation.

As the values-at-risk under both scenarios exceed 5.0% of the relevant threshold under the Catalyst Rules, the Proposed Debt Conversion is an interested person transaction subject to the approval of the Independent Shareholders. Accordingly, the Company is seeking Independent Shareholders' approval for the Proposed Debt Conversion.

1.2 THE PROPOSED WHITEWASH RESOLUTION

As at the Latest Practicable Date, Mr Lim holds 26,177,000 Shares, representing approximately 14.81% interest in the capital of the Company. Based on the issued and paid-up share capital of the Company as of the Latest Practicable Date (the "**Existing Share Capital**"), Mr Lim would

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



hold 92,325,657 Shares, representing approximately 38.01% of the enlarged issued and paid-up share capital of the Company upon the completion of the Proposed Debt Conversion under Scenario 1.

On 29 June 2020, the Shareholders approved the proposed allotment and issue of an aggregate of up to 46,694,626 new ordinary shares (the “**Conversion Shares**”) at the conversion price of S\$0.149 for each Conversion Shares (the “**Conversion Price**”) upon the conversion of interest-bearing convertible loan (the “**Convertible Loan**”) with principal aggregating S\$6,050,000 and interests thereon, pursuant to the terms and conditions of the convertible loan agreement entered into between the Company and 11 investors (the “**Investors**”) dated 3 May 2020 (the “**CLA**”). In the event that all the Conversion Shares are allotted and issued to the Investors prior to the allotment and issue of the Debt Conversion Shares to Mr Lim, Mr Lim would hold 92,325,657 Shares, representing approximately 31.88% of the enlarged issued and paid-up share capital of the Company upon the completion of the Proposed Debt Conversion under Scenario 1.

Accordingly, Mr Lim would thereby acquire 30.0% or more voting rights of the Company as a result of the allotment and issue of the Debt Conversion Shares pursuant to Scenario 1 of the Proposed Debt Conversion. In such an event, Mr Lim and his concert parties would incur an obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Takeovers and Mergers (the “**Code**”) for the remaining issued and paid-up Shares not already owned, acquired or agreed to be acquired by Mr Lim following the completion of the Proposed Debt Conversion under Scenario 1, unless such obligation is waived by the Securities Industry Council (“**SIC**”).

The SIC had on 13 May 2020 granted Mr Lim the waiver of his obligation to make a mandatory general offer for the Shares under Rule 14 of the Code (the “**Whitewash Waiver**”) as a result of the allotment and issue of the Debt Conversion Shares in connection with the Proposed Debt Conversion, subject to the conditions set out in paragraph 8.2 of the Circular, including the appointment of an independent financial adviser (“**IFA**”) by the Company to advise its Independent Shareholders on the Proposed Whitewash Resolution.

1.3 APPOINTMENT OF THE IFA

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed by the Company to act as the IFA to advise the Directors who are considered to be independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Whitewash Resolution, namely Mr Loy Soo Toon, Mr William Teo Choon Kow, Mr Kesavan Nair, Mr Chua Siong Kiat and Mr Lau Kay Heng (the “**Independent Directors**”) as to whether the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

This letter sets out our evaluation of the Proposed Debt Conversion and our advice to the Independent Directors on the Proposed Whitewash Resolution (this “**IFA Letter**”). This IFA Letter forms part of the Circular issued by the Company.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to advise the Independent Directors as to whether the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

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We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Debt Conversion, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms of the Proposed Debt Conversion. Our evaluation is limited to the terms of the Proposed Debt Conversion, and has not taken into account the legal risks, commercial risks or merits, and financial risks or merits of the Proposed Debt Conversion.

Our terms of reference also do not require us to express, evaluate or comment on the rationale for, and the strategic merits or risks of the Proposed Debt Conversion, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Proposed Debt Conversion.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Debt Conversion, are solely the responsibility of the Board. Likewise, we are not expressing herein as to the prices at which the Shares may trade upon completion of the Proposed Debt Conversion. We are also not addressing the relative merits of the Proposed Debt Conversion, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

In the course of our evaluation and for the purpose of our opinion in relation to the Proposed Debt Conversion, we have had discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Debt Conversion, the Proposed Whitewash Resolution, and the Company and its subsidiaries (the “**Group**”), and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular 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 Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Proposed Debt Conversion, the Proposed Whitewash Resolution and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



consideration of the Proposed Debt Conversion and the Proposed Whitewash Resolution, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Proposed Whitewash Resolution, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Proposed Whitewash Resolution, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise Shareholders to read these pages carefully.

3. PROPOSED DEBT CONVERSION

Details of the Proposed Debt Conversion are set out in paragraphs 2 to 5 of the Circular. Shareholders are advised to read the information carefully.

3.1 BACKGROUND

The background of the Proposed Debt Conversion is set out in paragraph 2.1 of the Circular.

As at the Latest Practicable Date, the Shareholder's Loans, which are interest-free, unsecured and repayable on demand, amounted to an aggregate of S\$4,630,406.33.

3.2 THE SHAREHOLDER'S LOANS

We note from the annual reports of the Company for the 18-month financial period from 1 January 2016 to 30 June 2017 ("FP2017") and the two financial years ended 30 June 2018 ("FY2018") and 30 June 2019 ("FY2019"), and the Company's announcement on the financial results of the Group for the six-month ended 31 December 2019 ("HY2020") that Mr Lim has been extending financial support to the Group and has undertaken to provide further financial support to enable the Group to continue in operations if the need arises.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



The outstanding loans from Mr Lim to the Group amounted to S\$3.7 million, S\$2.8 million, S\$2.1 million and S\$4.8 million as at 30 June 2017, 30 June 2018, 30 June 2019 and 31 December 2019 respectively.

3.3 SALIENT TERMS OF THE DEBT CONVERSION DEED

We set out the salient terms of the Proposed Debt Conversion below:

Shareholder's Loans to be repaid	<p>The full Shareholder's Loans of S\$4,630,406.33 in the event the Proposed Whitewash Resolution is approved by the Independent Shareholders.</p> <p>S\$2,660,000 (the "Repayment Amount") in the event the Proposed Whitewash Resolution is <u>NOT</u> approved by the Independent Shareholders.</p>
Debt Conversion Shares	<p>66,148,657 Debt Conversion Shares in the event the Proposed Whitewash Resolution is approved by the Independent Shareholders.</p> <p>38,000,000 Debt Conversion Shares in the event the Proposed Whitewash Resolution is <u>NOT</u> approved by the Independent Shareholders.</p> <p>The Debt Conversion Shares will, when allotted and issued, be credited as fully-paid Shares, free from any and all encumbrances, and rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of allotment and issue of the Debt Conversion Shares.</p>
Issue Price	S\$0.07 for each Debt Conversion Share.
Moratorium on Debt Conversion Shares	None.
Conditions precedent	Completion of the Proposed Debt Conversion is conditional upon conditions precedent as set out in paragraph 2.3.3 of the Circular.

3.4 RATIONALE FOR THE PROPOSED DEBT CONVERSION

The rationale for the Proposed Debt Conversion is set out in paragraph 2.2 of the Circular. We extract *in italics* as follows:

The Proposed Debt Conversion will enable the Group to (i) improve its working capital and NTL position, (ii) reduce its indebtedness, gearing and LPS, (iii) eliminate the need for any cash repayment for the Shareholder's Loans or the Repayment Amount (as the case may be) in view

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of the current financial and cash position of the Group, and (iv) allow the Group to focus its resources on stabilising its business activities and better financial position to enable it to continue as a going concern.

