



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF OOWAY TECHNOLOGY PTE. 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"**) refers to the Company's announcements dated 17 April 2020 and 23 June 2020 (the **"Announcements"**) relating to the Company's entry into a non-binding memorandum of understanding dated 17 April 2020 in relation to the Company's proposed acquisition of such number of ordinary shares in OOWAY Technology Co., Ltd (大路网络科技有限公司) (**"OOWAY PRC"**), a Big Data Analytics and AI business operating in the People's Republic of China (**"China"**). *Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.*

Following negotiations between the parties, the Board wishes to announce that the Company has on 13 August 2020 entered into a sale and purchase agreement (the **"SPA"**) and a shareholders' agreement (the **"SHA"**) with OOWAY Group Ltd. (the **"Vendor"**) in relation to the proposed acquisition by the Company of 300 ordinary shares in the capital of OOWAY Technology Pte. Ltd. (the **"Target"**) (the **"Sale Shares"**), representing 30% of the total number of issued shares of the Target at a purchase consideration of S\$23,922,000 (the **"Purchase Consideration"**) (the **"Proposed Acquisition"**).

Upon completion of the Proposed Acquisition, the Target will become an associated company of the Group.

2. INFORMATION ON THE TARGET AND THE VENDOR

The Target, a company incorporated in Singapore, is principally engaged in investment holding and management consultancy services. It has an issued and paid-up share capital of S\$1,000 divided into 1,000 ordinary shares (the **"Target Shares"**). The Vendor is the sole shareholder of the Target.

The Vendor, a company incorporated in the British Virgin Islands, is principally engaged in investment holding. The beneficial owners of the Vendor as at the date of this announcement are set out in Appendix 1 of this announcement. Ms Christina Oh Shiin Cheng, a 16.67%-shareholder of Value Vision Investment Limited, which in turn wholly-owns Value Vision Investment Pte. Ltd., a 6%-shareholder of the Vendor, was a business consultant to the Company. As at the date of this announcement, save for minority shareholdings in the Company held by some of the owners of the Vendor and save as disclosed above, the Vendor and its respective owners are not related to the Group, the Directors and controlling shareholders of the Company, and their respective associates.

The Vendor and the Target are in the process of procuring the completion of the establishment of OOWAY Data Technology (Beijing) Co., Ltd. (大路数据科技(北京)有限公司) (**"OOWAY Beijing"**) as a Wholly Foreign Owned Enterprise in China wholly-owned by the Target, and the

completion of the restructuring exercise resulting in OOWAY PRC becoming a wholly-owned subsidiary of OOWAY Beijing (collectively, the “**Restructuring Exercise**”). Please refer to Appendix 2 for the structure of the Target, OOWAY Beijing and its wholly-owned subsidiaries (the “**OOWAY Group**”) (collectively, the “**Target Group**”) assuming (i) the completion of the Restructuring Exercise, and (ii) the completion of the Restructuring Exercise and the Completion (as defined below).

Incorporated in China, the OOWAY Group is principally engaged in the establishment of the Credit 3.0 platform in China named Behaviour Model of Association Risk System (“**bMARS**”), which utilises machine learning and artificial intelligence (“**AI**”) to quantify corporate behaviour into credit value. Via bMARS, the OOWAY Group provides credit rating services and credit management services for importers and exporters in China, Singapore, Thailand, Vietnam, Malaysia, Myanmar, Philippines, Brunei, Cambodia, Indonesia, and Laos. The target clients include banks, financial institutions, government agencies, corporates and small and medium enterprises. The services provided include technical services in credit loan and other fields, credit report inquiry services, customer intelligent matching services, customised solutions such as big data platform building, and credit data API interfaces call services.

As at the date of this announcement, the abovementioned services have been tested and marketed and are in the process of implementation at selected customers. The OOWAY Group has secured order book of RMB 3.0 million as of 30 April 2020 and entered into strategic collaboration contracts with relevant enterprises and associations to reach out more potential clients.

The OOWAY Group is also concurrently exploring the application of its AI-based solutions for the tourism and health industries through its “AI Trip Planner” and “Smart Health Management Specialist” services.

