



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

(the "Company", and together with its subsidiaries, the "Group")

**HALF YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE ("HY") 2015**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement.

This announcement has not been examined or approved by 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 Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Unaudited HY2015	Unaudited HY2014	% Change Increase/(Decrease)
	\$	\$	
Revenue	14,232,169	13,544,783	5.1
Cost of sales	(7,550,416)	(8,333,002)	(9.4)
Gross profit	6,681,753	5,211,781	28.2
Other income	748,982	83,772	794.1
Selling and distribution expenses	(4,144,437)	(3,921,436)	5.7
General and administrative expenses	(2,297,075)	(1,465,528)	56.7
Finance costs	(253,717)	(137,145)	85.0
Other expenses	(485,089)	(141,043)	243.9
Profit/(loss) before tax	250,417	(369,599)	N.M.
Tax credit/(expense)	42,158	(14,174)	N.M.
Net profit/(loss) for the period	292,575	(383,773)	N.M.
Other comprehensive income/(loss), net of tax			
Currency translation differences, arising from consolidation	78,974	(2,028)	N.M.
Total comprehensive income/(loss) for the period	371,549	(385,801)	N.M.
Profit/(loss) attributable to:			
Equity holders of the Company	490,114	(313,414)	N.M.
Non-controlling interests	(197,539)	(70,359)	180.8
Net profit/(loss) for the period	292,575	(383,773)	N.M.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	569,088	(315,442)	N.M.
Non-controlling interests	(197,539)	(70,359)	180.8
Total comprehensive income/(loss) for the period	371,549	(385,801)	N.M.

N.M.= Not Meaningful

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income

	Group		
	Unaudited HY2015	Unaudited HY2014	% Change Increase/(Decrease)
	\$	\$	
Allowance for doubtful receivables written back	–	1,570	N.M.
Amortisation of intangible assets	(105,115)	–	N.M.
Depreciation of property, plant and equipment	(241,361)	(212,309)	13.7
Re-measurement gain on previously held joint venture	641,173	–	N.M.
Loss on settlement of pre-existing loans upon obtaining control in a subsidiary	(112,157)	–	N.M.
Interest expense	(253,768)	(137,145)	85.0
Interest income	9,684	1,412	585.8
Inventories			
- Reversal of write-down	–	2,855	N.M.
Loss on foreign exchange difference	(244,370)	(97,547)	150.5
Other income	98,125	82,360	19.1
Under provision of tax expense in respect of prior years	–	(14,174)	N.M.

N.M.= Not Meaningful

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited 30.6.2015	Audited 31.12.2014	Unaudited 30.6.2015	Audited 31.12.2014
	\$	\$	\$	\$
Non-current assets				
Property, plant and equipment	2,094,808	1,719,513	–	–
Provisional goodwill on consolidation	1,712,231	–	–	–
Intangible assets	1,067,564	–	–	–
Investment in joint venture	–	–	–	–
Investment in subsidiaries	–	–	1,500,005	1,500,005
Trade and other receivables	1,159,480	1,472,211	–	–
	<u>6,034,083</u>	<u>3,191,724</u>	<u>1,500,005</u>	<u>1,500,005</u>
Current assets				
Inventories	11,917,965	13,292,426	–	–
Trade and other receivables	14,852,727	8,987,752	4,603,993	4,803,648
Cash and bank balances	1,615,334	3,067,150	36,441	31,910
	<u>28,386,026</u>	<u>25,347,328</u>	<u>4,640,434</u>	<u>4,835,558</u>
Total assets	<u>34,420,109</u>	<u>28,539,052</u>	<u>6,140,439</u>	<u>6,335,563</u>
Non-current liabilities				
Borrowings	5,783,333	2,083,333	–	–
Finance lease liabilities	50,586	69,658	–	–
Deferred tax liabilities	261,148	85,000	–	–
	<u>6,095,067</u>	<u>2,237,991</u>	<u>–</u>	<u>–</u>
Current liabilities				
Borrowings	3,987,793	6,724,976	–	–
Finance lease liabilities	44,181	50,216	–	–
Trade and other payables	11,029,708	7,123,371	117,483	232,963
Tax payable	4,610	4,429	–	–
	<u>15,066,292</u>	<u>13,902,992</u>	<u>117,483</u>	<u>232,963</u>
Total liabilities	<u>21,161,359</u>	<u>16,140,983</u>	<u>117,483</u>	<u>232,963</u>
Net assets	<u>13,258,750</u>	<u>12,398,069</u>	<u>6,022,956</u>	<u>6,102,600</u>
Share capital and reserves				
Share capital	6,231,259	6,231,259	6,231,259	6,231,259
Accumulated profits/(losses)	6,568,528	6,078,414	(208,303)	(128,659)
Currency translation reserve	167,657	88,683	–	–
Equity attributable to equity holders of the Company	<u>12,967,444</u>	<u>12,398,356</u>	<u>6,022,956</u>	<u>6,102,600</u>
Non-controlling interests	291,306	(287)	–	–
Total equity	<u>13,258,750</u>	<u>12,398,069</u>	<u>6,022,956</u>	<u>6,102,600</u>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