3.5 ABOUT MR LIM

The following information were extracted from public documents of the Company, including the annual reports of the Company.

Mr Lim is the Executive Chairman and the Chief Executive Officer of the Company and is responsible for the formulation of the Group's strategic directions and expansion plans. He established and founded the Group in 1991 and has spearheaded the business and operation.

The changes to the Shares held by Mr Lim since 1 January 2016 (the beginning of the financial periods set out in the last three annual reports of the Company) and up to the Latest Practicable Date are as follows:

	Resultant shareholding	
	Shares (direct and indirect)	% interest in the Company
As at 1 January 2016	74,700,000	74.70
28 June 2018 – Allotment and issue of 18,477,000 new Shares at S\$0.1353 each to Mr Lim pursuant to the conversion of shareholder's loans of S\$2,500,000 extended by Mr Lim to the Company	93,177,000	78.65
22 January 2020 – Dilution to Mr Lim's percentage interest upon the completion of the conversion of a loan of S\$150,000 with the allotment and issue of 2,000,000 new Shares at S\$0.075 each to a third party lender	93,177,000	77.34
30 January 2020 – Sale of 67,000,000 Shares by Mr Lim at the average price of S\$0.059 for each Share to raise cash for personal purposes	26,177,000	21.73
19 March 2020 – Dilution to Mr Lim's percentage interest upon the completion of the placement of 56,273,000 new Shares at S\$0.068 each by the Company	26,177,000	14.81

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4. EVALUATION OF THE PROPOSED DEBT CONVERSION

In our evaluation of the Proposed Debt Conversion, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the Group's historical financial performance and going concern of the Group;
- (b) the financial position of the Group;
- (c) the recent development of the Group;
- (d) the market quotation and trading activity of the Shares;
- (e) previous issue of new Shares by the Company;
- (f) the comparison with loan conversions of other SGX-ST listed companies;
- (g) financial effects of the Proposed Debt Conversion; and
- (h) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

4.1 THE GROUP'S HISTORICAL FINANCIAL PERFORMANCE AND GOING CONCERN OF THE GROUP

A summary of the consolidated statement of comprehensive income of the Group for FP2017, FY2018, FY2019 and HY2020 (collectively, the "Track Record Period") is set out below:

S\$'million	Audited			Unaudited	
	FP2017	FY2018	FY2019	HY2019	HY2020
Revenue	49.55	14.39	11.05	4.70	7.18
Gross profit	14.66	6.28	4.77	2.19	2.06
Loss before income tax	(6.92)	(4.01)	(3.79)	(1.88)	(1.60)
Net loss attributable to equity holders of the Company	(6.93)	(4.03)	(3.87)	(1.88)	(1.63)

We note that the Group had been loss making for the Track Record Period although the Group's loss before income tax and net loss attributable to equity holders of the Company had been on a reducing trend during the Track Record Period.

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Going concern of the Group

Given the losses and the net current liabilities position of the Group for FP2017, FY2018 and FY2019, the annual reports of the Company for FP2017, FY2018 and FY2019 included a note regarding the going concern of the Group.

In these notes regarding the going concern of the Group, the auditors stated that the Group's financial statements were prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its debt obligations as and when they fall due within the next twelve months from the date of the financial statements, on the basis that the Group has continuous financial support, including loans from Mr Lim Wee Li.

As mentioned earlier, Mr Lim has been extending financial support to the Group and has undertaken to provide further financial support to enable the Group to continue in operations if the need arises.

We also note that the Company had included a statement on its working capital position and going concern in its results announcement for HY2020 that, the Group will be able to meet its short-term obligations as and when they fall due and continue as a going concern on the basis of three management representations, including *inter alia*, the undertaking from Mr Lim not to call for repayment of the Shareholder's Loans until the Group has sufficient additional working capital and to provide further financial support if the need arises to enable the Group to continue in operation for at least the next 12 months from 30 June 2019.

Accordingly, we note that the Group is reliant on the financial support from Mr Lim, and it will affect the going concern of the Group in the event that the Group needs to repay the Shareholder's Loans in cash.

4.2 FINANCIAL POSITION OF THE GROUP

We set out below key information from the statement of financial position of the Group as at 30 June 2019 and 31 December 2019:

S\$'million	Audited 30 Jun 2019	Unaudited 31 Dec 2019
Current assets	13.0	15.2
Current liabilities	(16.4)	(20.8)
Net current liabilities	(3.4)	(5.6)
Non-current assets	0.8	1.3
Non-current liabilities	(2.7)	(2.5)
Net liabilities	(5.3)	(6.8)

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S\$'million	Audited 30 Jun 2019	Unaudited 31 Dec 2019
Less: Non-controlling interests	0.4	0.3
Net liabilities attributable to equity holders of the Company	(4.9)	(6.5)

As set out above, the Group had net liabilities amounted to approximately S\$5.3 million and S\$6.8 million as at 30 June 2019 and 31 December 2019 respectively. Accordingly, the price to net asset value (“**P/NAV**”) ratio implied by the Issue Price as compared to the Group’s NAV per Share as at 30 June 2019 and 31 December 2019 will not meaningful.

4.2.1 Revalued NAV (“RNAV”) of the Group

We have clarified with the Company if there are any assets or liabilities which may be fair valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2019, and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV of the Group as at 31 December 2019. We set out as follows:

Assets

The current assets of the Group were made up of three major components, namely, inventories, trade receivables and other receivables, which collectively accounted for more than 90% of the Group’s current assets as at 30 June 2019 and 31 December 2019 respectively. We have calculated the Group’s inventories turnover days and trade receivables turnover days for HY2020 to be approximately four months and two months respectively, which are lower than the Group’s inventories turnover days and trade receivables turnover days for FY2018 and FY2019.

The non-current assets of the Group comprised mainly trade receivables, property, plant and equipment and an investment property (being a holiday resort unit in Batam). We note that the Group has engaged valuers to determine the fair value of the investment property as at 30 June 2019. Based on the assessment by the valuers, the investment property had a fair value of S\$500,000 as at 30 June 2019, representing a revaluation surplus of approximately S\$0.27 million to the net book value of the investment property as at 30 June 2019. If the fair value of the investment property remained unchanged as at 31 December 2019, the Group will have a revaluation surplus of approximately S\$0.27 million to the net book value of the investment property as at 31 December 2019.

Liabilities

The current liabilities of the Group comprised principally other payables which accounted for more than 50% of the Group’s current liabilities as at 30 June 2019 and 31 December 2019 respectively. We note that the loans from Mr Lim to the Company formed part of the Group’s other payables as at 30 June 2019 and 31 December 2019. The other major components of the Group’s current liabilities as at 30 June 2019 were contract liabilities and trade payables which represented 25.72% and 13.22% of the Group’s current liabilities as at 30 June 2019. The other major components of the Group’s current liabilities as at 31 December 2019 were contract liabilities,

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borrowings and trade payables which represented 23.24%, 14.93% and 9.62% of the Group's current liabilities as at 31 December 2019.

The non-current liabilities of the Group comprised principally borrowings which amounted to S\$2.60 million and S\$2.40 million as at 30 June 2019 and 31 December 2019 respectively.

