

Lead ID of Kitchen Culture Writes to Shareholders Expressing Concerns About Major Shareholder OOWAY Group Which is Leading Second Attempt to Call for EGM To Remove 5 Directors

- Mr William Teo says directors are extremely concerned by discoveries about AREX, an OOWAY-launched online platform to trade accounts receivable assets, which was supposed to be a revenue driver for an OOWAY subsidiary in which the Company acquired a 30%-stake in October 2020
- Mr Teo recounts actions by former Interim CEO (an OOWAY nominee) including 2 transactions which were ‘tainted by irregularities’; cites further concerns of OOWAY Group’s actions
- Acting on the advice of lawyers, Board reiterates that Second Intended EGM called by OOWAY and other requisitioners to be held on 25 November is defective and invalid for non-compliance with the Companies Act 1967 and the Company’s Constitution
- Board asks OOWAY and other requisitioners to either bring before a Court the determination of legal issues relating to Second Intended EGM or to issue proper and fully compliant documents to facilitate a proper general meeting of the Company

Singapore, 23 November, 2022 – The Lead Independent Director (“Lead ID”) of Kitchen Culture Holdings Ltd. (“Kitchen Culture” or the “Company”), in a letter to shareholders today, has expressed concerns about promises made to the Company by its largest shareholder, OOWAY Group Ltd. (“OOWAY”), which is leading a second attempt to remove 5 of 6 directors via an extraordinary general meeting (“Second Intended EGM”).

While Kitchen Culture’s Board, acting on legal advice, has announced that the **Second Intended EGM** scheduled for this Friday is defective and invalid for non-compliance with the Companies Act 1967 and the Company’s Constitution, Lead ID William Teo Choon Kow (“Mr Teo”) said shareholders have raised concerns about OOWAY and have continued to seek answers about its promises to the Company.

OOWAY and 7 individuals (the “Requisitioners”) who own an aggregate of 21.71% of the Company’s shares have made 2 attempts in recent weeks to remove Mr Teo and 4 others – Mr Lim Wee Li (Executive Director), Mr Lau Kay Heng (Non-Executive Non-Independent Chairman), and Independent Directors, Mr Ang Lian Kiat and Mr Peter Lim King Soon. The Requisitioners want to replace them with 5 others.

The Experience of OOWAY’s Involvement with Kitchen Culture

Recounting the inception of OOWAY to SGX-Catalist listed Kitchen Culture since October 2020, Mr Teo said the business of providing solutions and products for kitchens and wardrobes had not been profitable for years. As such, the Board was excited when it was presented with the prospect of a new business being injected via a deal to acquire shares in OOWAY Technology Pte. Ltd (“OOWAY Technology”).

A team from the OOWAY Group presented its Asian Accounts Receivable Exchange (“AREX”) as “a world’s first online platform for trading accounts receivable assets”. The platform, running on a digital currency, Lantana, was said to be able to assess and transact up to US\$30 billion worth of assets by 2023, its key adviser Mr Liu Yanlong (“Mr Liu”) told Kitchen Culture’s Board and other investors.

After AREX was launched online on 23 February 2021, Kitchen Culture viewed OOWAY as a ‘white knight’ that could transform the Company’s business fortunes. Madam Hao Dongting (“Mdm Hao”) – indirectly

a 47% shareholder of OOWAY – and Mr Lincoln Teo Choong Han (“**Lincoln**”) joined the Company’s Board of Directors in April 2021. Lincoln was named Interim CEO of Kitchen Culture 3 months later.

“What came next was a bolt from the blue,” Mr Teo said. Shortly after his appointment as Interim CEO, Lincoln suddenly stated at a Board meeting in July 2021 that AREX had “nothing to do” with OOWAY and was a ‘separate exchange altogether’. In spite of this the Board remained hopeful that Lincoln and OOWAY would be able to bring in other businesses. “As events have shown, this hope was misplaced,” Mr Teo said.

