



**KITCHEN CULTURE HOLDINGS LTD.**

(Company Registration No: 201107179D)

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

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**RESPONSE TO QUESTIONS FROM SHAREHOLDERS AND THE PUBLIC MEMBERS ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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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 questions received from the shareholders of the Company (the "**Shareholders**") in relation to the Company's Annual Report for the financial year ended 30 June 2021 ("**FY2021**") and appends the replies as follows:

**PART 1: QUESTIONS RECEIVED FROM THE PUBLIC MEMBERS (INCLUDING SHAREHOLDERS) BEFORE 3 MARCH 2022**

**Question 1**

**What are the details in the Baker Tilly report that is being highlighted by the Board then, that cause considerably many upheavals in Kitchen Culture thereafter. For example, a) what are the details of irregularities highlighted in Baker Tilly report, b) when and who the irregularities are being made known and c) how quickly and appropriately the Board or management have reacted or resolve the problems?**

**Company's response**

The Company refers shareholders to the announcement dated 12 July 2021 on "Response to Queries from SGX" where a summary of the findings and the proposed remedial works has been provided in the Company's response to Question 2 raised by the SGX. Presently, Baker Tilly is in the process of performing a follow up review on the implementation status of the remedial steps taken by the Management to address the internal control weaknesses and potential lapses as stated in its draft interim report dated 18 June 2021 (the "**Interim Report**") and a review of the utilization of net proceeds raised from various fundraising exercises conducted in 2020 amounting to S\$19.2 million.

**Question 2**

**I couldn't understand why there is no further actions by the NC today when prior announcements made was to procure Mr Lim resignation?**

**Company's response**

As there is ongoing litigation on the matter of Mr Lim's termination, the Company will update shareholders when there are material developments.

### **Question 3**

**A closer study on the findings of Baker Tilly report in earlier announcements, it is noted that Mr Lim's spouse is an employee of the listed company, however this fact is being kept a secret. Given my limited understanding of the regulations, I believe Baker Tilly is trying to highlight that he did not disclose his potential conflict of interest by engaging this spouse, to the board and sponsor. I am interestingly curious to know how can this happened given the directors who are long acquaintances with Mr Lim are not aware of this matter?**

### **Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") will be reviewed by the Special Auditor under the Notice of Compliance ("**NOC**") from the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") dated 19 August 2021, the Company can only update shareholders when there are material developments. The employment of Mr. Lim Wee Li's spouse has been disclosed in previous annual reports of the Company, including (but not limited to) the annual reports for the financial years ended 30 June 2018 and 30 June 2019.

### **Question 4**

**Given the above matter paragraph seemed to be a clear non-disclosure of conflict of interests of a CEO or Director, the strict listing regulations and reputable legal framework in Singapore should have something to deal with such situations. Presumably, the listing rules or company constitution has already clearly spelt out our next course of actions, shouldn't shareholders witness or be informed on the outcome of this matter?**

### **Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

### **Question 5**

**In the course of these litigations, audits and investigations, the Company's Board would have to liaise with the relevant professionals and lawyers. What are the views of the NC and Sponsor? What are the safeguards that the Board has implemented to deal with the situation?**

### **Company's response**

As various suits are ongoing and the findings raised in the draft Interim Report prepared by Baker Tilly together with various other matters will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders when there are material developments.

### **Question 6**

**My main concern is the time being taken to resolve critical issues brought up as long ago as July 2021. I make reference that special investigations are only in initial stages. How can this be possible after so many months and what are the Nominating Committee and Board doing to act in the best interests of shareholders?**

### **Company's response**

The Company refers to its announcements dated 20 September 2021, 14 January 2022 and 14 February 2022 in relation to the appointment of the Special Auditor as well as status update on the Special Audit.

The Special Auditor is currently reviewing the new information arising from the forensic interviews phase relating to the Payroll Matter and the Unauthorised Transaction. The Company will continue to work with the Special Auditor on any subsequent requests which may arise from the forensic interviews.

