



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

RESPONSES TO:

(A) SGX REGCO'S QUERIES RECEIVED ON 9 MARCH 2022; AND

(B) SIAS QUERIES RECEIVED ON 10 MARCH 2022

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 following announcements of the Company (the "**Announcements**"):

- (i) Announcement dated 3 March 2022 in relation to the disclaimer of opinion by the Company's independent auditor, Nexia TS Public Accounting Corporation ("**Nexia**"), on the audited financial statements of the Company and the Group for the financial year ended 30 June 2021 ("**FY2021**");
- (ii) Announcement dated 4 March 2022 in relation to the Company's annual report for FY2021;
- (iii) Announcement dated 4 March 2022 in relation to the indemnities extended by the Company to certain Directors;
- (iv) Announcement dated 18 March 2022 in relation to the Company's responses to the SGX RegCo's queries received on 9 March 2022; and
- (v) Announcement dated 18 March 2022 in relation to the Company's responses to the Securities Investors Association (Singapore)'s ("**SIAS**") queries received on 10 March 2022.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.

The Company's responses to the remaining queries received from the SGX RegCo and SIAS on 9 March 2022 and 10 March 2022, respectively, are set out below.

Query 2 of the SGX RegCo's queries received on 9 March 2022

Nexia is unable to obtain sufficient appropriate audit evidence over the Group's share in net loss of S\$909,642 in OOWAY for FY2021; and over certain key inputs and assumptions in the valuation assessment, especially on the Management's estimates of projected transaction and revenue growth.

Given that OOWAY Group Ltd. ("OOWAY Group") is the largest controlling shareholder of the Company at 21.19%, and OOWAY Group has 2 representatives (namely, Mdm Hao Dongting and Mr Lincoln Teo) on the Board, why is Nexia unable to obtain such audit evidence relating to OOWAY?

Nexia was unable to obtain sufficient appropriate audit evidence over the Group's share in net loss of S\$909,642 in OOWAY for FY2021 as the financial statements received from OOWAY did not contain sufficient financial information for Nexia to determine the breakdown of the various financial statement line items, and thereon to request for the audit schedules to enable an audit of those financials.

Prior to finalising the financial statements in late January/early February 2022, Nexia requested for further financial information other than the balance sheet, profit and loss statement and statement of cash flows that were available. Nexia's request to the Company for management accounts of OOWAY was not conveyed to OOWAY as the Company had already been informed by SGX-ST on 17 January 2022 that its application for a further extension of time to hold its AGM by 28 February 2022 (from the extended deadline of 31 January 2022 granted by the SGX-ST) was not granted. The Finance Team channelled its resources to finalising the financial statements and completing the Annual Report without any further delay.

Nexia was unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions in the valuation assessment as these were primarily OOWAY management's estimates of projected transaction volume and revenue growth over the relevant periods. There are inherent uncertainties in the projected transaction volume and revenue growth as they are forward-looking estimates in the absence of historical track record of OOWAY.

Question 2(ii)(b) and (c) of SIAS' queries received on 10 March 2022

In the Chairperson's statement, it was stated that the Board conducted a comprehensive review of the Company's existing problems and management has been actively implementing the corporate governance reform. A new corporate governance structure has been established to "ma[k]e up" for the original shortcomings of the Company. However, the auditors have issued a disclaimer of opinion on the audited financial statements of the Company and the Group for the financial year ended 30 June 2021.

The bases for disclaimer of opinion are:

- **NOC issued by SGX RegCo**
- **Investment in associated company**
- **Receipt of bank confirmations**
- **Going concern**

The auditor has stated that the Company did not perform a valuation and purchase price allocation (PPA) to determine the fair value of the OOWAY, and to assess if goodwill needs to be recognised upon the acquisition. In addition, the auditors were not given sufficient appropriate audit evidence on the \$909,642 share of loss of OOWAY in the financial year. The independent auditor was also not given sufficient appropriate audit evidence over the key inputs and assumptions in the valuation assessment which led to a \$2.2 million impairment loss.

Despite the Chairperson's claim that the Company has established a new corporate governance structure, it appears that the Company's corporate governance (including internal controls) is still a work-in-progress.

(ii) With regard to the issues highlighted by the independent auditor relating to OOWAY, could the AC/board explain:

b. why the auditor was not given sufficient appropriate audit evidence on the P&L of OOWAY; and

Please refer to the Company's response to Query 2 of the SGX RegCo's queries received on 9 March 2022 above.

c. why management's estimates of the projected transaction volume and revenue growth were not provided to the independent auditor?

Please refer to the Company's response to Query 2 of the SGX RegCo's queries received on 9 March 2022 above.

By Order of the Board

Hao Dongting
Non-Executive Chairperson
12 April 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.

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