



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

RESPONSES TO SGX REGCO'S QUERIES RECEIVED ON 8 FEBRUARY 2022

The Board of Directors (the "**Board**" or "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the following announcements of the Company (the "**Announcements**"):

- (i) Announcement dated 14 February 2022 in relation to the Company's responses to the queries received from the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 8 February 2022;
- (ii) Announcements dated 20 September 2021 and 14 January 2021 in relation to the special audit pursuant to the Notice of Compliance issued by the SGX RegCo on 19 August 2021;
- (iii) Announcements dated 19 October 2021 and 1 November 2021 in relation to the receipt of statutory demand by the Company's wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd ("**KHLM**") from Kim Hup Lee & Co (Private) Limited ("**Kim Hup Lee**") in relation to alleged outstanding rental arrears for the 1st, 2nd and 3rd floors of 25 New Industrial Road Singapore 536211 between 2016 and 2018 amounting to S\$1,770,126.57 ("**Alleged Rental Arrears**");
- (iv) Announcement dated 23 December 2021 in relation to the winding up application that was filed on 13 December 2021 by Kim Hup Lee against the KHLM (the "**Winding Up Application**");
- (v) Announcement dated 17 January 2022 in relation to both the Winding Up Application and the judicial management application that was filed on 13 January 2022 by KHLM (the "**JM Application**") (collectively, the "**Applications**");
- (vi) Announcement dated 7 February 2022 in relation to the Company's update on the Applications;
- (vii) Announcements dated 10 August 2021, 17 September 2021, 28 October 2021 and 22 November 2021 in relation to the action commenced by the Company's subsidiary, KHL Marketing Asia-Pacific Pte. Ltd. ("**KHLM**"), against the Company's former Chief Executive Officer, Mr. Lim Wee Li, and two foreign nationals, Mr. Du Kun and Mr. Wang Yanchao, to recover the amount of S\$520,000 from the three defendants ("**KHLM's Suit**") and the action commenced by Mr. Lim Wee Li against the Company ("**Mr Lim Wee Li's Suit**"); and
- (viii) Announcement dated 6 November 2021 in relation to the Company's unaudited full year results for the financial year ended 30 June 2021 ("**FY2021**") ("**Unaudited FY2021 Results**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.

The Company's responses to the remaining query received from the SGX RegCo on 8 February 2022 are set out below.

Query 2: Will the Group be able to operate as a going concern? Please provide the Board's assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

In the Company's announcement of its Unaudited FY2021 Results, the Company reported a net loss of S\$9.8 million (2020: S\$4.6 million) for FY2021 and a net operating cash outflow of S\$6.8 million (2020: outflow of S\$5.0 million). The Company's current assets exceeded its current liabilities by S\$5.4 million (2020: current liabilities exceeded current assets by S\$8.0 million).

In addition, there is ongoing uncertainty arising from, *inter alia*, the following:

- the JM application by the Group's key operating subsidiary and the Winding Up Application against it due to Alleged Rental Arrears;
- the ongoing KHLM Suit and Mr Lim Wee Li's Suit; and
- the Notice of Compliance issued on 19 August 2021 by the SGX RegCo.

The abovementioned matters indicate the existence of events or conditions which may adversely affect the Group's ability to continue as a going concern and discharge its liabilities in the ordinary course of business.

Notwithstanding the above, the Board has considered the following factors in its going concern assessment:

- 1) the net losses incurred by the Group of S\$9.8 million in the Unaudited FY2021 Results included one-time inventories write down of S\$3.0 million;
- 2) the Company is still in a net current assets position of S\$5.4 million based on the Unaudited FY2021 Results;
- 3) the Company has commenced a corporate restructuring of KHLM, which contributed the bulk of the Group's operating losses in previous years, by its JM Application;
- 4) the Company is evaluating various options to raise additional working capital.

Based on the above, the Board is of the view that the Group is still a going concern but this assessment is subject to the Company's ability to successfully restructure its key operating subsidiary, satisfactorily address all matters raised in the Notice of Compliance and raise additional working capital.

By Order of the Board

Hao Dongting
Non-Executive Chairman
18 February 2022

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading

*Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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