



**KITCHEN CULTURE HOLDINGS LTD.**

(Company Registration No: 201107179D)

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

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

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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) Announcements dated 20 September 2021 and 14 January 2022 in relation to the special audit pursuant to the Notice of Compliance issued by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 19 August 2021;
- (ii) 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**");
- (iii) 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**");
- (iv) 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**"); and
- (v) Announcement dated 7 February 2022 in relation to the Company's update on the Applications.

*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 queries received from the SGX RegCo on 8 February 2022 are set out below.

**Query 1: Considering that KHLM is a core operating subsidiary of the Group, please clarify the impact of the judicial management or winding-up of KHLM on the Group's financials.**

As mentioned in the Company's announcement dated 17 January 2022, as KHLM has applied for judicial management, a moratorium is in place against any winding up action until the application is decided by the Court, pursuant to section 95 of the Insolvency, Restructuring and Dissolution Act 2018. The Company announced on 7 February 2022 that the JM Application and the Winding Up Application will be heard at the same time and the hearing is fixed on 16 March 2022. It is difficult to quantify the impact of the potential judicial management or winding up of KHLM on the Group's financials at this point in time. However, as KHLM has been loss making for several years, the

potential judicial management or winding up of KHLM will likely result in lower operating losses and net cash outflows for operating activities for the Group.

**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.**

The Company is in the midst of finalising the Group's audited financial statements for the financial year ended 30 June 2021 and will release a separate announcement for the response to this query by 18 February 2022.

**Query 3: Please provide updates on the investigations on the Alleged Rental Arrears demanded by Kim Hup Lee (as announced by the Company on 19 October 2021 and 1 November 2021).**

To-date, based on the Group's investigations into the Alleged Rental Arrears demanded by Kim Hup Lee and further legal advice sought, the Group has been advised that it has a reasonable basis for disputing the Alleged Rental Arrears. Among other things:

- a. Kim Hup Lee relies on an alleged oral agreement as the basis for the Alleged Rental Arrears. There is no supporting documentary evidence for the same.
- b. In any event, Kim Hup Lee is not entitled to enforce any arrears as it has agreed with KHLM that as a condition precedent to it doing so, it would first engage KHLM in good faith discussions and would seek payment only if KHLM was in funds and able to prioritize the use of funds.

**Query 4: Please also provide updates on the Special Audit which has commenced on 27 September 2021 (as announced by the Company on 14 January 2022).**

As of 11 February 2022, the Special Auditors have commenced the forensic interview process under Phase 1 of their work which includes the review of the matters surrounding the Payroll Matter and the Transaction as announced by the Company on 29 September 2021. The Company continues to work with the Special Auditors on an outstanding query under this phase of work, as well as any subsequent requests that may arise from the abovementioned interviews.

**Query 5: Please elaborate on what will be the operations of the Group following the winding up of KHLM, and whether it will be a cash company thereafter. Please provide both the Board's and Sponsor's assessment on this.**

Board's response:

Notwithstanding the potential judicial management or winding up of KHLM, the Group still has a significant 70%-owned operating subsidiary in Hong Kong, Kitchen Culture (Hong Kong) Limited ("**KCHK**"), that continues to tender for projects and was profitable for FY2021 and FY2020. KCHK's project portfolio stands at HK\$12.9 million (or equivalent to S\$2.2 million) for 3 projects as at the date of this announcement. In Malaysia, whilst operations have been scaled down to reduce operating expenses, our wholly-owned Malaysia subsidiary, Kitchen Culture Sdn. Bdn. ("**KCSB**"), continues to attend to retail orders. In addition, the Group's subsidiary, KC Medical Supplies Pte. Ltd. ("**KC Medical**"), remains focused on the distribution of copper oxide non-woven fabric reusable masks with microbial inactivation characteristics. Therefore, the Group will not be a cash company should KHLM be wound up.

Sponsor's response:

As at the date of this announcement, based on the Board's response above, the Sponsor concurs with the Board's view that the Group will not be a cash company should KHLM be wound up, subject to KCHK, KCSB and KC Medical continue their business operations thereafter.

By Order of the Board

Hao Dongting  
Non-Executive Chairman  
14 February 2022

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*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.*