The revalued NAV of the Group

Save for the revaluation surplus on the investment property, the Company confirmed that there is no other factor which may materially affect the NAV of the Group as at 30 June 2019 and 31 December 2019 respectively.

As the revaluation surplus from the fair value of the Group's investment property amounted to only S\$0.27 million as at 30 June 2019 and 31 December 2019, the Group will still be in a net liabilities position after taking into account such revaluation surplus as set out below:

S\$'million	Audited 30 Jun 2019	Unaudited 31 Dec 2019
Net liabilities attributable to equity holders of the Company	(4.9)	(6.5)
Add: Revaluation surplus	0.3	0.3
Resultant net liabilities attributable to equity holders of the Company	(4.6)	(6.2)

Accordingly, the price to RNAV ("**P/RNAV**") ratio of the Group as at 30 June 2019 and 31 December 2019 is not meaningful.

Proforma effects of the Proposed Debt Conversion

We also set out the proforma effects of the Proposed Debt Conversion as follows:

S\$'million	Audited 30 Jun 2019	Unaudited 31 Dec 2019
Net liabilities attributable to equity holders of the Company	(4.9)	(6.5)
Add: Conversion of outstanding Shareholder's Loans as at the respective dates	2.1	4.6
Resultant net liabilities attributable to equity holders of the Company	(2.8)	(1.9)

Although the Company will still be in a net tangible liabilities position after completion of the Proposed Debt Conversion, the net liabilities attributable to equity holders of the Company will improve substantially.

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This is in line with the Company's rationale for the Proposed Debt Conversion which is, among others, to reduce its indebtedness.

4.2.2 Cash and cash equivalents of the Group

We note that the Group had cash and cash equivalents amounting to S\$333,677 and S\$861,818 as at 30 June 2019 and 31 December 2019 respectively. While the Group registered an increase in the cash and cash equivalent balances from 30 June 2019 to 31 December 2019, we note that the increase was contributed principally by additional Shareholder's Loans of S\$2.7 million and new borrowings of S\$1.7 million obtained in HY2020.

As the Group registered a net cash outflow of S\$3.6 million in its operating activities in HY2020, the Group's cash and cash equivalents as at 30 June 2019 would not have been sufficient for the Group's operating activities for HY2020.

The Group also did not have sufficient cash and cash equivalents as at 31 December 2019 to repay the Shareholder's Loans in cash.

This is also in line with the Company's rationale for the Proposed Debt Conversion which is, among others, to eliminate the need for any cash repayment for the Shareholder's Loans or the Repayment Amount (as the case may be).

4.3 RECENT DEVELOPMENT OF THE GROUP

On 31 March 2020, the Company announced that it will be conducting a strategic review of its business segments to explore new areas of opportunities and alternate businesses, not ruling out the areas of healthcare and medical supplies solutions, artificial intelligence, machine learning and data science, to increase the revenue stream of the Group.

On 7 April 2020, the Company announced that the Group's Singapore showroom and the Group's Singapore residential projects has temporarily ceased operations during the circuit breaker period implemented by the Singapore government with effect from 7 April 2020 to contain the spread of COVID-19, while the Group's Hong Kong and China operations continue operations as usual.

We extract the percentage breakdown of the Group's revenue by geographical segments from the last three annual reports of the Company as follows:

As a percentage of total revenue	FP2017	FY2018	FY2019
Singapore	65.7	48.4	37.1
Malaysia	11.8	4.0	2.5
Hong Kong	21.5	42.9	51.4
China	1.0	4.7	9.0

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We note that, while the Group's revenue from Singapore has been reducing from 65.7% in FP2017 to 37.1% in FY2019, revenue from Singapore still accounted for a significant portion of the Group's revenue for FY2019. Nevertheless, we also note that the Company has stated in its 7 April 2020's announcement that *"The temporary closure of its Singapore operations during this period is not expected to have a material financial impact on the earnings per share and the net asset value per share of the Group for the financial year ending 30 June 2020."*

As at the Latest Practicable Date, the Company also made the following announcements after the above mentioned announcements:

Date	Description
17 April 2020	The Company has on 17 April 2020 entered into a non-binding memorandum of understanding (the "MOU") with Ooway Technology Pte. Ltd. (the "Vendor") relating to the Company's proposed acquisition of such number of ordinary shares in Ooway Technology Co., Ltd ("Ooway"), a wholly-owned subsidiary of the Vendor.
23 April 2020	Incorporation of KC Medical Supplies Pte. Ltd. to undertake the trading of medical and related supplies.
4 May 2020	The Company entered into the CLA for the Convertible Loan. The Company intends to use the net proceeds from the Convertible Loan for the working capital requirements for KC Medical Supplies Pte. Ltd.
21 May 2020	Proposed disposal of the Group's 60% interest in Kitchen Culture (Sichuan) Co., Ltd. ("KCSC") for a nominal consideration of RMB1. KCSC recorded a net loss in HY2020 and had negative book value and net tangible liabilities as at 31 December 2019.
10 June 2020	The Company updated that KCSC has handed over the financial records, company seal, financial seal and bank tokens of KCSC to the purchaser, and the purchaser had transferred RMB6.0 million into KCSC. However, the parties are still waiting for the transfer of 60% of legal ownership title from the Company to the purchaser to be officially reflected in the business registry.
12 June 2020	The Company announced the holding of an extraordinary general meeting on 29 June 2020 to seek Shareholders' approval for the Convertible Loan.
23 June 2020	The Company has appointed a professional firm to conduct a valuation on Ooway and has also appointed legal and financial professionals to conduct legal and financial due diligence investigations on the target group respectively.
25 June 2020	The Company announced the completion of the disposal of KCSC.
29 June 2020	The Company announced that its Shareholders approved all the resolutions proposed in the extraordinary general meeting held in relation to the Convertible Loan.

For the purpose of this paragraph, we have included events which have certainty of crystallisation and excluded announcements where only term sheets were entered into by the Company.