3. PURCHASE CONSIDERATION

- 3.1 The Purchase Consideration of S\$23,922,000 was arrived at on a willing buyer and willing seller basis, taking into account the preliminary independent valuation of the OOWAY Group and the prospect and growth potential of the OOWAY Group and the Big Data Analytics and AI sector.
- 3.2 The Purchase Consideration will be satisfied by the Company by way of the allotment and issue of 90,000,000 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to the Vendor at the issue price of S\$0.2658 per Consideration Share (“**Issue Price**”), within two business days after the date of completion of the Proposed Acquisition (“**Completion**”) (the “**Completion Date**”). The Issue Price represents a discount of 17.25% to the volume weighted average price of the Company’s shares (“**VWAP**”) of S\$0.3212 on 11 August 2020, which is the last full market day on which the Company’s shares were traded prior to the date of the SPA and the trading halt requested by the Company with effect from 9.00 a.m. on 12 August 2020. The Issue Price was arrived at after arm’s length negotiations between the Company and the Vendor based on VWAP of the Company’s shares in July 2020. The allotment and issue of Consideration Shares would help in conserving cash for the Group for working capital purposes and for future acquisition opportunities and allow the Vendor to take part in the equity of the Company, thereby aligning the interests of the Vendor and the Company moving forward.
- 3.3 The Consideration Shares shall be free from all claims and encumbrances and with all rights, dividends, benefits and entitlements now or hereafter attaching to the Consideration Shares with effect from such date of issue.
- 3.4 The Consideration Shares represents approximately 27.26% of the existing issued and paid-up share capital of the Company of 330,165,283 shares (excluding treasury shares) and approximately 21.42% of the enlarged issued and paid-up share capital of the Company of 420,165,283 shares (excluding treasury shares) following Completion. Specific shareholders’ approval will be obtained for the issuance of the Consideration Shares.

4. CONDITIONS PRECEDENT

- 4.1 The Completion is conditional upon certain conditions precedent including, *inter alia*:
- (i) the Company being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Company in respect of the Target, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of the Target;
 - (ii) all consents, approvals and authorisations of the bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities which are necessary in connection with the transfer of the Sale Shares from the Vendor to the Company and the Company obtaining legal and beneficial title to the Sale Shares and other transactions contemplated under the SPA, and if subject to conditions, on such conditions acceptable to the Company, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the Completion Date;
 - (iii) the approval of the shareholders of the Company (the “**Shareholders**”) in an extraordinary general meeting (“**EGM**”) being obtained for the transactions contemplated in the SPA upon the terms and conditions set out in the SPA, including, *inter alia*, the acquisition of the Sale Shares and the allotment and issue of the Consideration Shares (if required), and the approval and such other compliance requirements of the relevant authorities in Singapore (including but not limited to the listing and quotation notice from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the admission to and listing and quotation of the Consideration Shares on the Catalist);
 - (iv) the execution of the SHA in respect of the Target on terms to be mutually agreed upon by the relevant parties;
 - (v) the completion of the establishment of OOWAY Beijing as a Wholly Foreign Owned Enterprise fully held by the Target in China, and the completion of the Restructuring Exercise resulting in OOWAY PRC becoming a wholly-owned subsidiary of OOWAY Beijing; and
 - (vi) there being no material adverse change (as reasonably determined by the Company in its absolute discretion) in the corporate structure, management team, principal activities, prospects, operations, assets, business, profits, financial condition of the Target occurring on or before the Completion Date.
- 4.2 If any of the conditions precedent set out in the SPA is not fulfilled by the respective party, or otherwise waived by the Company, within three months from the date of the SPA, the SPA shall cease and determine at the sole option of the Company.
- 4.3 The Company will, through its Sponsor, SAC Capital Private Limited, make an application to the SGX-ST for the listing of and quotation for the Consideration Shares on the Catalist. The Company will make the necessary announcement upon receipt of the approval from the SGX-ST for the listing of and quotation for the Consideration Shares.

5. OTHER MATERIAL TERMS OF THE SPA

- 5.1 The Vendor agrees and undertakes not to directly or indirectly sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose or sell or agree to sell any of the Consideration Shares for a period of twelve months from the date of allotment and issue of the Consideration Shares to the Vendor, unless agreed otherwise by the Company in writing.
- 5.2 The Vendor further undertakes to procure, on or before the Completion Date, the completion of the Restructuring Exercise, including the completion of the establishment of OOWAY Beijing as

a Wholly Foreign Owned Enterprise fully held by the Target in China, and the completion of the restructuring exercise resulting in OOWAY PRC becoming a wholly-owned subsidiary of OOWAY Beijing.

6. SHAREHOLDERS' AGREEMENT

6.1 Pursuant to the SHA, the Company and the Vendor have entered into the SHA to regulate the parties' relationship as shareholders of the Target with effect from the Completion Date.

