KITCHEN CULTURE HOLDINGS LTD.

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

ANNOUNCEMENT PURSUANT TO RULE 704(4)(a) OF SECTION B: RULES OF CATALIST OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Pursuant to Rule 704(4)(a) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the "**Board**") of Kitchen Culture Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's auditor, KPMG LLP, has, without qualifying their audit opinion, issued an emphasis of matter in respect of the Group's ability to continue as a going concern in the Independent Auditor's Report on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 ("**Audited Financial Statements**").

Please refer to the copy of the Independent Auditor's Report and extracts of the relevant notes to the financial statements attached herein for further details.

The Board is of the opinion that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate on the basis that the Group has continuous support from the financial institutions and is able to generate sufficient cash flows from its operations by fulfilling its order books and meeting its retail sales target. Please refer to Note 2 to the Audited Financial Statements attached herein.

The Board (i) is in the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company ("**Shareholders**") are advised to read the Audited Financial Statements in its 2015 annual report, which will be despatched to Shareholders in due course.

By order of the Board

Lim Wee Li
Executive Chairman and Chief Executive Officer
7 July 2016

The contact person for the Sponsor is Ms. Lee Khai Yinn, SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.), at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

A COPY OF THE INDEPENDENT AUDITORS' REPORT TO THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Independent auditors' report

Members of the Company
Kitchen Culture Holdings Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Kitchen Culture Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position and statement of changes in equity of the Group and the Company as at 31 December 2015, the statement of profit or loss and other comprehensive income and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position and changes in equity of the Group and of the Company as at 31 December 2015 and the financial performance and cash flows of the Group for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates that the financial statements have been prepared on a going concern basis notwithstanding the net loss of $6.0 million and the operating cash outflow of $1.7 million for the current year. As of 31 December 2015, the Group has also breached a loan covenant for a bank (the "Bank") and triggered cross default on other banking facilities of the Group as disclosed in Note 18 to the financial statements. Subsequent to year end, the Group has fully repaid the Bank and terminated that facility on 30 June 2016. Credit facilities from other banks continue to be available to the Group and a director has provided short-term advances amounting to $3.0 million as at 30 June 2016 to meet the Group's short-term working capital requirements.

The financial statements have been prepared on a going concern basis, the validity of which premised on the continuing availability of credit facilities to the Group and that the Group generates sufficient cash flows from its operations by fulfilling its order books and meeting its retail sales target. Should the order books be subjected to variation, modification or cancellation by customers or the Group is unable to meet the targeted amounts of retail sales, the Group's cash flows would be impacted. In addition, guarantees issued by the Company may be called upon.

These conditions, along with other matters set forth in Note 2 indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as a going concern if the cash flows from operating activities were found to be insufficient to meet the debt obligations as and when they fall due. If the Group is unable to continue as a going concern, it could have an impact on the Group's and the Company's classification of assets and liabilities and the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial statements.

Other matter

The financial statements for the year ended 31 December 2014 were audited by another firm of auditors whose report dated 26 March 2015 expressed an unqualified opinion on those financial statements.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore to which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 July 2016

EXTRACT OF NOTE 2 AND NOTE 18 TO THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 Going Concern

The Group recorded a net loss after tax for the year ended 31 December 2015 of $6.0 million, and has a cash outflow of $1.7 million for its operating activities. As at 31 December 2015, the Group's current assets (which includes inventories of $10.8 million and amount due from construction contracts of $4.7 million) exceeded its current liabilities by $8.5 million.

As disclosed in Note 18, the Group breached a bank covenant as required by a bank ("the Bank"). This breach of the covenant triggered the cross-default clauses of other financial institution and as a result, the Group's bank borrowings of $8.4 million could be called for repayment at any time upon notification by financial institutions, and consequently a non-current portion of the term loan amounting to $1.3 million has been re-classified to "current" liabilities as at 31 December 2015. Whilst the Group has a net current asset at 31 December 2015, the inventories and amounts due from construction contracts may not be quickly converted into cash to meet the Group's current liabilities.

Subsequent to year end, the Group has fully repaid the Bank and terminated that facility on 30 June 2016. Credit facilities from other financial institutions continue to be available to the Group and a director has provided short-term advances amounting to $3.0 million as at 30 June 2016 to meet the Group's short-term working capital requirements. In addition, the Group continues to source for new projects and customers and is undertaking initiatives to reduce the level of inventories held and other costs of operations.

On the basis that the Group has continuous support from the financial institutions and is able to generate sufficient cash flows from its operations by fulfilling its order books and meeting its retail sales target, the Board of Directors is confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate. As such, the financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its debt obligations as and when they fall due within the next twelve months.

Notwithstanding the above, the Board of Directors acknowledges that there remain uncertainties over the ability of the Group to generate the necessary cash flows to meet its obligations. These uncertainties include order books subject to variation, modification and cancellation by customers, as well as retail sales unable to meet the targeted amounts. In addition, guarantees issued by the Company as disclosed in Note 28(c)(iii) may be called upon.

The above are material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. If the Group is unable to continue as a going concern, it could have an impact on the Group's and the Company's classification of assets and liabilities and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

18 Borrowings

Breach of loan covenant

The Group has a secured short-term bank loan facility amounting to $500,000 at 31 December 2015 with a bank (the "Bank"). This loan is repayable within 3 months subsequent to year end. The loan contains covenants stating that at the end of the year, the Group shall maintain a minimum tangible net worth (defined as paid-up capital plus revenue reserves excluding intangibles) of $10,000,000 and the Group's gearing ratio (defined as ratio of total bank debts to tangible net worth) cannot exceed 1.5 times.

As at 31 December 2015, the Group's tangible net worth and gearing ratio are $7,340,264 and 1.2 times respectively. As a result of this breach in loan covenant, cross default clauses of facilities from other financial institutions were triggered. Accordingly, the non-current portion term loans amounting to $1,339,452 were reclassified to current term loans as at 31 December 2015.

Subsequent to year end, the Group has fully repaid the Bank and terminated the loan facility on 30 June 2016. Credit facilities from other financial institutions continue to be available to the Group and a director has provided short-term advances amounting to $3.0 million as at 30 June 2016 to meet the Group's short-term working capital requirements.

The advances from a director are unsecured, interest-free and are repayable on demand. As at the date of this report, the director undertakes not to demand for repayments unless the Group has sufficient funds to meet its obligations as and when due.