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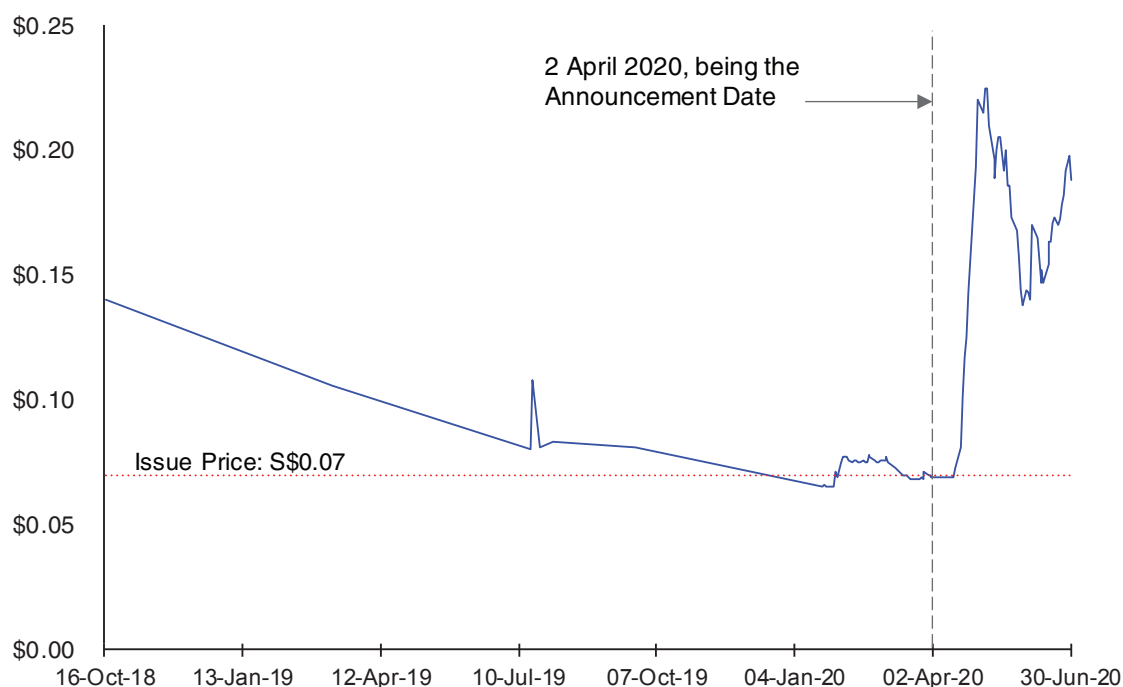
Nevertheless, save for the disposal of KCSC and the Convertible Loan, there is no assurance that the acquisitions or disposal will materialise or the Group will be able to turnaround its financial performance and financial position with the above development.

As set out in paragraph 11 of the Circular, the Company is also seeking Shareholders' approval for the proposed diversification of the Group's business in the EGM. The new business proposed by the Group comprises the trading of medical and related supplies, which includes activities such as sourcing, manufacturing, formulating, branding, selling, distribution, wholesale and/or retail of medical, healthcare and related supplies. Shareholders can refer to paragraph 11 of the Circular for further details of the proposed diversification, including in particular, the risk factors relating to the new business.

4.4 MARKET QUOTATION AND TRADING ACTIVITY OF THE SHARES

4.4.1 Historical closing price of the Shares

We set out a chart on the closing price of the Shares for the period commencing from the 24-month period prior to and including 2 April 2020, being the date of the announcement of the Proposed Debt Conversion (the "Announcement Date"), up to the Latest Practicable Date:



Source: Bloomberg Finance L.P.

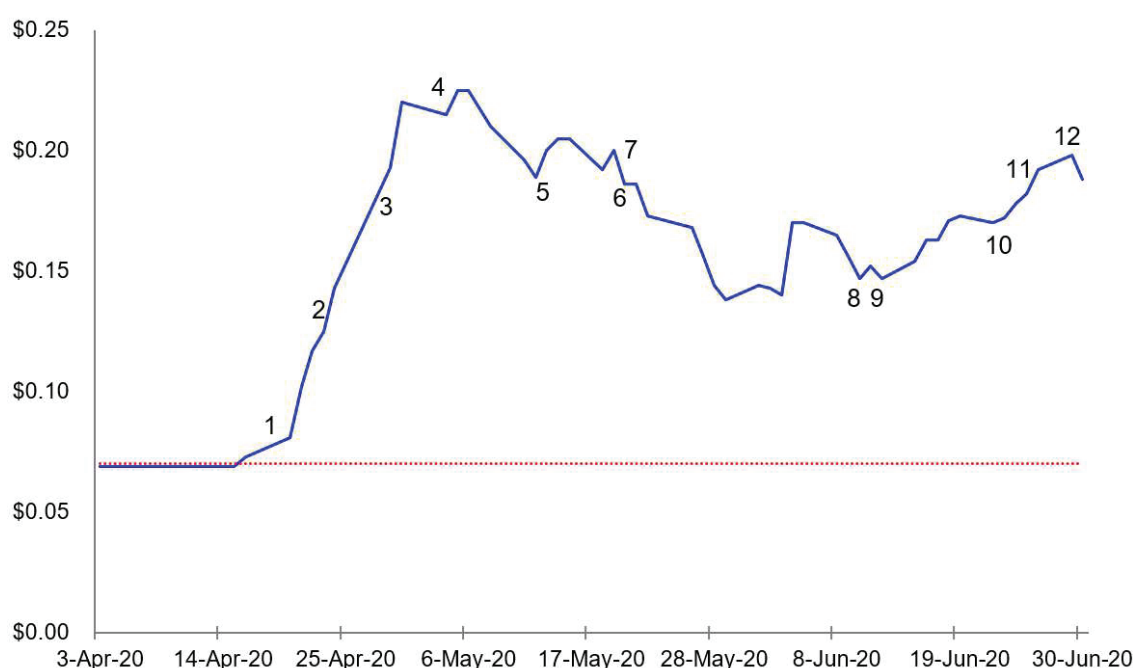
Note: Chart commences from 16 October 2018 as there were no trades of Shares between 3 October 2018 and 15 October 2018.

As set out above, the closing price of the Shares was on a downward trend for the 24 months prior to and including 2 April 2020, being the Announcement Date.

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The Shares continued to trade at closing price of between S\$0.069 and S\$0.073 from 3 April 2020 until 16 April 2020. Since 17 April 2020, the Company announced a series of corporate events and the closing price of the Shares fluctuated higher. For clarity, we set out below the closing price of the Shares from 3 April 2020, being the date after the Announcement Date up to the Latest Practicable Date, and the announcements made by the Company which may have a bearing on the closing price of the Shares during the aforesaid period:



Source: Bloomberg Finance L.P.

<u>Event</u>	<u>Description</u>
1	On 17 April 2020, the Company announced that it has entered into a non-binding memorandum of understanding with Ooway Technology Pte. Ltd. in relation to the Company's proposed acquisition of ordinary shares in Ooway.
2	On 23 April 2020, the Company announced that it has incorporated a wholly-owned subsidiary in Singapore known as KC Medical Supplies Pte. Ltd. to undertake the trading of medical and related supplies.
3	On 29 April 2020, the Company announced that it has entered into a non-binding term sheet for the Convertible Loan.
4	On 4 May 2020, the Company announced that it has entered into the CLA.
5	On 13 May 2020, the Company announced that Mr Lim has received the Whitewash Waiver from the SIC.

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<u>Event</u>	<u>Description</u>
6	On 20 May 2020, the Company announced that it has a non-binding term sheet with Guangdong Fon-neus Environment Protection Technology Inc. in relation to the proposed acquisition by the Company of 40% of the equity interest in Beijing Anxin Health Products Co., Ltd.
7	On 21 May 2020, the Company announced that it has entered into an agreement for the proposed disposal of 60% of the registered capital of KCSC, wholly-owned subsidiary of the Company, to a third party for a nominal consideration of RMB1.
8	On 10 June 2020, the Company announced updates to the proposed disposal of KCSC.
9	On 12 June 2020, the Company announced the holding of an extraordinary general meeting on 29 June 2020 for the Convertible Loan.
10	On 23 June 2020, the Company announced that it has appointed a professional firm to conduct a valuation on Ooway and has also appointed legal and financial professionals to conduct legal and financial due diligence investigations on the target group respectively.
11	On 25 June 2020, the Company announced the completion of the disposal of KCSC.
12	On 29 June 2020, the Company announced that its Shareholders approved all the resolutions proposed in the extraordinary general meeting held in relation to the Convertible Loan.