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders when there are material developments.

### **Question 7**

**It is my understanding that Baker Tilly – a respected international accountancy firm – finished their review in July 2021.**

**a. has this review been published?**

#### **Company's response**

The Company refers shareholders to the announcement dated 12 July 2021 on "Response to Queries from SGX" where a summary of the findings and the proposed remedial works has been provided in the Company's response to Question 2 raised by SGX.

**b. can you disclose the findings of this review to shareholders?**

#### **Company's response**

The Company refers shareholders to the announcement dated 12 July 2021 on "Response to Queries from SGX" where a summary of the findings and the proposed remedial works has been provided in the Company's response to Question 2 raised by SGX.

**c. what are the key details of the review which should concern shareholders?**

#### **Company's response**

The Company refers shareholders to the announcement dated 12 July 2021 on "Response to Queries from SGX" where a summary of the findings and the proposed remedial works has been provided in the Company's response to Question 2 raised by SGX.

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders when there are material developments.

**d. what are the Board and Nominating Committee doing to address such findings?**

#### **Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders when there are material developments.

**e. are Baker Tilly conducting any follow up reviews?**

#### **Company's response**

Yes, in December 2021, the Audit and Risk Committee ("**ARC**") appointed Baker Tilly to conduct a follow up review on the implementation status of the remedial steps taken by the Management to address the internal control weaknesses and potential lapses as stated in the draft Interim Report

prepared by Baker Tilly. Baker Tilly is in the process of going through its findings with the Management before circulating their report to the ARC.

- f. **what is Baker Tilly doing to advise on next steps re the review?**

**Company's response**

As various reviews/audit are still ongoing, the Company will update shareholders when material developments arise.

**Question 8**

**I have read about management disputes within KCH – which have seemingly escalated since the removal of the CEO. I have always had concerns about Use of Proceeds from the last large fundraising done.**

- a. **From the Business Times on 12th July 2021, I note reference to repayment of borrowings to private lenders of S\$3.7m and S\$1.7m. I find it very surprising that Use of Proceeds would be approved for this purpose – has evidence been presented that this is the case?**

**Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

- b. **I also note – from the same press article – that interested person transactions were not monitored, reviewed or disclosed, and there is reference to the appointment of a spouse. This raises the concern of Conflict of Interest. Can Directors still serve when faced with a charge of Conflict of Interest, or are they duty bound to resign?**

**Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

The Board will continue to take all necessary actions in the best interests of the shareholders and the Group and will update the shareholders by making further announcements as and when material developments occur in this regard.

- c. **Can the Nominating Committee shed some light on their stance regarding any misuse of funds or conflicts of interest arising from findings here and what steps they are taking to ensure the Board composition at all times represents the best interests of shareholders, given Singapore's leadership when it comes corporate governance?**

**Company's response**

As the findings raised in the draft Interim Report prepared by Baker Tilly will be reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

- d. **What are the obligations of the Sponsor in this instance and has the Sponsor fulfilled any of those obligations?**

### **Company's response**

The main role of the Sponsor is to guide the Company on compliance with the Catalist Rules, in particular on the disclosure of material information.

In relation to the use of proceeds, the Company shall inform the Sponsor and prepare announcements as and when there are any material disbursements or changes of use of proceeds from the fundraising activities for the Sponsor's review. The Sponsor will make reasonable enquiries when reviewing the draft announcements prepared by the Company. The Board of the Company is ultimately responsible for approving the allocation/re-allocation of use of proceeds from fundraising activities and ensuring the accuracy of the information disclosed in the Company's announcements to the best of their knowledge and belief after making all reasonable enquiries.

