

Our Ref: REG/LC/GT/SH/NOC2021080002

19 August 2021

The Board of Directors

Kitchen Culture Holdings Ltd.
2 Leng Kee Road
#01-08 Thye Hong Centre
Singapore 159086

Dear Sirs,

NOTICE OF COMPLIANCE (THE “NOTICE”)

KITCHEN CULTURE HOLDINGS LTD.

(“KCH” OR THE “COMPANY”, TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)

1. Singapore Exchange Regulation (“**SGX RegCo**” or the “**Exchange**”) refers to:
 - (a) Our Notice of Compliance to the Company dated 14 July 2021, requiring, *inter alia*, the Company’s Audit & Risk Committee (“**ARC**”) to commission Baker Tilly Consultancy (Singapore) Pte Ltd (“**Baker Tilly**”) to expand its scope of work to look into internal control weaknesses and potential lapses as stated in its interim report (“**Interim Report**”). Findings of the Interim Report raised concerns on (i) timeliness and accuracy of announcements in relation to use of proceeds from the Company’s fund-raising exercises; (ii) internal control weaknesses in relation the Company’s cash management as well as escalation and approval processes; and (iii) breaches and potential breaches of the Catalist Rules (the “**First NOC**”); and
 - (b) The Company’s SGXNet announcement dated 31 July 2021, entitled “Lodgement of Report with the Commercial Affairs Department” (the “**31 July 2021 Announcement**”).

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D
(A wholly-owned subsidiary of Singapore Exchange Limited)

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2. We noted the following developments in the Company subsequent to the issuance of the First NOC:

(a) As disclosed in the 31 July 2021 Announcement, the Company, through its legal counsel, lodged a police report with the Commercial Affairs Department (“**CAD**”) in relation to suspected payroll irregularities of approximately S\$520,000 (“**Payroll Matter**”).

(b) It has been brought to our attention that the Board and the Company’s continuing sponsor, SAC Capital Private Limited (“**SAC**”), has received information which suggests that there could potentially be concerns on unauthorised transactions (“**Unauthorised Transactions**”) within the Company. Such transactions may not be in the Company’s ordinary course of business and may not be supported by proper agreements.

(c) It is critical that the Board and the continuing sponsor, SAC continue to ensure that the Company has sufficient internal controls to comply with Listing Rule 719(1). As the Sponsor has a continuing obligation to satisfy itself that the issuer has sufficient systems, procedures, controls and resources to comply with the rules, it is important that sufficient information be provided to the Sponsor by the Company to enable them to discharge their duties and obligations.

3. Exchange’s Directives

3.1 Catalyst Rule 305(1) provides that the Exchange may exercise administrative powers for the purpose of ensuring that the market is fair, orderly and transparent. Catalyst Rule 305(1)(e) provides that the Exchange may require an issuer to appoint special auditors for specified purposes. Catalyst Rule 305(1)(k) further provides that the Exchange may impose any other requirements on Relevant Persons which the Exchange considers appropriate.

3.2 In light of the above new developments, SGX RegCo directs:

- (a) The Company to appoint a suitable independent special auditor (“**Special Auditor**”) as recommended by its continuing sponsor, SAC and approved by SGX RegCo. The Special Audit must cover the following:
- i. Review the matters raised in the First NOC;
 - ii. Review the circumstances surrounding the Payroll Matter, including but not limited to whether the payments were made in accordance with the respective employment contracts and whether proper approvals had been obtained for such payments;
 - iii. Review the circumstances surrounding the Unauthorised Transactions and assess if there were other unauthorized transactions in the past one (1) year;
 - iv. Review the Group’s internal controls, processes and procedures in relation to due diligence performed on acquisitions and disposals in the past one (1) year;
 - v. Review the Group’s whistleblowing policies, processes and procedures and advise on whether such policies, processes and procedures are adequate and effective. In addition, the Special Auditor must review all whistleblowing reports received by the Company and / or its directors, assess whether internal policies, processes and procedures have been adhered to, whether issues brought up by the whistleblower(s) have been robustly investigated into by non-conflicted persons and addressed in the process;
 - vi. Where internal control weaknesses are noted by Baker Tilly (in its Interim Report prior to the issue of this Notice) and the Special Auditor, the Special Auditor must make recommendations on enhancements to ensure adequacy and effectiveness of the internal controls going forward; and
 - vii. Where breaches / potential breaches of the Catalist Rules, laws or regulations are noted, the Special Auditor must set out clearly the circumstances that led to the breaches and / or potential breaches as well as the parties responsible.

- (b) The Board and Executive Officers to provide an undertaking that, pursuant to Catalist Rules 748 and 749, read with paragraph 2(a) of Appendix 7E, they must allow the Company's continuing sponsor, in the performance of its obligation as a sponsor to, *inter alia*, peruse all documents or records of the Company; have access to the Company's premises and other places where its records are kept; speak to any director, officer or any other employee; and speak to the Company's auditors.
 - (c) The Board and Executive Officers to submit to the Exchange, their undertakings to comply with the Rules as required under Catalist Rule 720, read with Appendix 7H, and confirm their adherence to such undertakings. SGX RegCo reminds the Board and Executive Officers of their obligations to use their best endeavours to comply with the requirements of the Catalist Rules and procure that the Company shall do the same. This includes, *inter alia*, providing all relevant information, documents and records to the directors and continuing sponsor to enable them to discharge their duties and obligations; announcing material information on a timely basis; addressing concerns raised by the directors, continuing sponsor and whistleblowers; and acting in the best interest of the Company and its shareholders.
- 3.3 SGX RegCo also directs that:
- (a) The Special Auditor to be appointed and the scope of the Special Audit be subject to SGX RegCo's approval; and
 - (b) The Special Auditor reports only and directly to SGX RegCo and SAC.
- 3.4 Where warranted, SGX RegCo may direct the Special Auditor to look further into material findings, if any, from the Special Audit.
- 3.5 SGX RegCo requires (a) the Company; (b) its past, current and future board of directors, key management and staff; and / or (c) any other person(s) as directed by the Exchange, to render full cooperation to the Special Auditor, SGX RegCo, and the continuing sponsor, SAC.
- 3.6 Please note that this Notice is an official notification to the Company with immediate effect.
- 3.7 Pursuant to Catalist Rule 305(4), failure to comply with the requirements SGX RegCo has imposed shall be deemed to be a contravention of the Catalist Rules.

- 3.8 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Catalist Rules, including any failure to comply with the requirements SGX RegCo has imposed.

Yours faithfully,

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation

cc: Ms Lee Khai Yinn, SAC Capital Private Limited

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