



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

**RESPONSE TO MEDIA REPORT IN LIANHE ZAOBAO DATED 7 OCTOBER 2022 AND
PRESS RELEASE ON ACN NEWSWIRE DATED 12 OCTOBER 2022**

The Board of Directors (the “**Board**”) of Kitchen Culture Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Chinese-language article published by Lianhe Zaobao on 7 October 2022 titled “厨房文化公司大股东要求召开特大更换董事会” (“*Kitchen Culture’s Major Shareholder Calls for EGM to Replace Board of Directors*”) (the “**Article**”), and the press release of OOWAY Group Ltd. (“**OOWAY Group**”) published by ACN Newswire on 12 October 2022 titled “*OOWAY Group seeks to appoint new board to turn around Kitchen Culture*”.

The statements attributed to Mr Liu Yanlong (“**Mr Liu**”), representative of the OOWAY Group – which holds an approximately 21% stake in the Company – unfortunately contain various factual inaccuracies and mischaracterisation of events. The Board wishes to highlight the following matters.

First, Mr Liu appears to have made references to findings raised in an internal control review carried out by Baker Tilly Consultancy (Singapore) Pte. Ltd. (“**Baker Tilly**”).

Mr Liu’s interpretations of Baker Tilly’s findings from the Interim Report as reported in the Article are incorrect. Matters including the use of the Company’s funds – including the funds of S\$19 million raised from February to August 2020 for business transformation, before the OOWAY Group’s involvement in the Company in October 2020 – remain within the purview of the Special Auditor and it is premature for Mr Liu or the OOWAY Group to make any insinuations in that regard.

As stated in the Company’s announcement dated 15 March 2022, the findings in Baker Tilly’s Interim Report are being reviewed by the Special Auditor under the Notice of Compliance (“**NOC**”) issued by the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) dated 19 August 2021. The draft report in relation to the Payroll Matter and the Transaction as announced by the Company on 29 September 2021, as agreed under the scope of work of the Special Auditors, has been circulated to the Company for its review and such report is also pending the completion of Maxwellisation. The Company is in the midst of reviewing the draft report. The Company will be able to update shareholders once there are material developments in this regard. The independent review of the remaining scope of work is on-going.

Second, the Board, with the exception of Mdm Hao, rejects any allegation of impropriety as to the appointment of Mr Lau Kay Heng (“**Mr Lau**”) as Vice Chairman and Non-Executive Director on 17 July 2022. The appointment and credentials of Mr Lau were duly assessed by the Nominating Committee.

Third, with regard to the loan of S\$1.0 million taken up by the Company, the rationale for the loan had been set out in the Company's Announcement dated 30 August 2022, *i.e.* to enable the Group to meet its anticipated general working capital requirements up to the end of 2022.

As regards the S\$1.5 million interest-free loan proposed by the OOWAY Group as referred to in the Article, it came with the pre-condition that a specific candidate had to be appointed as Chief Financial Officer ("**CFO**") of the Company. This condition could not be accepted after the Nominating Committee's due assessment which found the candidate to be not suitable to be the CFO of the Company. Subsequently, the former Executive Director and Interim Chief Executive Officer, Mr Lincoln Teo Choong Han ("**Mr Lincoln Teo**"), had on 7 July 2022, recommended the Board to accept a proposal by another investor found by the OOWAY Group which contained conditions, among others, that the Company's investment in OTPL be provided as collateral for a convertible loan of S\$5.0 million. By late-July 2022, the balance proceeds from the past fundraising activities were reduced to the precariously low level of S\$26,559 while liabilities accumulated under the management of Mr Lincoln Teo amounted to approximately S\$935,000.

As a result, the Company was compelled to seek urgent funding from other sources.

Fourth, there is no basis for the statement that "*OOWAY Technology [Pte. Ltd.] is Kitchen Culture's most valuable asset*".

OOWAY has made many promises of injecting profitable businesses to the Company but did not make good its promises since becoming shareholders of the Company in October 2020 and had management control of the Company between July 2021 and July 2022.

It is noted that OOWAY Technologies Pte. Ltd. and its subsidiaries ("**OTPL Group**") recorded losses in 2020 and 2021. The Company's share of OTPL Group's losses amounted to approximately S\$910,000 and S\$803,000 for the 12-month period ended 30 June 2021 and 30 June 2022 respectively.

Fifth, the Board, with the exception of Mdm Hao, is of the view that there are no grounds which justify the resignation of the 5 directors at this time.

The Board notes that the OOWAY Group is the largest shareholder (holding 21.19% stake in the Company) amongst the Relevant Shareholders (holding in aggregate 21.71% of the total issued and paid-up ordinary shares of the Company), and had in fact supported the re-appointment of Mr William Teo Choon Kow and Mr Ang Lian Kiat at the Annual General Meeting conducted on 18 March 2022 (see announcement dated 18 March 2022). The circumstances suggest that the OOWAY Group may have its own reasons for calling for the replacement of the 5 directors, which are unknown to the Board, with the exception of Mdm Hao.

In this regard, the Board, with the exception of Mdm Hao, notes that there appear to have been instances of potential mismanagement during the tenure of Mr Lincoln Teo, the Executive Director and Interim CEO of the Company who is also a representative of the OOWAY Group.

Further, in the short 3 months since the resignation of Mr Lincoln Teo (see announcements dated 17 and 18 July 2022), and the appointment of Mr Peter Lim King Soon as Independent Director and Mr Lau as Vice Chairman and Non-Executive Director (see announcements dated 17 July 2022), the current Board of the Company has achieved significant progress.

The Board wishes to highlight that it has:

- (a) successfully negotiated payment terms for liabilities incurred during Mr Lincoln Teo's tenure, including outstanding rental arrears for the Company's office premises and unpaid salaries;
- (b) taken active steps to reduce overhead costs significantly by terminating the services of 6 employees, 4 of whom were existing/former employees of companies related to Mr Lincoln Teo, who were receiving almost S\$600,000 in combined salaries and allowances annually from the Company; and
- (c) secured a S\$1 million loan to settle immediate debts as well as to provide short term working capital.

The current Board is also in the process of evaluating the acquisition of new businesses that are cashflow positive and profitable.

The Board, with the exception of Mdm Hao, notes with grave disappointment that this is at least the second instance in which Mr Liu of the OOWAY Group has mischaracterised to the media events of the recent past with blatant factual inaccuracies. These efforts are a distraction to the serious matters, as outlined above, which the current Board is working very hard to address.

The Board will provide updates to Shareholders as and when there are material developments on this matter.

The shares in the Company have been suspended from trading on the Singapore Exchange Securities Trading Limited since 12 July 2021.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

William Teo Choon Kow
Lead Independent Director
14 October 2022

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.