In relation to interested person transactions ("IPT"), the Company shall inform the Sponsor when the IPT exceeds relevant disclosure thresholds as set out in the Catalist Rules and seek guidance from the Sponsor on the disclosure requirements. The ARC is responsible for the review of IPT reported by the Management. The Company shall maintain adequate and effective internal controls and risk management systems to ensure IPTs are properly tracked and reported. When an actual, potential and perceived conflict of interest arises, the concerned director must disclose such interest, recuse himself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

- e. **Can you shed some light on what the claims of defamation and conspiracy relate to, and what the current status of these accusations are – and who is investigating them?**

### **Company's response**

The Company refers shareholders to the announcement dated 4 March 2022 on "Indemnities extended by the Company" for the information on the claims of defamation brought by Mr Lim Wee Li against independent directors, Mr William Teo and Mr Ang Lian Kiat, and separately, against Interim CEO, Mr Lincoln Teo. As the suits are ongoing, the Company will update shareholders when material developments arise.

### **Question 9**

**In August 2021 it was reported that a special auditor was appointed to investigate potential unauthorised transactions within the Company.**

- a. **Can the Board please shed some light as to what these relate to – and why no progress has been made in resolving this issue?**

### **Company's response**

The Company refers shareholders to the NOC from the SGX RegCo dated 19 August 2021 which requires the Company to, *inter alia*, appoint a suitable independent special auditor to cover certain scope of audit as stated in the relevant NOC, including the US\$480K transactions as announced by the Company on 29 September 2021 and 14 October 2021. The Group has terminated the relevant transactions and recovered the relevant amount from the counter parties. Please refer to the abovementioned announcements for more details.

As this matter is currently being reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders as necessary when there are material developments.

- b. **Can the Sponsor (SAC Capital Private Ltd) shed some light on what these relate to and why no progress has been made resolving this issue?**

### Company's response

Please refer to the Company's response to question 9(a) above.

## **PART 2: QUESTIONS RECEIVED FROM SHAREHOLDERS FROM 3 MARCH 2022 (DATE OF NOTICE OF AGM) TO 10 MARCH 2022 6.00 P.M.**

### Question 1

**Firstly, I would like to question till date, how much have the Company spent on legal fees with regards to all these suits?**

### Company's response

The Group has incurred legal fees to date as follows:

	<b>S\$</b>
1. Review of Baker Tilly's Draft Interim Report and the Company's suit against Du Kun, Wang Yanchao and Lim Wee Li	664,264
2. Wrongful Termination Suit by Lim Wee Li against the Company	82,645
3. Defamation Claim against William Teo and Ang Lian Kiat (including deposit of S\$30,000)	142,012
4. Defamation Claim against Lincoln Teo (including credit note of S\$5,000)	34,171
5. Kim Hup Lee & Co (Private) Ltd's Statutory Demand and Winding Up Application	110,662
	<hr/> <hr/> <b>1,033,754</b>

### Question 2

**Secondly, from the recent announcement, I understand that some of these suits are personal in nature, and that there are defamation suits against 2 of the independent directors as well as the interim CEO Lincoln Teo. My question is, why are these suits being paid for by the Company. It seems like the Company has issued a blanket coverage for these 3 directors. In the event malice is established, how will the Company claw back said costs from them?**

### Company's response

The Company refers shareholders to the announcement dated 4 March 2022 on "Indemnities extended by the Company". The rationale for the provision of indemnities is set out in paragraph 2 of the said announcement. As the suits are still ongoing, the Company will update shareholders when material developments arise. In the event malice is established, the Company will seek legal advice on the next course of action.

### Question 3

**I also note from recent announcements that the Company mentioned that it has moved into the medical business and is focused on selling masks. I note from the recent announcement that the company have spent S\$506,000 on this business. I have seen the website of KC Medical and quite frankly am unimpressed by it and the exorbitant selling price of one single mask. Therefore, I would like to question if this business is profitable or not, and if not, why are these masks being sold at quite frankly ridiculous prices?**

### Company's response

The Company raised net proceed of S\$6.02 million in May 2020 from Convertible Loan and informed shareholders of its plan to go into the medial trade as part of the business diversification plans. It only

embarked on the sale of masks in June 2021 as mentioned on page 7 of the Annual Report for FY2021. Since the commencement of the sale till 28 February 2022, revenue generated from sale of masks is S\$38,123, at an average gross margin of around 40%. The masks (<https://www.anhui-healthbox.com/News.html>) are being sold at higher prices because unlike other masks, these masks are copper oxide non-woven fabric reusable masks with microbial inactivation characteristics as mentioned on page 7 of the Annual Report for FY2021.