6.2 Under the SHA, the Vendor grants the Company the option (the "**Option**") to require the Vendor to sell such number of Target Shares held by the Vendor (the "**Option Shares**") to the Company resulting in the Company holding an aggregate of more than 50% of the total number of Target Shares in the Target as at the relevant date of exercise of the Option, on terms and conditions to be mutually agreed between the Company and the Vendor, free from all claims and encumbrances and with all rights, dividends, benefits and entitlements attaching to such Option Shares. The Option may be exercised by the Company within three years commencing from the Completion Date by serving a duly signed written notice on the Vendor.

7. RATIONALE

As part of the strategic business review conducted by the Group with a view to strengthen the core business of the Group whilst maximising potential value for all stakeholders, as set out in the Company's announcement dated 31 March 2020, the Proposed Acquisition provides an opportunity for the Group to explore new areas of business opportunities and expand its footprint into other sectors.

The Proposed Acquisition will allow the Group to explore new areas of opportunities and alternate businesses, including the areas of artificial intelligence, machine learning and data science, whilst offering an opportunity for the Group to leverage on the networks and capabilities of the Target Group. The Proposed Acquisition may provide the Group with increased revenue streams and increased business opportunities and improve the growth and prospects of the Group, so as to enhance Shareholders' value for the Company.

For the avoidance of doubt, in respect of the Group's existing core business, the Group intends to maintain its focus on its core strength of being a kitchen solutions provider. While the Company is committed to grow its core business, which is in the sale and distribution of premium imported kitchen systems and appliances and household furniture, the Company is simultaneously exploring new areas of opportunities and alternate businesses to increase the revenue streams of the Group.

The Company will seek Shareholders' approval for the proposed diversification into new businesses in a separate resolution at the EGM to be held. Further announcement(s) will be made as and when appropriate.

8. FINANCING

The Purchase Consideration will be fully funded by the allotment and issue of the Consideration Shares.

9. VALUE OF SALE SHARES AND THE TARGET

The unaudited pro forma net tangible asset ("**NTA**") of the Target Group (assuming that the Restructuring Exercise has been completed) as at 30 April 2020 was RMB 0.8 million (or equivalent to S\$0.2 million). The unaudited pro forma loss before tax of the Target Group (assuming that the Restructuring Exercise has been completed) for the financial year ended 31 December 2019 was RMB 22.1 million (or equivalent to S\$4.4 million) and for the latest 4-month period ended 30 April 2020 was RMB 3.7 million (or equivalent to S\$0.7 million).

The Company has engaged AVA Associates Limited (the "**Valuer**") as an independent professional valuer to carry out a valuation on the OOWAY Group as at 30 April 2020 in

accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee. Based on a preliminary valuation conducted by the Valuer, the indicative market value of the 100% equity interest in OOWAY PRC is ranging from S\$74 million to S\$90 million as at 30 April 2020. The valuation is based on market approach and income approach. Details of the independent valuation report will be set out in the circular to be despatched to Shareholders in due course.

10. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The tables illustrating the financial effects of the Proposed Acquisition on (i) the NTA or net tangible liabilities (“**NTL**”) per share of the Group (assuming the Proposed Acquisition had been completed at the end of that financial year); and (ii) the loss per share (“**LPS**”) of the Group (assuming that the Proposed Acquisition had been completed at the beginning of that financial year), based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2019 (“**FY2019**”) are set out below.

For the avoidance of doubt, the financial effects of the Proposed Acquisition on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the Completion. These financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new shares in the capital of the Company, on or after 1 July 2019. The financial effects also do not take into account any fees and expenses to be incurred in relation to the Proposed Acquisition.

10.1 (NTL)/NTA of the Group

Assuming the Proposed Acquisition had been completed on 30 June 2019, the financial effects on the (NTL)/NTA per share of the Group as at 30 June 2019 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
(NTL)/NTA attributable to equity holders of the Company (S\$)	(4,926,316)	18,995,684
Number of shares	118,477,000	208,477,000
(NTL)/NTA per share (S\$ cents)	(4.16)	9.11

10.2 LPS of the Group

Assuming the Proposed Acquisition had been completed on 1 July 2018, the financial effect on the LPS of the Group for FY2019 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to equity holders of the Company (S\$)	(3,874,348)	(3,874,348)
Weighted average number of shares	118,477,000	208,477,000
LPS (S\$ cents)	(3.27)	(1.86)

11. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”) based on the latest unaudited consolidated financial statements of the Group for the 6-month ended 31 December 2019 (“**HY2020**”) are as follows:

Catalist Rule	Bases	Relative Figures
1006 (a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable to an acquisition of assets
1006 (b)	Net loss attributable to the assets acquired or disposed of, compared with the Group’s net profits	58.9% ⁽¹⁾
1006 (c)	Aggregate value of the consideration given or received, compared with the Company’s market capitalisation	27.3% ⁽²⁾⁽³⁾
1006 (d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	27.3% ⁽⁴⁾
1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable as the Company is not a mineral, oil or gas company

Notes:

- (1) Based on the unaudited loss before income tax of RMB 4.8 million (or equivalent to approximately S\$0.9 million) attributable to the Sale Shares (assuming that the Restructuring Exercise has been completed) for HY2020, and the Group’s unaudited loss before income tax of S\$1,603,939 for HY2020.
- (2) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value (“**NAV**”) represented by such shares, whichever is higher. In this instance, (a) the Purchase Consideration in the SPA is S\$23,922,000; (b) the market value of the 90,000,000 Consideration Shares is S\$28,908,000 based on VWAP of S\$0.3212 on 11 August 2020, which is the last full market day on which the Company’s shares were traded prior to the date of the SPA and the trading halt requested by the Company with effect from 9.00 a.m. on 12 August 2020; and (c) the NAV represented by such shares is not applicable as the Group was in net liabilities of S\$(6,835,502) as at 31 December 2019. Based on the above, the relative figure has been computed based on market value of S\$28,908,000, being the highest of (a) to (c).
- (3) The Company’s market capitalisation of S\$106,049,089 is based on the Company’s issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 330,165,283 shares and VWAP of S\$0.3212 on 11 August 2020, which is the last full market day on which the Company’s shares were traded prior to the date of the SPA and the trading halt requested by the Company with effect from 9.00 a.m. on 12 August 2020.

- (4) Based on 90,000,000 Consideration Shares and the Company's issued ordinary share capital (excluding treasury shares and subsidiary holdings) of 330,165,283 shares.

The relative figure under Rule 1006(b) of the Catalist Rules is negative and exceeds 10%, the Proposed Acquisition does not fall within the relevant scenarios provided for in paragraphs 4.3(a) and 4.4(a) of Practice Note 10A of the Catalist Rules. Accordingly, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Proposed Acquisition is subject to the approval of the Shareholders at the EGM to be held.

12. EXTRAORDINARY GENERAL MEETING

The Company will be convening an EGM to seek the approval of the Shareholders for the Proposed Acquisition, the allotment and issue of the Consideration Shares at the Issue Price pursuant to the Proposed Acquisition and the proposed diversification into new businesses. A circular containing, *inter alia*, the notice of the EGM and details of the Proposed Acquisition and the proposed diversification into new businesses will be despatched to the Shareholders in due course.

13. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into in connection with the Proposed Acquisition.

14. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

15. DOCUMENTS FOR INSPECTION

Copies of the SPA and SHA are available for inspection at the registered office of the Company at 2 Leng Kee Road, #01-08 Thye Hong Centre, Singapore 159086 during normal business hours for a period of three months from the date of this announcement.

16. 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 Acquisition, 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 this announcement in its proper form and context.

17. TRADING CAUTION

Shareholders and potential investors should note that the Proposed Acquisition 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. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt as to the actions they should take.

Further announcements on the Proposed Acquisition will be made by the Company as and when appropriate.

By order of the Board

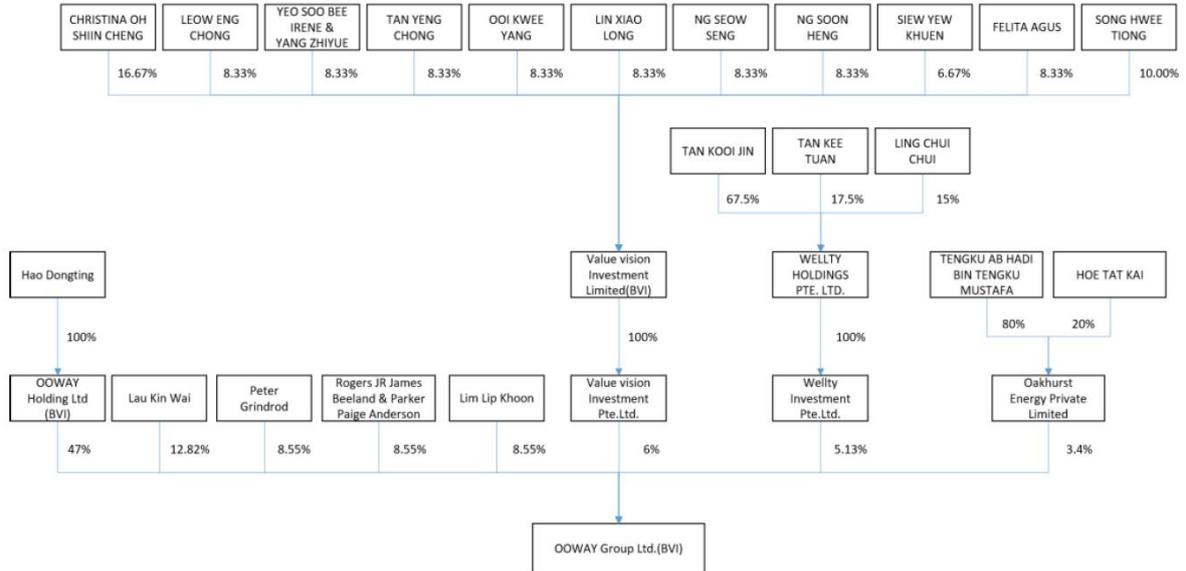
Lim Wee Li
Executive Chairman and Chief Executive Officer
13 August 2020