As confirmed by OOWAY Technology Group, its main revenue for the financial year ended 2021 and the 6-months ended 30 June 2022 was generated from selling parallel imported cars in the People’s Republic of China (a business with extremely narrow margins); it incurred substantial losses which have reduced its net assets significantly. Mr Teo noted that this was despite that OOWAY Group listing on its website big names such as Bank of China, ICBC Bank, DBS Bank and Amazon as collaborative partners.

“These discoveries are extremely concerning. I recently carried out a Google search on AREX and, to my surprise, I could only find two English-language reports on AREX. The AREX website referred to in the press release (www.sgarex.com) is also no longer active,” Mr Teo said.

Further concerns over the OOWAY Group’s actions

Mr Teo also stated several other concerns about the actions of OOWAY Group, Mdm Hao and Lincoln:

1) OOWAY has not been able to bring in any significant business to the Company, and the only 2 significant ventures it proposed ‘have been tainted with irregularities’.

i) the first involved a transfer of US\$480,010 to a Hong Kong company to provide technology support for e-commerce. However, one of the agreements was not dated and the funds transfer was executed without obtaining appropriate due diligence, documentation or prior Board approval. Fortunately, as announced on 14 October 2021, the Company was able to recover a net amount of US\$492,259.97 from the Hong Kong company after terminating the transactions.

ii) the second, the Company – acting on OOWAY’s recommendation through Lincoln amid health concerns during the COVID-19 pandemic – purchased S\$600,000 worth of face masks in April 2021 from Anhui Health Box Technology Co. Ltd for resale. Responding to directors’ concerns, Lincoln claimed OOWAY had ready buyers offering good margins among its B2B channels, and named the U.S. Government as a transacting party. Instead, Lincoln assigned staff to carry out B2C sales and hired a “Regional Marketing Director” for this purpose at a monthly salary of S\$6,000. This was later increased to S\$10,000 and resulted in the Company paying S\$121,760 in total remuneration to this staff between September 2021 and September 2022.

To date, total sales achieved for the masks is S\$41,624 while the total costs incurred in this business amounted to S\$797,046. The shelf life of the masks will expire in January 2023.

2) Between July 2021 and July 2022 during which Lincoln was Interim CEO, more than S\$4 million of the Company’s funds were depleted. Apart from the 2 ventures listed above,

i) Lincoln recruited 4 employees between July to September 2021 from another company where he is a shareholder and director to launch a digital trade business for the Company, some of whom occupied positions which did not match their job experience. This business did not get off the ground and the Company paid an aggregate of S\$408,240 to these 4 employees in salaries, allowances and CPF until their employments were terminated by the new Board in July 2022.

ii) Instead of leaving the Special Auditor to complete its investigations on irregularities that happened during the past management term to decide on the most appropriate course of action, Lincoln spent more than S\$1.1 million in legal fees in suits against the former CEO and Executive Director Lim Wee Li and 2 Chinese employees of the Company.

3) The OOWAY Group had made various promises about injecting funds into the Company but these were either never followed through on its promises or contained terms or conditions which the Directors deemed to be unacceptable.

Mr Teo said, "... There are serious question marks around why the Relevant Shareholders, led by the OOWAY Group, are now mounting their attempt to remove the current Board (save for Mdm Hao, its own representative) and are going about their efforts in such an antagonistic manner. In view of all of the circumstances above, the Board considers that there may be a need for further investigation into the representations made by the OOWAY Group..."

Kitchen Culture has also responded to a press release issued on ACN Newswire by the Requisitioners on 18 November 2022. The Company announced that the press release had urged shareholders not to be "discouraged" by the Company's statement about the validity of the Second Intended EGM.

Acting on the advice of 2 lawyers, Kitchen Culture has told shareholders not to attend the Second Intended EGM as notices sent by requisitioners were defective and invalid.

However, to give 'appropriate room' for the wishes of the requisitioners, the latter could "(i) bring before a Court for determination those legal issues they do not agree with, or (ii) to issue a proper and fully compliant set of documents and take all steps to facilitate a proper general meeting of the Company", the Board (with the exception of Mdm Hao) said.

Kitchen Culture shares have been suspended from trading since July 2021. Its Board has seen several changes since the involvement of OOWAY.

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