Unaudited 30.06.2015		Audited 31.12.2014	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
4,031,974	–	6,775,192	–

Amount repayable after one year

Unaudited 30.06.2015		Audited 31.12.2014	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
5,833,919	–	2,152,991	–

Details of collateral are as follows:

Revolving short-term loans

Revolving short-term loans are secured by corporate guarantees from the Company.

Bills payable to banks

The bills payable to banks are secured by corporate guarantees from the Company.

Term loans

The term loans are from banks, financial institutions, director, shareholders and third parties and are secured by corporate guarantees from the Company.

Finance lease liabilities

The finance lease liabilities are secured on the property, plant and equipment purchased under the finance leases. As at 30 June 2015, finance lease liabilities amounting to \$94,767 (31.12.2014: \$119,874) was guaranteed by the Company's Director, namely Lim Wee Li.

- 1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Unaudited HY2015 \$	Unaudited HY2014 \$
Cash flows from operating activities		
Profit/(loss) before tax	250,417	(369,599)
Adjustments for:		
Amortisation of intangible assets	105,115	–
Depreciation of property, plant and equipment	241,361	212,309
Interest income	(9,684)	(1,412)
Interest expense	253,717	137,145
Loss on settlement of pre-existing loans upon obtaining control in a subsidiary	112,157	–
Re-measurement gain on previously held joint venture	(641,173)	–
Unrealised foreign exchange (gains)/losses	(52,407)	7,489
Operating profit/(loss) before working capital changes	259,503	(14,068)
Inventories	2,552,737	214,005
Receivables	(4,250,831)	52,012
Payables	(82,111)	(2,637,909)
Cash used in operations	(1,520,702)	(2,385,960)
Tax received/(paid)	24,814	(321,350)
Net cash used in operating activities	(1,495,888)	(2,707,310)
Cash flows from investing activities		
Interest received	9,684	1,412
Net cash outflow on acquisition of a subsidiary	(195,413)	–
Purchases of property, plant and equipment	(440,919)	(123,769)
Net cash used in investing activities	(626,648)	(122,357)
Cash flows from financing activities		
Drawdown of bank borrowings	4,668,094	4,055,000
Drawdown of term loan from a director	250,000	–
Drawdown of term loan from external third parties	2,500,000	–
Drawdown of term loan from shareholders	1,500,000	–
Interest paid	(253,717)	(137,145)
Repayment of bank borrowings	(7,955,277)	(1,411,111)
Repayment of advances from directors	–	(846,820)
Repayment of finance leases	(25,108)	(25,107)
Net cash generated from financing activities	683,992	1,634,817
Net decrease in cash and cash equivalents	(1,438,544)	(1,194,850)
Cash and cash equivalents at the beginning of the financial period	3,067,149	3,919,654
Effect of exchange rate changes on cash and cash equivalents	(13,271)	894
Cash and cash equivalents at the end of the financial period	1,615,334	2,725,698