#### **Question 4**

**I would like to question what kind of business has OOWAY and OOWAY directors Hao Dong Ting and Lincoln Teo brought to the Company since their entry into the Company? I note from various announcements that they are responsible for a US\$480,010 transaction which was unwound by the board, and that this matter was reported to CAD. It was my understanding that the share swap done with OOWAY Group was for the Company to diversify into the FinTech space. Hence, I am curious to know, till date, what has OOWAY done for the Company in terms of bringing in new businesses or revenue?**

#### **Company's response**

The US\$480,010 transaction was the first transaction which OOWAY Group Ltd. ("**OOWAY Group**"), the controlling shareholder of the Company, referred to the Company which was intended for the Company's newly formed subsidiary, KC Technologies Pte Ltd, to participate in a scheme which involved the provision of support to e-commerce merchants in the business of selling goods over the internet. However, the transaction was terminated due to the circumstances set out in the Company's announcements dated 29 September 2021 on "Unwinding of a Transaction Having a Value of US\$480,010 and Lodgment of Report with the Commercial Affairs Department" and 14 October 2021 on "Recovery of Fund in Connection with Termination of Transaction". This transaction was unwound on 14 October 2021 and KC Technologies received US\$492,259.97 pursuant to the termination of the transaction. It is not possible to continue collaboration with OOWAY Group until the Special Auditor has completed its review of the said transaction as set out in the NOC by SGX RegCo dated 19 August 2021.

#### **Question 5**

**What progress has been made in the Company's foray into AI, machine learning and data-science?**

#### **Company's response**

The Company's foray into AI, machine learning and data science began with the acquisition of a 30% stake in OOWAY Technology Pte. Ltd. ("**OOWAY Technology**") on 12 October 2020 as mentioned on page 2 of the Annual Report for FY2021.

#### **Question 6**

**What has the Company achieved in the healthcare and medical supplies solutions business? What are the profit and loss figures in these businesses?**

#### **Company's response**

The sale of masks only began in June 2021 as mentioned on page 7 of the Annual Report for FY2021. Since the commencement of the sale till 28 February 2022, revenue generated from sale of the masks is S\$38,123, at an average gross margin of around 40%.

#### **Question 7**

**What plans does the Board have to transform the Company's business in the new year?**

### **Company's response**

The Company refers shareholders to the Chairperson's statement on page 14 of the Annual Report for FY2021. The Company will update shareholders when there are material developments.

### **Question 8**

**What has Mr Lincoln Teo contributed for the Company's digital transformation process and the new technology? Have these contributions been good for the Company?**

### **Company's response**

The Company refers shareholders to the Chairperson's statement on page 14 of the Annual Report for FY2021 which highlights that the Management has been actively implementing corporate governance reform according to the requirements put forward by the internal auditors. The Company is of the view that such reforms, including the satisfactory completion of the Special Audit as required by the NOC from the SGX RegCo dated 19 August 2021, is necessary before the Company can continue with its transformation plans. In this regard, Mr Lincoln Teo has been focusing on implementing corporate governance reform.

### **Question 9**

**Was there due diligence conducted and legal advice sought before the Company entered into the "Scheme" and transferred the sum of US\$480,010? Was there due diligence done on the companies Sino Allied (HK) Limited and Wisechain Fintech (HK) Limited?**

### **Company's response**

As this matter is currently being reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

### **Question 10**

**If Mr Ang Lian Kiat, Mr William Teo and Mr Lincoln Teo were sued personally, why is the Company paying their legal fees?**

### **Company's response**

The Company refers shareholders to the announcement dated 4 March 2022 on "Indemnities extended by the Company". The rationale for the provision of indemnities is set out in paragraph 2 of the said announcement. As the suits are still ongoing, the Company will update shareholders when material developments arise.

