



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

PROPOSED CONVERSION OF SHAREHOLDER'S LOANS INTO 18,477,000 NEW ORDINARY SHARES IN THE CAPITAL OF KITCHEN CULTURE HOLDINGS LTD.

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 14 February 2018 entered into a conditional debt conversion deed (the "**Debt Conversion Deed**") with Mr Lim Wee Li ("**Mr Lim**"). Mr Lim is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Company.

2. PROPOSED DEBT CONVERSION

As at the date of this announcement, the total outstanding loans extended by Mr Lim to the Company which are interest-free, unsecured and repayable on demand, amounted to S\$4,210,753. Pursuant to the Debt Conversion Deed, Mr Lim has agreed to convert S\$2.5 million into 18,477,000 new ordinary shares in the capital of the Company (the "**Debt Conversion Shares**") at the issue price of S\$0.1353 per Debt Conversion Share (the "**Proposed Debt Conversion**"), fractional entitlements to be disregarded. The Debt Conversion Shares are issued in repayment of a portion of the loans which have been extended by Mr Lim to the Company.

The details of the Proposed Debt Conversion and Mr Lim's shareholding interest in the Company before and after the Proposed Debt Conversion are set out below:

Before the Proposed Debt Conversion		Details of the Proposed Debt Conversion			After the Proposed Debt Conversion	
Existing number of shares held	Shareholding percentage ⁽¹⁾	Number of Debt Conversion Shares to be issued	Number of Debt Conversion Shares as a percentage of the existing issued shares of the Company ⁽¹⁾	Number of Debt Conversion Shares as a percentage of the enlarged issued shares of the Company ⁽²⁾	Total number of shares held	Total number of shares held as a percentage of the enlarged issued shares of the Company ⁽²⁾
74,700,000	74.7%	18,477,000	18.5%	15.6%	93,177,000	78.6%

Notes:

- (1) Based on the number of existing issued shares of the Company of 100,000,000 before the Proposed Debt Conversion.
- (2) Based on the number of enlarged issued shares of the Company of 118,477,000 after the Proposed Debt Conversion.

3. RATIONALE FOR THE PROPOSED DEBT CONVERSION

Based on the Group's latest announced unaudited consolidated financial statements for the half year ended 31 December 2017, the Group was in a negative working capital position of S\$3.5 million and a net liability position of S\$1.4 million. The Proposed Debt Conversion will enable the Group to (i) improve its working capital and net tangible assets value, (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. CONDITIONS FOR THE PROPOSED DEBT CONVERSION

- 4.1 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 Singapore Exchange Securities Trading Limited (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;
 - (ii) the approval of the shareholders of the Company (the "**Shareholders**") being obtained in respect of the Proposed Debt Conversion at a general meeting; and
 - (iii) the subscription, issue and allotment of the Debt Conversion Shares being in compliance with the Securities and Futures Act, Chapter 289 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.
- 4.2 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.
- 4.3 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. TERMS OF THE PROPOSED DEBT CONVERSION

The issue price of S\$0.1353 for each Debt Conversion Share was arrived at after taking into consideration, *inter alia*, the rationale for the Proposed Debt Conversion as set out in paragraph 3 above, Mr Lim's undertaking to provide financial support for the Group when necessary and the amount of financial support provided by Mr Lim to the Group to date, was mutually agreed between the Company and Mr Lim, and is at a 10.0% discount to the volume weighted average price of S\$0.1503 for trades done on the Company's shares on Catalist on 21 November 2017 (being the last full market day on which the Company's shares were

traded on Catalist, preceding the date of the announcement). The discount is within the limit prescribed by Rule 811(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”).

6. SHAREHOLDERS APPROVAL FOR THE PROPOSED DEBT CONVERSION

The allotment and issue of the Debt Conversion Shares require the approval of Shareholders under Section 161 of the Companies Act, Chapter 50 and Rules 804, 805(1) and 812(1) and 812(2) of the Catalist Rules. Rules 812(1) and 812(2) of the Catalist Rules provide that an issue of shares must not be placed to an issuer’s directors and substantial shareholders unless specific shareholders’ approval is obtained for such placement and the directors, substantial shareholders and their respective associates must abstain from voting on the resolution approving the placement.