Cash and cash equivalents comprise cash and bank balances on the statement of financial position.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Accumulated profits/(losses)	Currency translation reserve	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
As at 1 January 2015	6,231,259	6,078,414	88,683	12,398,356	(287)	12,398,069
Profit/(loss) for the period	–	490,114	–	490,114	(197,539)	292,575
Other comprehensive income for the period, net of tax						
- Currency translation differences arising from consolidation	–	–	78,974	78,974	–	78,974
Total comprehensive income / (loss) for the period	–	490,114	78,974	569,088	(197,539)	371,549
Non-controlling interest arising from acquisition of subsidiary	–	–	–	–	489,132	489,132
As at 30 June 2015	6,231,259	6,568,528	167,657	12,967,444	291,306	13,258,750
As at 1 January 2014	6,231,259	7,547,815	40,623	13,819,697	(74,528)	13,745,169
Loss for the period	–	(313,414)	–	(313,414)	(70,359)	(383,773)
Other comprehensive (loss) for the period, net of tax						
- Currency translation differences arising from consolidation	–	–	(2,028)	(2,028)	–	(2,028)
Total comprehensive loss for the period	–	(313,414)	(2,028)	(315,442)	(70,359)	(385,801)
As at 30 June 2014	6,231,259	7,234,401	38,595	13,504,255	(144,887)	13,359,368

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Company	Share capital \$	Accumulated (losses)/profits \$	Total equity \$
As at 1 January 2015	6,231,259	(128,659)	6,102,600
Net loss and total comprehensive loss for the period	–	(79,644)	(79,644)
As at 30 June 2015	<u>6,231,259</u>	<u>(208,303)</u>	<u>6,022,956</u>
As at 1 January 2014	6,231,259	55,723	6,286,982
Net profit and total comprehensive income for the period	–	12,781	12,781
As at 30 June 2014	<u>6,231,259</u>	<u>68,504</u>	<u>6,299,763</u>

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at 30 June 2015		As at 31 December 2014	
	Number of shares	\$	Number of shares	\$
Issued and paid-up share capital	100,000,000	6,231,259	100,000,000	6,231,259

There were no outstanding convertible or treasury shares held by the Company as at 30 June 2015 and 30 June 2014.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2015	As at 31 December 2014
Total number of shares excluding treasury shares	100,000,000	100,000,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares for HY2015.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for the financial year ended 31 December 2014 ("FY2014").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015, where applicable. The adoption of these standards from the effective date did not result in material adjustments to the financial position, results of operations or cash flows of the Group for HY2015.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	HY2015	HY2014
Basic and fully diluted earnings/ (loss) per share (cents)	0.5	(0.3)

Basic and fully diluted earnings per share are calculated by dividing the Group's profit/(loss) attributable to equity holders of the Company for the period by the aggregate number of ordinary shares of 100,000,000. The basic and fully diluted earnings / (loss) per share in each of HY2015 and HY2014 are the same as the Company does not have any dilutive equity instruments in the respective periods.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Net asset value per ordinary share (cents)	13.0	12.4	6.0	6.1

Net asset value per ordinary share is calculated based on the aggregate number of ordinary shares of 100,000,000.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

As announced by the Company on 5 February 2015, the Company had, through the Group's wholly-owned subsidiary, KHL (Hong Kong) Limited ("KHLHK"), completed the acquisition ("Acquisition") of an additional 30% of the issued and paid-up share capital of Kitchen Culture (Hong Kong) Limited ("KCHK"). KCHK was a 40% joint venture of the Group which was equity accounted for, and subsequent to completion of the Acquisition, KCHK became a 70%-owned subsidiary of the Group (through KHLHK). As such, the 5 months financial results of KCHK, from February 2015 to June 2015, had been consolidated into the Group's financial results in HY2015.

Review of Consolidated Statement of Comprehensive Income

Revenue

In HY2015, the Group recorded revenue of \$14.2 million, an increase of 5.1% or \$0.7 million as compared to \$13.5 million in HY2014. The increase was mainly attributable to higher revenue contribution from the Distribution and Retail segment by 38.2% or \$1.5 million, which was partially offset by a decrease in revenue contribution from the Residential Projects segment by 8.5% or \$0.8 million.

Residential Projects

The Residential Projects segment accounted for 61.5% or \$8.8 million of the Group's revenue in HY2015, of which approximately \$7.2 million was attributable to revenue recognised from 10 new projects, while \$1.6 million was derived from 13 ongoing projects from the previous financial years. Comparatively, Residential Projects revenue for HY2014 amounted to \$9.6 million, of which approximately \$4.3 million was attributable to revenue recognised from 10 new projects, while \$5.3 million was derived from 13 ongoing projects from the previous financial years.