4.4.2 Trading statistics of the Shares

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from the 24-month period prior to and including the Announcement Date, up to the Latest Practicable Date:

	VWAP S\$(¹)	Premium / (discount) of Issue Price over / to VWAP %	Total Shares traded in the period	Average daily trading volume (²)	Average daily trading volume as a percentage of free float % (³)
<u>Prior to and including 2 April 2020, the Announcement Date</u>					
Last 24 months	0.0675	3.70	152,005,300	2,980,496	2.44
Last 12 months	0.0675	3.70	151,971,000	3,101,449	2.54
Last 6 months	0.0674	3.82	151,642,800	3,446,427	2.82
Last 3 months	0.0674 (⁴)	3.82	151,642,800 (⁴)	3,446,427	2.82
Last 1 month	0.0714	(1.92)	12,945,000	761,471	0.62
2 April 2020	0.0690	1.45	75,000	75,000	0.06

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	VWAP S\$ ⁽¹⁾	Premium / (discount) of Issue Price over / to VWAP %	Total Shares traded in the period	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float % ⁽³⁾
After the Announcement Date and up to the Latest Practicable Date					
After the Announcement Date up to the Latest Practicable Date	0.1649	(57.54)	258,039,200	5,160,784	4.22
Latest Practicable Date	0.1892	(63.00)	1,431,700	1,431,700	1.17

Source: Bloomberg Finance L.P.

Notes:

- (1) The volume weighted average price (“**VWAP**”) of the Shares over the relevant period.
- (2) The average daily trading volume of the Shares is computed based on the total volume of the Shares traded during the relevant period, divided by the number of market days on which the Shares were traded during the relevant period.
- (3) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of 122,265,000 Shares, representing approximately 69.17% of the Shares.
- (4) Excludes trades relating to 1,000,000 Shares on 20 March 2020 and 2,500,000 Shares on 27 March 2020 as the trading prices for these trades were not included in Bloomberg’s VWAP trades.

We wish to highlight that the above table includes the sale of 67,000,000 Shares by Mr Lim Wee Li for a total consideration (excluding brokerage and stamp duties) of S\$3,956,351.03, which translates to approximately S\$0.0591 for each Share, on 30 January 2020 (the “**Sale of Shares**”).

Based on the above table, we note that the Issue Price represents:

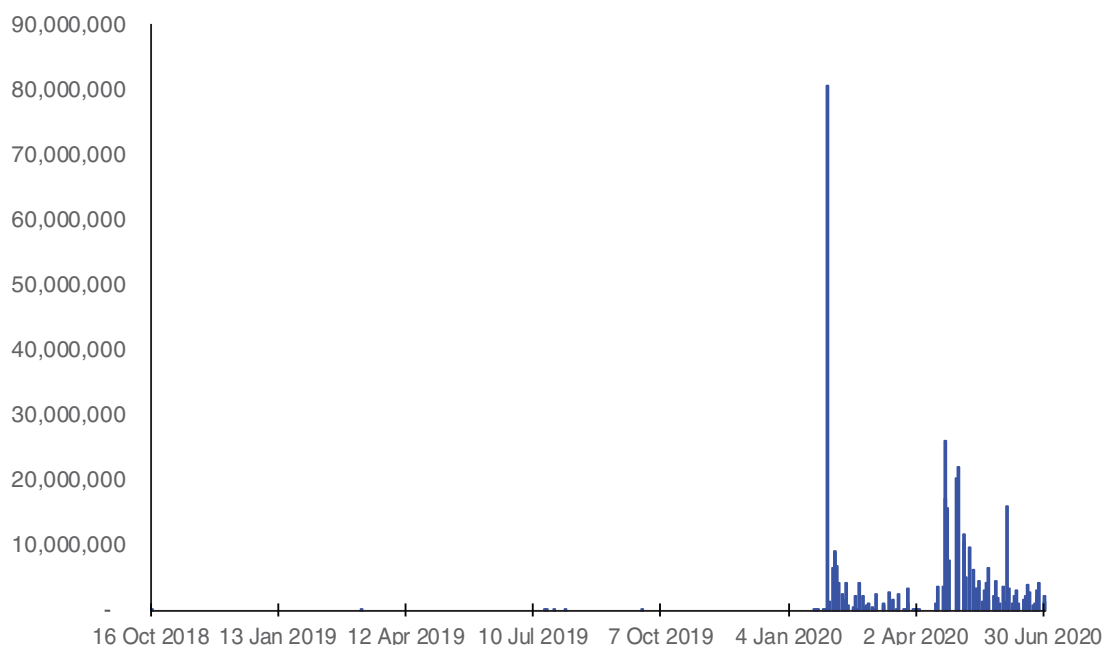
- (a) premia of between 3.70% and 3.82% to the VWAPs of the Shares traded for the 24-month, 12-month, 6-month and 3-month periods prior to the Announcement Date, and a slight discount of 1.92% to the VWAP of the Shares traded for the 1-month period prior to the Announcement Date; and
- (b) a slight premium 1.45% to the VWAP of the Shares traded on 2 April 2020, being the Announcement Date.

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The trading liquidity of the Shares seem to be high for the 24-month, 12-month, 6-month and 3-month periods prior to the Announcement Date. However, this was mainly due to the Sale of Shares as mentioned above. We also note that the total Shares traded in the week subsequent to the Sale of Shares aggregated 35,176,100 Shares or an average daily trading volume of 7,035,220 Shares from 3 February 2020 to 7 February 2020.

We set out a chart depicting the trading volume of the Shares for the period commencing from the 24-month period prior to and including the Announcement Date and up to the Latest Practicable Date as follows:



Source: Bloomberg Finance L.P.

Note: Chart commences from 16 October 2018 as there were no trades of Shares between 3 October 2018 and 15 October 2018.

As set out in the chart above, the trading liquidity of the Shares improved after late January 2020, in particular, after the Sale of Shares, and more Shares were traded after recent development announced by the Company since 15 April 2020 up to the Latest Practicable Date. The liquidity of the Shares probably also improved due to the higher trading prices of the Shares during the aforesaid period.

Had all the 151,642,800 Shares traded in the 3-month period prior to the Announcement Date been excluded, the total Shares traded in the 24-month, 12-month and 6-month periods prior to the Announcement Date would only be 362,500 Shares, 328,200 Shares and NIL Shares respectively.

Nevertheless, we note that the Issue Price for the Debt Conversion Shares were determined on 2 April 2020, after approximately three months of active trading of Shares in January, February and March 2020, and represents a premium to the VWAP of the Shares traded for the 3-month period prior to the Announcement Date.

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4.5 PREVIOUS ISSUES OF NEW ORDINARY SHARES BY THE COMPANY

We note that the Company has allotted and issued the following new ordinary shares since the beginning of the Track Record Period until the Latest Practicable Date:

Date	Issue
28 June 2018	<p>Allotment and issue of 18,477,000 new Shares at S\$0.1353 each to Mr Lim pursuant to the conversion of shareholder's loans of S\$2,500,000 extended by Mr Lim to the Company.</p> <p>The issue price was at a discount of approximately 10.0% to the VWAP of S\$0.1503 for of the Shares traded on 21 November 2017 (being the last full market day on which the Shares were traded on Catalist preceding the date of the announcement).</p>
22 January 2020	<p>Allotment and issue of 2,000,000 new Shares at S\$0.075 each pursuant to the conversion of a loan of S\$150,000 from an external third party.</p> <p>The issue price was at a discount of approximately 7.4% to the VWAP of S\$0.081 of the Shares traded on 23 September 2019 (being the last full market day on which the Shares were traded on Catalist preceding the date of the announcement).</p>
19 March 2020	<p>Placement of 56,273,000 new Shares at S\$0.068 for each placement share.</p> <p>The issue price was at a discount of approximately 9.3% to the VWAP of S\$0.075 of the Shares traded on 4 March 2020 (being the last full market day prior to the signing of the placement agreement).</p>

We note that the Company intended to place out 57,000,000 new Shares in March 2020 but the total new Shares placed out on completion of the placement was 56,273,000 Shares.