### **Question 11**

**What plans does the Company have for KHLM? Why has the Management not been able to negotiate with KHLM's creditor?**

### **Company's response**

The Company refers shareholders to the announcements dated 17 January 2022 and 7 February 2022 in relation to the application filed by KHL Marketing Asia-Pacific Pte Ltd ("KHLM"), the Company's wholly-owned subsidiary, to place itself under judicial management. The hearing of such application is fixed on 16 March 2022. Once the Judicial Managers are appointed by the Court, KHLM's management will work with them to formulate a plan to resuscitate KHLM's business, where possible, and to ensure an equitable



proposal for all KHLM's stakeholders, including Kim Hup Lee & Co (Private) Limited ("**Kim Hup Lee**"), the petitioning creditor.

The Company assumes the question on "KHLM's creditor" refers to the dispute between KHLM and Kim Hup Lee. Apart from the fact that KHLM disputes the alleged rental arrears of approximately S\$1.8 million claimed by Kim Hup Lee as disclosed in the Company's announcements dated 19 October 2021 and 23 December 2021, the Company was advised by its legal adviser that it had to be particularly wary of negotiating a compromise which would ultimately unfairly prefer Kim Hup Lee over other creditors. As mentioned above, under the judicial management, the appointed Judicial Managers can formulate a plan that will involve an equitable proposal for all KHLM's stakeholders, including Kim Hup Lee.

### **Question 12**

**Has OOWAY Group Ltd offered any financing or assistance to the Company? Will OOWAY Group Ltd offer any financing or assistance to the Company in the new year?**

### **Company's response**

During the Board meeting held on 9 February 2022 to review the financial statements for FY2021, the Board discussed whether OOWAY Group, as the controlling shareholder of the Company, was willing to provide a letter of financial support. In an email dated 11 February 2022, OOWAY Group has communicated to the Board through Chairperson Hao Dongting that it recognizes the Company's unfavourable financial position as at FY2021 and the necessity for it to receive financial support to continue its operations as a going concern in the foreseeable future. While it is unable to provide a blanket financial support immediately, with the upcoming AGM for FY2021 and the finalization of some independent audits, OOWAY Group remains ready to calibrate its position to protect the interest of the Company.

### **Question 13**

**The general and administrative expenses increased by a whopping 38.4% or S\$2.3 million in FY2021. What is the Company's plan to manage such expenses?**

### **Company's response**

The Company refers shareholders to page 16 of the Annual Report for FY2021 which stated that the increase in general and administrative expenses was mainly attributable to:

- a. an increase in legal and professional fee of S\$1.3 million, due primarily to expenses incurred in: (i) acquisition of 30% of the total number of issued shares of OOWAY Technology, (ii) placement of 40,572,000 new ordinary shares in the capital of the Company, and (iii) conversion of debts to share capital;
- b. an increase in staff costs of S\$1.3 million arising from increased management and administration headcount in Singapore;
- c. an increase in entertainment expenses of S\$0.1 million;
- d. partially offset by decreases in (i) depreciation charges of S\$0.1 million due to certain property, plant and equipment being fully depreciated in prior year; (ii) maintenance of office/showroom premises in Hong Kong of S\$0.1 million; (iii) travelling and transport of S\$0.1 million; and (iv) postage and packing of S\$0.1 million.

Notwithstanding the above, the Company will review where general and administrative expenses can be reduced.