Distribution and Retail

The Distribution and Retail segment accounted for 38.5% or \$5.5 million of the Group's revenue in HY2015. The increase in Distribution and Retail revenue by 38.2% or \$1.5 million was attributable to an improvement of \$0.6 million, \$0.2 million and \$1.2 million recorded by the Group's operations in Singapore, Macau and Hong Kong respectively, partially offset by a lower retail sale of \$0.5 million recorded by the Group's operations in Malaysia as compared to HY2014.

Gross Profit

Gross profit increased by 28.2% or \$1.5 million, from \$5.2 million in HY2014 to \$6.7 million in HY2015. Overall gross profit margin increased by 8.4 percentage points from 38.5% in HY2014 to 46.9% in HY2015 due mainly to improved performance of the Group's operations in Singapore for both the residential projects as well as the retail segments.

Other Income

Other income increased \$0.6 million, from approximately \$0.1 million in HY2014 to \$0.7 million in HY2015.

This was mainly due to a re-measurement gain of \$0.6 million on the 40% equity shares in KCHK in HY2015 upon the Acquisition.

Selling and Distribution Expenses

Selling and distribution expenses increased by 5.7% or \$0.2 million, from \$3.9 million in HY2014 to \$4.1 million in HY2015.

This was mainly attributable to the consolidation of KCHK's showroom rental expense of \$0.4 million (subsequent to the completion of the Acquisition), which is partially offset by a decrease in advertising, depreciation and sales commission of \$0.2 million as compared with HY2014.

General and Administrative Expenses

General and administrative expenses increased by 56.7% or \$0.8 million, from \$1.5 million in HY2014 to \$2.3 million in HY2015.

This was mainly attributable to:

- a. an increase in rental and repairs and maintenance expenses of \$0.2 million; and
- b. an increase in salaries and related costs, depreciation and general expenses of \$0.6 million.

Finance Costs

Finance costs increased by 85.0% or \$0.1 million, from \$0.1 million in HY2014 to \$0.2 million in HY2015, mainly due to a rise in interest rates as well as additional borrowings.

Other Expenses

Other expenses increased by \$0.4 million, from \$0.1 million in HY2014 to \$0.5 million in HY2015. This was mainly due to loss on settlement of pre-existing loans upon obtaining control of KCHK pursuant to the Acquisition of \$0.1 million, and amortisation of intangible assets of \$0.1 million and higher foreign exchange losses of \$0.2 million.

Profit/(Loss) Before Tax

The Group recorded profit before tax of \$0.3 million in HY2015 as compared to a loss before tax of \$0.4 million in HY2014. This was mainly due to the re-measurement gain in KCHK upon the Acquisition and higher revenue in Singapore, partially offset by losses incurred in Hong Kong and Malaysia as well as the loss on settlement of pre-existing loans upon obtaining control of KCHK pursuant to the Acquisition during HY2015.

Tax Expense

There was a tax discharge of approximately \$25,000 received from Inland Revenue of Singapore and the reversal of deferred tax of approximately \$17,000 from the amortisation of intangible assets in HY2015 as compared to an under-provision of tax expense of approximately \$14,000 in HY2014.

Review of Statements of Financial Position of the Group

Assets

The Group's total assets increased by \$5.9 million from \$28.5 million as at 31 December 2014 to \$34.4 million as at 30 June 2015. The increase in total assets was mainly attributable to:

- a. the initial recognition of intangible assets of \$1.1 million, comprising distribution rights and order backlogs, and provisional goodwill of \$1.7 million, arising from the additional acquisition of 30% of KCHK, which resulted in the Group achieving control over the entity;
- b. an increase in net carrying value of property, plant and equipment of \$0.4 million due mainly to consolidation of the carrying value of property, plant and equipment of KCHK;
- c. an increase in trade and other receivables of \$5.9 million was mainly contributed by (i) the Group's subsidiary in Malaysia of \$4.6 million due to projects recognition in HY2015 and (ii) \$1.0 million from the Singapore operations;
- d. a decrease in inventories of \$1.4 million due mainly to decreased purchases during HY2015 for project inventories; and
- e. a decrease in cash and bank balances of \$1.5 million.