As set out in the above table, the allotment and issues of new ordinary shares by the Company prior to the Announcement Date had been at a discount to the VWAP of the Shares traded. The Issue Price for the Proposed Debt Conversion is at a slight premium to the VWAP of the Shares traded on 2 April 2020.

As mentioned in earlier paragraphs, the Company held an extraordinary general meeting on 29 June 2020 and Shareholders had, in the meeting, approved all resolutions in relation to the Convertible Loan. We note that the Convertible Loan is an interest-bearing convertible loan with 18 months tenure. The Conversion Price of the Convertible Loan represents (i) a premium of approximately 5% of the VWAP of S\$0.1415 per Share for trades done on the SGX-ST on 24 April 2020, being the last full market day where Shares were traded before the signing 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; and (ii) a discount of approximately 29% of the VWAP of S\$0.2085 per Share for trades done on the SGX-ST on 30 April 2020, being the last full market day where Shares were traded before the signing of the CLA.

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In assessing the Issue Price, we have also considered loan conversion by other companies listed on the SGX-ST (“**Precedent Loan Conversion**”), that were announced since 1 January 2019.

We wish to highlight that the Precedent Loan Conversion are not exhaustive. Further, Shareholders should note that certain circumstances and terms relating to the Precedent Loan Conversion are unique and might not be identical to the Company’s and are dependent on various factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of such Precedent Loan Conversion. As such, any comparisons made with respect to the Precedent Loan Conversion merely serve an illustrative purpose only.

In making the comparison herein, we wish to highlight that the figures used in our assessment have been extracted where available and/or applicable from the relevant announcements, circulars and other publicly available sources. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

For better comparison, we have compared with loans which are between S\$3 million and S\$10 million. We set out the key information of the Precedent Loan Conversion as follows:

Name of company	Date of announcement or circular	Subject of conversion	Conversion price (S\$)	Premium / Discount of issue price over / to VWAP prior to the announcement (%)	Conversion shares as a percentage of enlarged share capital (%)
Singapore Medical Group Limited	Circular dated 10 April 2019	Interest bearing convertible loan of S\$10 million at the interest rate of 3.5% per annum	0.423	6.0% discount to VWAP of S\$0.45	4.69
GS Holdings Limited	Circular dated 10 April 2019	Interest free loan of S\$3 million	0.255	Same as VWAP	7.73
Addvalue Technologies Ltd	Announcement dated 30 June 2019	Convertible loan note of S\$3.45 million at the interest rate of 8% per annum	0.023	4.6% premium to VWAP of S\$0.022	7.42

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



Name of company	Date of announcement or circular	Subject of conversion	Conversion price (S\$)	Premium / Discount of issue price over / to VWAP prior to the announcement (%)	Conversion shares as a percentage of enlarged share capital (%)
Ayondo Ltd	Circular dated 17 February 2020	Convertible notes of S\$8.1 million at the interest rate of 12% per annum	0.007	84.7% discount to VWAP of S\$0.0459	69.42
The Company	2-Apr-20	S\$4,630,406.33 total outstanding amount due to director	0.07	1.45% premium to the VWAP of S\$0.069	27.23

Source: The announcements and circulars published by the companies.

Based on the above, we observe that the basis of determining the Issue Price is within the range of premium/discount of the Precedent Loan Conversion.

4.7 FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

The full text of the financial effects of the Proposed Debt Conversion is set out in paragraph 5 of the Circular.

In summary, we note the following:

- (a) the NTL per Share as at 30 June 2019 will improve from negative 4.16 cents per Share to a negative 0.16 cents per Share after the Proposed Debt Conversion under Scenario 1 or a negative 1.45 cents per Share after the Proposed Debt Conversion under Scenario 2; and
- (b) the loss per Share for FY2019 will decrease from 3.27 cents per Share to 2.10 cents per Share after the Proposed Debt Conversion under Scenario 1 or 2.48 cents per Share after the Proposed Debt Conversion under Scenario 2.

We note that the financial effects of the gearing ratio under both Scenarios 1 and 2 are the same as the Shareholder's Loans due to Mr Lim amounted to only S\$2.12 million as at 30 June 2019. Based on the outstanding loans of S\$2.12 million due to Mr Lim as at 30 June 2019, the Group's gearing ratio as at 30 June 2019 will decrease from 0.48 times to 0.32 times upon completion of the Proposed Debt Conversion.

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



4.8 OTHER CONSIDERATIONS

4.8.1 Implications of the Proposed Whitewash Resolution

By voting in favour of the Proposed Whitewash Resolution, Independent Shareholders should note that they are waiving their rights to receive a mandatory general offer under Rule 14 of the Code from Mr Lim for the remaining issued and paid-up Shares not already owned, acquired or agreed to be acquired by Mr Lim following the completion of the Proposed Debt Conversion under Scenario 1, which Mr Lim and his concert parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by Mr Lim and his concert parties for the Shares in the six (6) months preceding the Announcement Date.

We note that, as at the Latest Practicable Date, Mr Lim is the single largest shareholder of the Company holding 14.81% interest in the capital of the Company while the second largest shareholder of the Company is a third party holding 20,000,000 Shares, representing 11.32% interest in the capital of the Company. The allotment and issue of the Debt Conversion Shares under Scenario 1 will result in Mr Lim holding more than 30% interest in the capital of the Company and remain as the single largest shareholder of the Company.

As mentioned in previous paragraph, the Company has entered into the CLA for Convertible Loan aggregating S\$6.05 million on 4 May 2020 and had obtained Shareholders' approval for the allotment and issue of new ordinary shares pursuant to the conversion of the Convertible Loan on 29 June 2020. The Convertible Loan can be converted to 46,694,626 new ordinary shares. If all 11 Investors exercise their rights to convert, Mr Lim's interest in the capital of the Company will be diluted from 38.01% (if the maximum number of 66,148,657 Debt Conversion Shares were allotted and issued to Mr Lim) to 31.88%. Under such circumstances, Mr Lim will still continue to hold more than 30% interest in the capital of the Company and remain as the single largest shareholder of the Company. Mr Lim will continue to be able to significantly influence resolutions on matters in which Mr Lim does not have an interest and requiring approval by the Shareholders in a general meeting.

4.8.2 Dilution impact

Assuming that a maximum number of 66,148,657 Debt Conversion Shares are issued on completion of the Proposed Debt Conversion, the existing minority Shareholders who hold 122,265,000 Shares, representing 69.17% interest in the capital of the Company as at the Latest Practicable Date, will have their shareholdings diluted to approximately 50.34% after the completion of the Proposed Debt Conversion under Scenario 1 if the resolution for the Proposed Whitewash Resolution is passed.