#### **Question 14**

**I refer to the Company's announcement made on 29 September 2021, about the transfer of the sum of US\$480,010 by Lincoln Teo, the interim CEO of the Company. Why was board approval not obtained before the transfer of the sum of US\$480k?**

#### **Company's response**

As this matter is currently being reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

#### **Question 15**

**I refer to the Company's announcement made on 4 March 2022, about the legal fees paid due to the indemnities extended by the Company. Did the directors obtain 3 quotations for legal fees and costs before engaging their lawyers? How much money was spent on Mr Ang and Mr Teo's lawyers in their application and appeal to strike out the lawsuit against them?**

#### **Company's response**

Mr Ang and Mr Teo had spoken to 3 law firms, namely Providence Law, TSMP Law and Rajah & Tann, and obtained their hourly rates.

The total amount incurred to-date by the Company pursuant to the indemnities extended to Mr Ang and Mr Teo is set out below:

- a. Legal fees and costs of approximately S\$86,000;
- b. Deposit of S\$30,000 payable to the lawyer of Mr Ang and Mr Teo; and
- c. S\$26,000 payable to Mr Lim Wee Li at the Court's order in relation to the Court's dismissal of the application and appeal to strike out the relevant lawsuit.

#### **Question 16**

**I note from the Company's Annual Report for FY2021 that the Company started working with a Chinese company to distribute reusable masks. Did the Company verify the claims made about these masks? Why are the sales figures so bad when we are in a pandemic?**

#### **Company's response**

The supplier of the masks has the necessary global certifications for their masks. The first batch of masks only arrived in June 2021 as highlighted on page 7 of the Annual Report for FY2021. The Company has hired a full-time employee to drive the sales of the masks. The Company will update shareholders when material developments arise.

#### **Question 17**

**Are the new staff hired by the Company related to Mr Lincoln Teo? If so, what are their roles and why are they being paid so much?**

#### **Company's response**

No, the new staff hired by the Company are not associates of Mr Lincoln Teo as defined in the Catalist Rules. A total of 6 employees were employed with their roles in human resources, operations, audit and business intelligence since July 2021. Notwithstanding this, remuneration information of employees of the Group is confidential but the Company is able to confirm that Mr Lincoln Teo's monthly salary is S\$10,000 and not the highest paid employee in the Company. All of the new staff's remuneration packages are below the remuneration level of Mr Lincoln Teo's.

### **Question 18**

**What happened to the AREX business? Did it even benefit the Company at all?**

#### **Company's response**

The Company would like to clarify that Asian Accounts Receivable Exchange, also known as AREX, is not part of the Group's business. KC Technologies Pte Ltd was slated to be a strategic partner of AREX as the Group is seeking more revenue-generating business opportunities in its diversification plans.

### **Question 19**

**Has the new management been able to bring in any new business for the Company since they took over?**

#### **Company's response**

The Company refers shareholders to page 7 of the Annual Report for FY2021 which mentions the new medical and technology businesses.

### **Question 20**

**Has the Company's share swap and acquisition of a 30% stake in OOWAY Technology resulted in any new business brought into the Company or Group?**

#### **Company's response**

OOWAY Group referred the US\$480,010 transaction (as mentioned in the response to question 4 above) to the Company in order to generate income for the Company.

### **Question 21**

**Why are Mr Lincoln Teo's assurances about the systems for risk management and internal controls so heavily caveated? Does the Management have a plan for risk management or internal controls at all?**

#### **Company's response**

Mr Lincoln Teo's responses are caveated because he was appointed as Interim CEO only on 8 July 2021 and was not responsible for the financial performance of the Group for FY2021. Many of the internal control issues highlighted in the draft Interim Report prepared by Baker Tilly occurred prior to his appointment.

Management is in the midst of implementing the recommendations of Baker Tilly set out in their draft Interim Report.

### **Question 22**

**I note that the Company's financial statements were delayed multiple times this year under Mr Lincoln Teo's leadership as the interim CEO. Why did Mr Lincoln Teo not do more to ensure that the financial statements could be published in time?**

#### **Company's response**

The Company refers shareholders to the announcements dated 27 August 2021, 19 October 2021, 1 November 2021, 13 January 2022 and 9 February 2022 for the reasons for the applications for extension

of time for releasing interim financial statements announcements for FY2021 and for the half year ended 31 December 2021 (“HY2022”) and issuance of the Annual Report for FY2021.

