



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No.: 201107179D)
(Incorporated in the Republic of Singapore on 25 March 2011)

**PROPOSED CONVERSION OF LOANS FROM AN EXTERNAL THIRD PARTY
INTO 2,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Kitchen Culture Holdings Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 23 December 2019 entered into:

- (i) a deed of novation (the "**Novation Deed**") with KHL Marketing Asia-Pacific Pte. Ltd. ("**KHLMAP**"), a wholly-owned subsidiary of the Company, and Toh Siew Cheng Gracy (the "**Lender**"); and
- (ii) a conditional debt conversion deed (the "**Debt Conversion Deed**") with the Lender.

2. THE NOVATION DEED, THE DEBT CONVERSION DEED AND THE PROPOSED DEBT CONVERSION

As at the date of this announcement, the total outstanding loans extended by the Lender to KHL Marketing Asia-Pacific Pte. Ltd. ("**KHLMAP**"), a wholly-owned subsidiary of the Company, amounted to S\$250,000 and is due on 31 December 2019 ("**Loan**"). The Loan has an interest rate of 10% per annum and is secured by a corporate guarantee provided by the Company.

Pursuant to the Novation Deed, the Lender has agreed to novate a portion of the Loan amounting to S\$150,000 to the Company. As at the date of the Novation Deed, the Company shall be and is hereby substituted in the place of KHLMAP as the debtor in respect of S\$150,000 of the Loan.

Pursuant to the Debt Conversion Deed, the amount of S\$150,000 will then be repaid via the issuance and allotment of 2,000,000 new ordinary shares in the capital of the Company (the "**Debt Conversion Shares**") at the issue price of S\$0.075 per Debt Conversion Share (the "**Proposed Debt Conversion**"), fractional entitlements to be disregarded.

The remaining S\$100,000 of the Loan will be repaid by KHLMAP in cash.

Pursuant to the Novation Deed and a letter of agreement dated 25 November 2019 entered into between KHLMAP and the Lender (the "**Letter Agreement**"), the repayment of an aggregate of S\$250,000 as agreed in the Letter Agreement shall represent full and final repayment and settlement of the Loan and there shall be no other amount to be paid by the Company and KHLMAP (whether in the form of interests or otherwise) under the loan agreement for the Loan.

3. RATIONALE FOR THE PROPOSED DEBT CONVERSION

Based on the Group's latest audited consolidated financial statements for the financial year ended 30 June 2019 ("FY2019"), the Group was in a negative working capital position of S\$3.4 million and a net liability position of S\$5.3 million. The Proposed Debt Conversion will enable the Group to (i) improve its working capital and financial position, (ii) reduce its gearing and loss per share, (iii) eliminate the need for any cash repayment or payment 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 its financial position to enable it to continue as a going concern.

4. INFORMATION ON THE LENDER

The Lender is a private investor who agreed to grant the Loan purely for investment purpose. The Lender was introduced to the Company through Mr. Lim Wee Li. No commission was paid or is payable by the Company to anyone in relation to the Loan.

Save for the Loan, the Lender has no connection (including business relationship) with the Group, the Directors or substantial shareholders of the Company and is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812(1) of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules").

5. TERMS OF THE PROPOSED DEBT CONVERSION

5.1 Issue Price

The issue price of S\$0.075 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 and the rationale for the Proposed Debt Conversion as set out in paragraph 3 above, and was mutually agreed between the Company and the Lender.

The issue price is at a 7.4% discount to the volume weighted average price of S\$0.081 for trades done on the Company's shares on Catalist on 23 September 2019 (being the last full market day on which the Company's shares were traded on Catalist of the SGX-ST, preceding the date of the Debt Conversion Deed). The discount is within the limit prescribed by Rule 811(1) of the Catalist Rules.