4.8.3 Inter-conditionality

Shareholders should note that the passing of Ordinary Resolution 3 relating to the Proposed Whitewash Resolution is contingent upon the passing of Ordinary Resolution 1 relating to the Proposed Debt Conversion. In the event that Ordinary Resolution 1 is not approved, Ordinary Resolution 3 would not be tabled at the EGM.

4.8.4 No comparison with listed comparable companies of the Group

We note that the Group reported loss for FY2019 and had NTL position as at 30 June 2019 and 31 December 2019. We also calculated that the Group had losses for the last 12-month financial

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



period ended 31 December 2019 (“LTM2019”) and negative earnings before interest, tax, depreciation, and amortisation (“EBITDA”) for FY2019 and LTM2019. Accordingly, a comparison of valuation statistics such as price-earning ratio, enterprise value to EBITDA ratio and price to book value of the Group against listed comparable companies of the Group will not be meaningful.

5. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Debt Conversion. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Proposed Debt Conversion:

- (a) as the Group had net liabilities as at 30 June 2019 and 31 December 2019, the Issue Price is at a premium when compared to the negative NAV per Share as at 30 June 2019 and 31 December 2019;
- (b) the Group will still be in a net liabilities position after taking into account fair value gain on its investment properties;
- (c) the Issue Price represents premia to the VWAPs of the Shares traded for the 24-month, 12-month, 6-month and 3-month periods prior to the Announcement Date;
- (d) the Issue Price for the Debt Conversion Shares were determined on 2 April 2020, after approximately three months of active trading of Shares in January, February and March 2020, and represents a premium to the VWAP of the Shares traded for the 3-month period prior to the Announcement Date;
- (e) the Issue Price is higher than the average selling price of the Shares sold by Mr Lim on 30 January 2020;
- (f) the Issue Price for the Proposed Debt Conversion is at a slight premium to the VWAP of the Shares traded on 2 April 2020 while the recent issues of new ordinary shares by the Company had been at a discount to the VWAP of the Shares traded prior to the issues; and
- (g) the basis of determining the Issue Price is within the range of premium/discount of the Precedent Loan Conversion.

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Proposed Debt Conversion:

- (i) the Group had been loss making for the Track Record Period and the Company’s annual reports for FP2017, FY2018 and FY2019 contained a note on going concern of the Group;

APPENDIX A – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



- (ii) the Group has been relying on the continuous financial support from Mr Lim and it will affect the going concern of the Group in the event the Group needs to repay the Shareholder's Loans in cash;
- (iii) the Group has announced several acquisitions and disposals since 17 April 2020, however there is no assurance that the acquisitions or disposal will materialise or the Group will be able to turnaround its financial performance and financial position with the recent development announced;
- (iv) the Group's NTL per Share and loss per Share will improve after the Proposed Debt Conversion; and
- (v) other consideration set out in paragraph 4.8 of this IFA Letter.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the terms of the Proposed Debt Conversion, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

We therefore advise the Independent Directors to recommend Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Whitewash Resolution, and the recommendation made by them to the Shareholders shall remain the responsibility of the Independent Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Whitewash Resolution, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Kitchen Culture Holdings Ltd. (the “**Company**”) will be held by way of electronic means on Monday, 27 July 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

All capitalised terms used in this notice which are not otherwise defined shall have the same meanings as ascribed to them in the Company’s circular to its shareholders dated 10 July 2020.

ORDINARY RESOLUTIONS

RESOLUTION 1: PROPOSED CONVERSION OF THE SHAREHOLDER’S LOANS INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.070 PER SHARE

THAT, contingent upon the passing of Ordinary Resolution 2:

- (a) approval be given to the directors of the Company (“**Directors**”) for the purposes of Rules 804, 805, 812 and 906 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) and Section 161 of the Companies Act (Chapter 50) of Singapore (“**Companies Act**”) to allot and issue new ordinary shares in the capital of the Company (“**Shares**”) (“**Debt Conversion Shares**”) to Mr Lim Wee Li (“**LWL**”) in repayment of the shareholder’s loans amounting to an aggregate of S\$4,630,406.33 owed by the Company to LWL (“**Shareholder’s Loans**”), in whole or in part, pursuant to and subject to the terms and conditions of the debt conversion deed dated 2 April 2020 entered into between the Company and LWL, as follows:
- (i) the conversion of the entire Shareholder’s Loans into 66,148,657 Debt Conversion Shares to be allotted and issued to LWL, at the issue price of S\$0.070 per Debt Conversion Share (“**Issue Price**”), fractional entitlements to be disregarded, subject to, *inter alia*, a whitewash waiver being granted by the SIC to LWL and his concert parties from the requirement to make a mandatory general offer for the Shares under Rule 14 of the Takeover Code if LWL’s, and his concert parties’, voting rights in the Company will increase to 30% or more based on the enlarged Share Capital of the Company due to the Proposed Debt Conversion, and subject to any conditions that the SIC may impose which are reasonably acceptable to LWL, including the passing of Ordinary Resolution 3 at the EGM (“**Scenario 1**”);
- (ii) In the event that the Whitewash Waiver is not granted by the SIC and/or the non-fulfilment of any condition as may be imposed by the SIC thereon, including the passing of Ordinary Resolution 3 at the EGM, the conversion of the partial amount of S\$2,660,000 of the Shareholder’s Loans into 38,000,000 Debt Conversion Shares to be allotted and issued to LWL at the Issue Price, fractional entitlements to be disregarded (“**Scenario 2**”);
- (b) the Directors and each of them be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient in the interests of the Company to give effect to this Ordinary Resolution 1; and
- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Proposed Debt Conversion and any of all matters set out in this Ordinary Resolution 1 as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 2: PROPOSED TRANSFER OF CONTROLLING INTEREST TO MR LIM WEE LI

THAT, contingent upon the passing of Ordinary Resolution 1:

- (a) approval be given under Rule 803 of the Catalist Rules for the Proposed Transfer of Controlling Interest to LWL; and
- (b) for the Directors and each of them be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient in the interests of the Company to give effect to this Ordinary Resolution 2.

RESOLUTION 3: PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LIM WEE LI FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT ALREADY OWNED, ACQUIRED OR AGREED TO BE ACQUIRED BY MR LIM WEE LI, AS A RESULT OF THE PROPOSED DEBT CONVERSION

THAT, contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2, the Shareholders hereby (on a poll taken) unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Takeover Code from LWL, in respect of the remaining issued and paid-up shares of the Company not already owned, acquired or agreed to be acquired by LWL, as a result of the issue of Debt Conversion Shares pursuant to the Proposed Debt Conversion under Scenario 1.

RESOLUTION 4: PROPOSED DIVERSIFICATION OF BUSINESS

THAT:

- (a) approval be given for the diversification by the Company and its subsidiaries of its core business to include business comprising the trading of medical and related supplies, which includes activities such as sourcing, manufacturing, formulating, branding, selling, distribution, wholesale and/or retail of medical, healthcare and related supplies (the **"Proposed New Business"**), and any other activities related to the Proposed New Business;
- (b) the Company be authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the Proposed New Business on such terms and conditions as the Directors deem fit, and such Directors be authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such to any such investment, purchase, acquisition or disposal; and
- (c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Proposed Diversification and any of all matters set out in this Ordinary Resolution 4 as they or he may think fit.