Mr Lim is a Director and Controlling Shareholder of the Company, holding 74.7% of the issued shares of the Company as at the date of this announcement. Mr Lim is therefore an interested person and the Proposed Debt Conversion is an interested person transaction under Chapter 9 of the Catalist Rules.

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2017 (“**FY2017**”), the net tangible assets (“**NTA**”) of the Group is approximately S\$269,973. The amount of the Proposed Debt Conversion is S\$2.5 million, representing approximately 926.0% of the NTA of the Group for FY2017. Accordingly, as the value at risk is more than 5.0% of the Group’s latest audited NTA and pursuant to Rule 906 of the Catalist Rules, the Company will be seeking the approval of Shareholders for the Proposed Debt Conversion. In addition, as 18,477,000 Debt Conversion Shares will be allotted and issued to Mr Lim (being a Director and Controlling Shareholder of the Company), Shareholders’ approval is required to be obtained in connection thereto pursuant to Rule 812(2) of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rule, Mr Lim and his associates shall abstain from exercising their voting rights in respect of all existing issued shares of the Company owned by them, nor accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Debt Conversion and the allotment and issue of 18,477,000 Debt Conversion Shares respectively.

7. TOTAL AMOUNT OF INTERESTED PERSON TRANSACTIONS

Save for the Proposed Debt Conversion, there were no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Group with Mr Lim and his associates for the current financial year ending 30 June 2018 up to the date of this announcement. As at the date of this announcement, there were no other interested person transactions entered into by the Group for the current financial year ending 30 June 2018.

8. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

The proforma financial effects of the Proposed Debt Conversion on the NTA per share and earnings per share (“**EPS**”) of the Group as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Debt Conversion.

The financial effects of the Proposed Debt Conversion set out below have been prepared based on the Group’s latest announced consolidated financial statements for the six months period ended 31 December 2017:

8.1 NTA of the Group

Assuming the Proposed Debt Conversion had been completed on 31 December 2017, the financial effect on the NTA per share of the Group as at 31 December 2017 are as follows:

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
NTA attributable to owners of the Company	(1,384,027)	1,115,973
Number of shares	100,000,000	118,477,000
Effect of the Proposed Debt Conversion on the NTA per share	(1.4)	0.9

8.2 EPS of the Group

Assuming the Proposed Debt Conversion had been completed on 1 July 2017, the financial effect on the EPS per share of the Group as at 31 December 2017 are as follows:

	Before the Proposed Debt Conversion	After the Proposed Debt Conversion
Net loss attributable to owners of the Company	1,691,725	1,691,725
Number of shares	100,000,000	118,477,000
Effect of the Proposed Debt Conversion on the EPS per share	(1.69)	(1.43)

9. **FREE FLOAT OF THE COMPANY**

Pursuant to the issuance of Debt Conversion Shares, approximately 14.4% of the issued ordinary shares of the Company were held in the hands of the public based on the enlarged issued shares of the Company and as at the date of this announcement. Following the completion of the Proposed Debt Conversion, the number of shares held by Mr Lim and his associates in aggregate is 101,427,000 shares, constituting 85.6% of the enlarged issued shares of the Company.

10. **STATEMENT OF THE AUDIT COMMITTEE**

The Audit Committee of the Company, after taking into consideration the rationale for the Proposed Debt Conversion, is of the opinion that the Proposed Debt Conversion is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

11. **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 present bank facilities available to the Group and the financial support from the Controlling Shareholder of the Company, the working capital available to the Group is sufficient to meet its present requirements.

12. **CIRCULAR AND EGM**

The Company will be convening an EGM to seek Shareholders' approval for the Proposed Debt Conversion and the allotment and issue of the Debt Conversion Shares, and a circular

containing, *inter alia*, the notice of the EGM and details of the Proposed Debt Conversion will be despatched to the Shareholders in due course.

13. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Lim who are interested in the Proposed Debt Conversion, 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.

14. DOCUMENT FOR INSPECTION

A copy of the Debt Conversion Deed is available for inspection at the registered office of the Company at 25 New Industrial Road, #02-01 KHL Building, Singapore 536211 during normal business hours for three months from the date of this announcement.

15. 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.

16. 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
14 February 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor 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 Lee Khai Yinn (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.