As the Interim CEO, Mr Lincoln Teo brought in three finance personnel to assist the Financial Controller and formed an internal compliance team to gather information required by Baker Tilly as well as the Special Auditor in order to reduce the workload of the Financial Controller so that the Financial Controller could have more time to focus on completing the Annual Report for FY2021 and the interim financial statements announcements.

### **Question 23**

**What is bMARS and who are the end-users or customers of bMARS? Have there been any revenues generated by this “AI based credit assessment system”? How is bMARS better than its competitors?**

#### **Company’s response**

The Company refers shareholders to page 7 of the Annual Report for FY2021 which highlights that bMARS (<https://www.ooway.com/bmarsEn.html>) is an AI based credit assessment system using Credit 3.0 approach to analyse the behavior of B2B merchants and measuring their credit worthiness. This is a better predictor of credit worthiness compared to traditional credit assessment models based on historical financial statements and is therefore useful for financial institutions and investors who are seeking to provide supply chain financing to credit worthy merchants. Based on the unaudited consolidated management accounts of OOWAY Technology submitted to the Company, OOWAY Technology has reported revenue and gross profit for the financial year ended 31 December 2021.

### **Question 24**

**Mr William Teo has been the Lead Independent Director of the Company since 2019. Under his leadership, the Company has suffered consecutive losses and appears to suffer from issues with the implementing and monitoring of risk management and internal control systems. What has Mr William Teo done to show that he is fit to remain the Lead Independent Director of the Company?**

#### **Company’s response**

The Company would like to make the following clarifications:

- a. The leadership of the Company rests with the Chairperson of the Board of Directors and not the Lead Independent Director. Until 24 May 2021, Mr Lim Wee Li was Executive Chairman and Chief Executive Officer of the Company;
- b. The Lead Independent Director is not involved in the day-to-day management of the Company and therefore cannot be held responsible for the performance of the Company. As Mr Lim Wee Li was both the Executive Chairman and Chief Executive Officer until 24 May 2021 and 7 July 2021 respectively, he was ultimately responsible for both the strategy of the Company and the performance of the Management;
- c. When Mr William Teo was appointed as Lead Independent Director on 1 February 2019, the Group had already been reporting losses since FY2014. On 14 February 2019, the Group reported accumulated losses of S\$12,099,386 as at 31 December 2018 in its unaudited financial statements announcement for the half year ended 31 December 2018. On 15 October 2020, the Group reported accumulated losses of S\$18,717,395 as at 30 June 2020 in its Annual Report for FY2020. Given that the Group had been reporting losses since FY2014, Mr William Teo was supportive of Mr Lim Wee Li’s proposal to diversify into new businesses in early 2020;

- d. On internal controls, the Audit Committee (currently known as ARC after amalgamating with the Risk Committee since 14 April 2021), of which Mr William Teo is chairing, appointed Baker Tilly to conduct a review of cash controls of the Company following a Board meeting held in February 2021, which resulted in the draft Baker Tilly Interim Report. In addition, in December 2021, the ARC appointed Baker Tilly to review the utilization of funds and to conduct a follow up review on the implementation status of the remedial steps taken by the Management to address the internal control weaknesses and potential lapses as stated in the draft Interim Report prepared by Baker Tilly. These reviews are still ongoing.

**Question 25**

**What steps are being taken by the independent directors about the unauthorized US\$480k transaction?**

**Company's response**

As this matter is currently being reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company can only update shareholders when there are material developments.

**Question 26**

**Apart from Mr Lim Wee Li, what responsibilities do the other Board members have for the lapses in corporate governance? Is the Company investigating this?**

**Company's response**

As this matter is currently being reviewed by the Special Auditor under the NOC from the SGX RegCo dated 19 August 2021, the Company will update shareholders when there are material developments.

By Order of the Board

Hao Dongting  
Non-Executive Chairman  
15 March 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.*