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.

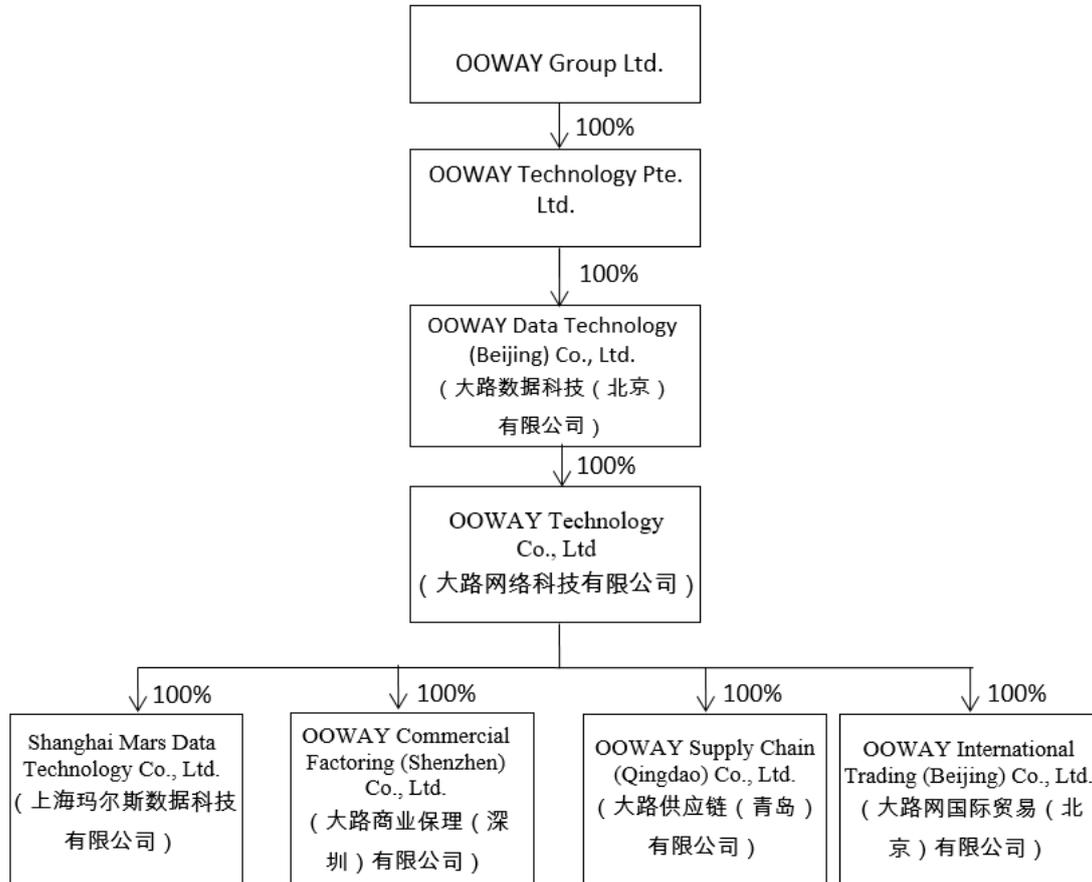
Appendix 1

Beneficial Owners of the Vendor



Appendix 2

A. The Target Group Structure (Post-Restructuring Exercise and before Completion)



Appendix 2

B. The Target Group Structure (Post-Restructuring Exercise and post-Completion)