5.2 Debt Conversion Shares

As at the date of this announcement, the Lender does not hold, directly or indirectly, any shares in the Company. The Debt Conversion Shares represent approximately 1.69% of the existing share capital of the Company and approximately 1.66% of the Company's enlarged share capital following the issuance and allotment of the Debt Conversion Shares. Accordingly, the Proposed Debt Conversion will not result in a transfer of controlling interest under Rule 803 of the Catalist Rules.

The Debt Conversion Shares will, when allotted and issued, be credited as fully-paid shares free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the shares in issue of the Company, except that they will not rank for any dividend, right, allotment or other distributions the record date for which falls on or before the date of issue of the Debt Conversion Shares.

5.3 Conditions Precedent

Completion of the Proposed Debt Conversion is conditional upon, *inter alia*, the fulfilment of the following conditions precedent:

- (i) 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 completion date for the Proposed Debt Conversion, they are so fulfilled; and
- (ii) the allotment and issue of the Debt Conversion Shares being in compliance with the Securities and Futures Act, Chapter 289 of Singapore 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.

6. GENERAL MANDATE AND ADDITIONAL LISTING APPLICATION

6.1 General Mandate

The Debt Conversion Shares will be allotted and issued pursuant to the general mandate granted by Shareholders (“**General Mandate**”) at the annual general meeting of the Company held on 29 November 2019 (the “**2019 AGM**”). The General Mandate authorises the Directors to, *inter alia*, allot and issue new shares not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the 2019 AGM, in the case where new shares are issued other than on a *pro rata* basis to existing shareholders.

The total number of ordinary shares of the Company (excluding treasury shares and subsidiary holdings) was 118,477,000 as at the date of the 2019 AGM. Accordingly, the total number of new shares that may be issued pursuant to the General Mandate on a non-*pro rata* basis will be 59,238,500 shares. The Company does not expect to issue any new shares subsequent to the 2019 AGM and up to the completion date for the Proposed Debt Conversion. Accordingly, the proposed issue of 2,000,000 Debt Conversion Shares will fall within the limit of the General Mandate.

6.2 Additional Listing Application

The Company will, through its Sponsor, make an application to the SGX-ST for the listing of and quotation for the Debt Conversion Shares on Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice is obtained.

7. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

For illustrative purposes only, the pro forma financial effects of the Proposed Debt Conversion have been prepared based on the Group’s latest audited consolidated financial statements for FY2019 and are based on the following principle assumptions:

- (i) the financial effect on the Group’s consolidated net tangible assets (“**NTA**”) per share is computed based on the assumption that the Proposed Debt Conversion was completed on 30 June 2019;
- (ii) the financial effect on the Group’s loss per share (“**LPS**”) is computed based on the assumption that the Proposed Debt Conversion was completed on 1 July 2018 and the interests for the Loan has been waived by the Lender; 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.

For the avoidance of doubt, the pro forma financial effects presented below do not reflect the actual financial performance or position of the Group after the Proposed Debt Conversion.

7.1 NTA of the Group

Assuming the Proposed Debt Conversion had been completed on 30 June 2019, the financial effect on the NTA per share of the Group as at 30 June 2019 are as follows:

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
NTA attributable to equity holders of the Company	(4,926,316)	(4,776,316)
Number of shares	118,477,000	120,477,000
Effect of the Proposed Debt Conversion on the NTA per share (S\$ cents)	(4.2)	(4.0)

7.2 LPS of the Group

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

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
Net loss attributable to equity holders of the Company	(3,874,348)	(3,624,348)
Number of shares	118,477,000	120,477,000
Effect of the Proposed Debt Conversion on the LPS (S\$ cents)	(3.3)	(3.0)

8. **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 the controlling shareholder of the Company, the written commitments from certain lenders not to demand payment for the next 12 months and the operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements.

9. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

10. **DOCUMENTS FOR INSPECTION**

Copies of the Letter Agreement, the Novation Deed and the Debt Conversion Deed are available for inspection at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 during normal business hours for three months from the date of this announcement.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

12. GENERAL

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

By order of the Board

Lim Wee Li
Executive Chairman and Chief Executive Officer
23 December 2019

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.