ABSTENTION FROM VOTING

LWL will abstain, and will procure that his associates abstain, from exercising any voting rights on the Ordinary Resolutions 1 and 2 set out in this Notice of EGM. LWL, in his capacity as the Chairman of the EGM, will also not accept any nominations to act as proxy for any Shareholder in voting on the Ordinary Resolutions 1 and 2 unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolutions 1 and 2.

NOTICE OF EXTRAORDINARY GENERAL MEETING

LWL, persons acting in concert with him (if any), and parties not independent of him (if any), will abstain from voting on the Ordinary Resolution 3 set out in this Notice of EGM relating to the Proposed Whitewash Resolution. LWL, in his capacity as the Chairman of the EGM, will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolution 3, unless specific instruction has been given in the Proxy Form as to the manner in which votes are to be cast in respect of the Ordinary Resolution 3.

By Order of the Board
KITCHEN CULTURE HOLDINGS LTD.

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

Notes:

On 3 April 2020, the Singapore Government announced the implementation of “circuit breaker” measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19. The COVID-19 (Temporary Measures) Act 2020 was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 was issued by the Minister for Law on 13 April 2020 which provide, among others, legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company’s constitution). A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020, by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place.

Printed copies of this notice and the accompanying Circular and Proxy Form will NOT be sent to members. Instead, these documents will be sent to members solely by electronic means via publication on the Company’s website at the URL <https://kcholdings.com.sg/media-centre/announcements.php> and will also be made available on the SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

Alternative arrangements relating to members’ participation at the EGM are:

- (a) observing and/or listening to the EGM proceedings contemporaneously via a live webcast and live audio feed of the EGM proceedings (“**Live EGM Webcast**” and “**Live EGM Audio Feed**”, respectively);
- (b) submitting questions in advance in relation of the resolutions set out in the Notice of EGM; and
- (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Members will be able to participate in the EGM in following manner set out in the paragraphs below.

Live EGM Webcast and Live EGM Audio Feed:

In light of the above developments, the Company is arranging for the Live EGM Webcast and the Live EGM Audio Feed which will take place on Monday, 27 July 2020 at 10.00 a.m. in place of the physical EGM. Members will be able to watch or listen to the EGM proceedings through the Live EGM Webcast or the Live EGM Audio Feed via mobile phone, tablet, computer or any such electronic device. The Company will not accept any physical attendance by members. Any member seeking to attend the EGM physically in person will be turned away.

In order to do so, members must pre-register online at the URL <https://sg.conveneagm.com/kitchenculture> by 10.00 a.m. on 25 July 2020 (the “**Registration Deadline**”), being not less than 48 hours before the time appointed for holding the EGM, to enable the Company to verify their members’ status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live EGM Webcast and the Live EGM Audio Feed of the EGM proceedings by 10.00 a.m. on 26 July 2020 (being 24 hours before the time appointed for the holding of the EGM).

Members are reminded that the EGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live EGM Webcast and the Live EGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 10.00 a.m. on 26 July 2020 may contact the Company’s technical support by email at EGM@kitchenculture.com for assistance.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who buy shares using SRS monies (“**SRS Investors**”), and who wish to participate in the EGM should, in addition to pre-registering online, contact their respective relevant intermediaries (which would include SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

Submission of Questions in Advance:

Please note that members will not be able to raise questions at the EGM during the Live EGM Webcast or the Live EGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the EGM.

Members may submit questions relating to the items on the Ordinary Resolutions set out in the Notice of EGM in advance at (i) <https://sg.conveneagm.com/kitchenculture>, (ii) by post to the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086, or (iii) via email to EGM@kitchenculture.com. All questions must be submitted by 24 July 2020, Friday, at 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM).

A member who wishes to submit his/her/its questions by post or by email is required to indicate his/her/its full name (for individuals)/ company name (for corporates), NRIC/passport number/company registration number, contact number, shareholding type and number of shares held together with his/her/its submission of questions, to the office address or email address provided.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, can also submit their questions related to the resolutions to be tabled for approval at the EGM based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions before or during the EGM. The responses to questions from members will be posted on the SGXNET and the Company’s website soonest possible before the EGM, or if answered during the EGM, to be included in the minutes of the EGM which will be published on the SGXNET and the Company’s website within 1 month after the date of the EGM.

Submission of Proxy Forms to Vote:

Members will not be able to vote online or through the Live EGM Webcast or the Live EGM Audio Feed on the Ordinary Resolutions to be tabled for approval at the EGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the EGM to cast votes on their behalf.

Members (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Chairman of the EGM, as proxy, need not be a member of the Company.

The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

- (a) by post to the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086;
- (b) by email to EGM@kitchenculture.com; or
- (c) via the Shareholder’s account following registration at the URL <https://sg.conveneagm.com/kitchenculture>,

in each case, not less than 48 hours before the time appointed for holding the EGM, i.e. by 10.00 a.m. on 25 July 2020. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including SRS Investors, who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (which would include SRS Operators) through which they hold such shares in order to submit their voting instructions at least 7 working days before the EGM (i.e. by 10.00 a.m. on 16 July 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by 10.00 a.m. on 25 July 2020.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairlady of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

NOTICE OF EXTRAORDINARY GENERAL MEETING

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGXNET. Members are advised to check the SGXNET regularly for updates on the EGM.

The Company wishes to thank all shareholders for their patience and co-operation in enabling the Company to hold the EGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Personal Data Privacy:

By (a) submitting a form appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via the Live EGM Webcast or the Live EGM Audio Feed, or (c) submitting any question prior to the EGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the EGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

This notice 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 notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

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.

PROXY FORM

KITCHEN CULTURE HOLDINGS LTD.

(Company Registration Number 201107179D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

- (a) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.
- (b) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions in advance of the EGM, addressing of substantial and relevant questions before or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM dated 10 July 2020.
- (c) SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 16 July 2020 (being seven (7) working days before the EGM).

I/We*, _____ (Name) (NRIC/Passport/Registration number* _____)

of _____ (Address)

being a member/members* of Kitchen Culture Holdings Ltd. (the "**Company**"), hereby appoint the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the EGM of the Company to be held by electronic means on Monday, 27 July 2020 at 10.00 a.m. and at any adjournment thereof to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.**

No.	Ordinary Resolution	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
1.	Proposed allotment and issue of new ordinary shares in the capital of the Company to Mr Lim Wee Li pursuant to the Proposed Debt Conversion			
2.	Proposed Transfer of Controlling Interest to Mr Lim Wee Li			
3.	Proposed Whitewash Resolution			
4.	Proposed Diversification of Business			

* Delete where inapplicable.

** Please indicate your vote "For", "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



PROXY FORM

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the EGM, being a proxy, need not be a member of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be submitted (a) by post to at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086; (b) by email to EGM@kitchenculture.com; or (c) via such member's account following registration at the URL <https://sg.conveneagm.com/kitchenculture>, not less than 48 hours before the time appointed for holding the EGM. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
8. Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) of Singapore, including investors under the Supplementary Retirement Scheme ("**SRS Investors**"), who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries, including SRS Operators, to submit their voting instructions at least 7 working days before the EGM (i.e. by 10.00 a.m. on 16 July 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by the cut-off date.
9. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 10 July 2020.