

Business Update on Outstanding Legacy Issues and Strategy to Move Forward

- **Key updates on status of unresolved issues at the point of change of Board on 26 June 2023**
- **Progress made by the new Board since taking over**
- **Setting a new path forward to ensure a sustainable future ahead**

[Singapore, 7 August 2023] – The Board of Directors (the “**Board**”) of Kitchen Culture Holdings Ltd. (the “**Company**” or “**Kitchen Culture**”) hereby provides an interim update to lay out the legacy issues facing the Company that the Board has addressed or is currently addressing, as well as to provide shareholders with full transparency on how the Board intends to navigate the path forward.

The list of legacy issues that fell to the new Board upon handover from the previous Board on 26 June 2023 include the following:

- a. the Company’s cash balances were so low that that meeting its daily operating expenses has posed significant challenges;
- b. the previous Board had informed the new Board that outstanding liabilities as at 26 June 2023 was approximately S\$3.1 million. These liabilities are currently being verified by the new Board;
- c. no external auditor had been appointed since the previous auditor, Nexia TS Public Accounting Corporation (now known as CLA Global Public Accounting Corporation), did not seek reappointment at the last Annual General Meeting (“**AGM**”) held on 18 March 2022;

- d. arising from (c), there is a delay in issuing the Company's annual report for the 18-month period ended 31 December 2022 ("**FY2022**") containing the audited financial statements for FY2022 and sustainability report for FY2022. Consequently, the Company failed to comply with the disclosure requirements under the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to issue its unaudited financial statements for the quarter ended 31 March 2023 as well as the unaudited financial statements for the half year ended 30 June 2023 by the timeframe required under the Catalist Rules. On 30 April 2023, the Company has obtained no objection from the SGX-ST to hold its AGM for FY2022 by 16 October 2023 and to issue sustainability report for FY2022 by 30 September 2023;
- e. in conjunction with (d), failure to comply with certain provisions of the Companies Act 1967 (the "**Companies Act**") – No AGM has been held in respect of FY2022 and the Company's application to the Accounting and Corporate Regulatory Authority ("**ACRA**") for an extension of time to hold the AGM has been rejected on 28 April 2023, which means the Company has breached and is in contravention of Section 175(2) of the Companies Act 1967 in relation to the deadline to hold its AGM in respect of FY2022. The Company has also not filed its annual return with ACRA within the timelines required under the Companies Act;
- f. a previous internal audit conducted by Baker Tilly Consultancy (Singapore) Pte. Ltd. in 2021 had identified certain weaknesses in the Company's internal controls that are still outstanding and yet to be rectified; and
- g. the report on the special audit conducted by Deloitte & Touche Financial Advisory Services Pte. Ltd. ("**Special Auditor**") as directed by the Notices of Compliance ("**NOC**") issued by the SGX-ST on 14 July 2021 and 19 August 2021 had not been issued at the time of change of the Board.

The Board's immediate priority has been to resolve the outstanding legacy issues, including (a) negotiating with creditors to resolve all long overdue liabilities, (b) engaging an external auditor to audit the FY2022 financial statements, (c) working with the Special Auditor to complete the special audit, and (d) strengthening the Company's internal controls, so as to elevate the

Company to be in the position of pursuing new business directions. To this end, the Board is pleased to announce the following:

- a. on 24 July 2023, the Company announced the full settlement with CDL Properties Ltd. (“**CDL**”) of S\$430,662.13 being payment for rental arrears from December 2022 to March 2023, reinstatement cost, the holding rent for the period from April 2023 to 31 May 2023, interest and legal costs. This settlement mitigates the risk of the Company facing penalties by CDL as a result of it occupying the office space with no reinstatement since its eviction in March 2023;
- b. on 28 July 2023, the Company completed the first tranche of S\$3 million draw-down from the S\$4 million loan from Asian Accounts Receivable Exchange Pte. Ltd.. This provides some urgently required cashflow to sustain operations, enabling the new Board room to concurrently negotiate settlement with other creditors;
- c. the Company has commenced the process of identifying a new external auditor, with a view to convene an extraordinary general meeting (“**EGM**”) to formally appoint the new external auditor by the 3rd quarter of 2023. In addition, the Company is targeting to convene the FY2022 AGM, as well as releasing the financial results for each of the 1st, 2nd, 3rd and 4th quarters of FY2023 by the 1st quarter of 2024. To make good the previous lapses and eventually bring the Company’s financial reporting up to speed to adhere to the timelines under the Catalist Rules, the Company is looking to hold the FY2023 AGM and release the 1st quarter financial results of FY2024 by the 2nd quarter of 2024. The Company will be making the necessary applications to SGX-ST for the respective extensions of time for the release of the financial results and make the necessary announcements in due course.

In addition, the Board would like to inform shareholders that it is actively pursuing the following:

- a. negotiating with creditors to settle all outstanding liabilities on terms in the best interests of the Company;
- b. reviewing and seeking legal advice where necessary on the terms of the S\$1.5 million loan agreement entered into by the Company during the tenure of the previous Board and exploring the best way to repay the loan when due;

- c. actively engaging with the Special Auditor to complete phase 2 of the special audit by the 4th quarter of 2023;
- d. engaging with the internal auditors to review if previously identified internal control weaknesses have been addressed, and to examine ways to strengthen these internal controls. This will concurrently address the 2 NOCs previously issued;
- e. actively sourcing and/or developing new and sustainable businesses to be injected into the Company so as to inject a new lease of life into the Company and to raise additional funding for the continued operations and the development of new businesses for the Company; and
- f. upon resolving all outstanding legacy issues with the gradual readiness of the Company to continuing to function as a going concern the Company will, through its continuing sponsor, consult the SGX-ST on the resumption of trading of its securities.

*"The Company is committed to addressing the significant challenges and legacy issues inherited from the previous Board in a positive and transparent manner, with full accountability to our shareholders. The multitude of legacy issues, most of them unresolved in the last 2 years, will need time and effort to resolve and we ask for shareholders' patience to allow us to work on getting the Company back on the path of restoration and growth." said **Mdm Hao Dongting, Chairperson** of the Board. "We have already made some headway in tackling some of the most urgent issues as detailed above and are confident that with the right strategies and execution by the new Board, Kitchen Culture will be able to create sustainable growth and long-term shareholder value."*

"On behalf of the Board, we would like to express our deepest gratitude to the Company's employees, customers and partners for their continued support during this period of transition. We look forward to working closely with all stakeholders to ensure a successful future for the Company", added Mdm Hao.

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

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