Liabilities

The Group's total liabilities increased by \$5.0 million from \$16.1 million as at 31 December 2014 to \$21.1 million as at 30 June 2015. The increase in total liabilities was mainly attributable to:

- a. an increase in borrowings of \$2.0 million;
- b. an increase in trade and other payables of \$3.9 million due to an increase in sales deposits received of \$2.8 million (\$1.3 million related to KCHK) and other payables of \$1.2 million (\$0.6 million related to KCHK), partially offset by a decrease of \$0.1 million in accrued expenses;
- c. an increase in deferred tax liability of \$0.2 million; and
- d. a decrease in bills payable of \$1.1 million which was in line with the decrease in purchase of inventories.

Total Equity

Total equity increased by \$0.9 million from \$12.4 million as at 31 December 2014 to \$13.3 million as at 30 June 2015. The Group's net asset value per share stood at 13.0 cents as at 30 June 2015 as compared to 12.4 cents as at 31 December 2014.

Review of Consolidated Statement of Cash Flows

In HY2015, the Group's operating profit before working capital changes was \$0.3 million. The net cash used in working capital amounting to \$1.5 million was due mainly to (1) an increase in receivables of \$4.2 million and (2) decrease in payable of \$0.1 million, partially offset by (3) a decrease in inventories by \$2.5 million. During HY2015, the Group received a tax recharge refund of approximately \$25,000. The net cash used in operating activities amounted to \$1.5 million.

In HY2015, net cash used in investing activities of \$0.6 million was mainly due to net cash outflow on acquisition of a subsidiary of \$0.2 million and purchase of property, plant and equipment of \$0.4 million.

Net cash generated from financing activities of \$0.7 million in HY2015 was due mainly to drawdown of bank borrowings of \$4.7 million and term loans of \$4.3 million, partially offset by interest paid of \$0.3 million as well as repayment of bank borrowings of \$8.0 million.

As a result of the above, cash and cash equivalents decreased by \$1.4 million, from \$3.0 million as at 1 January 2015 to \$1.6 million as at 30 June 2015.

Subsequent Event

As announced on 24 July 2015, the Group's subsidiary, KCHK, has clinched a contract worth HKD34.6 million (approximately S\$6.0 million) for the supply and installation of kitchen cabinets with Market Prospect Limited, a joint venture between Wharf (Holdings) Limited and Nan Fung Development Limited.

Also as announced on 31 July 2015, the Group's wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd was awarded a contract worth S\$1.2 million for the supply and delivery of imported high-end kitchen appliances for a premium development project Spottiswoode Suites. It is developed by Spottiswoode Development Pte Ltd, which is a joint venture between Centurion Corporation Limited and Lian Beng Group Ltd.

The Group does not expect the above contracts to have a material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 December 2015.

The Group's wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd has terminated the licensing and dealership agreement with an Indonesian Company, Wirana, UD as announced on 4 August 2015. A letter of demand for the amount owing to KHL Marketing Asia-Pacific Pte Ltd of approximately S\$350,000 has been served to Wirana, UD. The Company is currently considering its options for the recoverability of the outstanding amount.

9. [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group will continue to capitalise on its core competencies and to focus on the sale of imported kitchen systems, kitchen appliances, wardrobe systems, household furniture and accessories for residential projects and for distribution and retail. The Group will also continue to explore business opportunities, including expanding its geographical coverage.

The Group, through its wholly owned subsidiary, KHLHK, had on 5 February 2015 acquired an additional 30% of the issued and paid-up share capital of KCHK. Prior to this additional acquisition, the Company held 40% of the issued and paid-up share capital of KCHK (held through KHLHK). Following the completion of the acquisition, KCHK is now a 70%-owned subsidiary of the Group (held through KHLHK). The acquisition will enable the Group to gain control and deepen its involvement in the operations of KCHK and use this as a platform to further develop and expand the Group's business in Hong Kong.

In addition, the Group's wholly-owned subsidiary, Kcube Pte Ltd, is expected to commence operations in the second half of 2015. It will be involved in the sale of kitchen appliances and customised cabinets that will be targeted at a broader segment of price conscious consumers.

Given the present economic outlook and uncertainty in the global economy, the business conditions are expected to remain challenging and competitive for the next 12 months.

11. If a decision regarding dividend has been made:
 (a) Whether an interim (final) ordinary dividend has been declared (recommended);

No.

- (b)(i) Amount per share/rate %

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

- (b)(ii) Previous corresponding period/rate %

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the half year financial period ended 30 June 2015.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii).

14. Negative confirmation pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the half year financial period ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and CEO

Date: 12 August 2015