



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

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

RESPONSES TO SGX REGCO'S QUERIES RECEIVED ON 28 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 Company's announcement dated 22 March 2022 in relation to the cessation of Mr Yap Sze Hon ("**Mr Yap**") as an Independent Director of the Company, Chairman of the Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee (the "**Announcement**").

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

The Company's responses to the queries received from the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") on 28 March 2022 are set out below:

Query 1: In the Announcement, it was stated that there are unresolved differences in opinion between Mr Yap and the Board, and the differences relate particularly to internal controls, due process, expenditure, sustainability and Board decisions that impact the Group's reputation, shareholder value and overall interest have been made known to the Board in Mr Yap's emails.

- (i) **Please elaborate on the differences in opinion between Mr Yap and the Board that relate to "internal controls, due process, expenditure, sustainability and Board decisions that impact the Group's reputation, shareholder value and overall interest".**

Mr Yap's response:

The material differences in opinion include the process in executing purchase of masks; access to information as a Director in respect of Company correspondences; lawyers' scope and expenditure; the process of engaging an internal auditor amid a Special Audit; seeking clarification from an existing Director before lodging police reports and engaging lawyers; amicable approach to legal demands in the overall interest of the Group; increasing cash flow of the Group; and timely updates by Management.

- (ii) **Are there material governance concerns, internal control concerns or matters concerning the management of Company's affairs which have a material impact on the Company's financial performance or operations, that should be brought to the attention of the shareholders?**

Mr Yap's response:

Please refer to response in Query 1(i). The 'material governance concerns' are now looked into by the Special Auditors prescribed by SGX RegCo.

Query 2: It is stated in the Announcement that queries from SGX RegCo and shareholders were not responded in time before the Company's annual general meeting held on 18 March 2022 (the "AGM"). A Director and shareholder had sent a statement to the Board on 8 March 2022 which Mr Yap had requested to be disseminated to shareholders as part of this right to speak before the AGM.

- (i) **We noted that the Company had announced on 15 March 2022 that it was looking into the dissemination of the statement and seeking legal advice. Please update on the status of such investigation.**

Company's response:

By way of background, the Company sought legal advice following the receipt of emails from a Director and Shareholder on 8 and 9 March 2022. The emails, addressed to the Board of Directors and Sponsor of the Company, demanded that a 21-page written statement dated 8 March 2022 that was prepared (the "**Statement**") be published and circulated to the shareholders by 9 March 2022 and prior to the Annual General Meeting on 18 March 2022 ("**AGM**").

The Company's legal counsels advised that the Company is not obliged to circulate the Statement to shareholders, and in addition that the Statement contained allegations against various members of the Company's Board of Directors which are potentially defamatory and matters that may be incorrect/misleading. For the avoidance of doubt, the Company does not admit to any of the assertions and/or allegations made in the Statement and informed the lawyers of the Director/Shareholder that it reserves its rights fully, including the right to take appropriate legal action.

As of the date of this announcement, the Company has been contacted by a number of shareholders and its legal counsels are also in correspondence with the lawyers of the Director/Shareholder, who have confirmed that the Statement was disseminated by him.

The Company would like to clarify that all queries from shareholders were responded to before the AGM on 15 March 2022, one day after it was due to post its responses on 14 March 2022. The Company had informed shareholders via an announcement dated 14 March 2022 that it would post its response after trading hours due to the large number of queries received.

- (ii) **Which board members are looking into this matter? In view of the ongoing special audit, Deloitte (the Special Auditor) should be furnished with the statement so as to investigate further into matters stated in the statement.**

Company's response:

The Independent Directors are looking into this matter.

The Company has furnished the Special Auditor with the statement on 31 March 2022.

Query 3: It is also stated in the Announcement that Mr Yap did not endorse the Company's Annual Report in relation to the financial year ended 30 June 2021 (the "FY2021 Annual Report") in view of certain statements in the Corporate Governance Report and the Chairman's statement, which he believes will be looked into as part of the on-going Special Audit.

(i) Please clarify the statements in the FY2021 Annual Report that are not endorsed by Mr Yap, and reasons for not endorsing.

Mr Yap's response:

With reference to the points stated in the response to Query 1 above, Mr Yap did not endorse the following sentences in the Chairman's statement:

'The Board of Directors and the internal auditors consistently take necessary actions to strengthen the Company's operating procedures and internal controls and ensure compliance with appropriate corporate governance.'

Therefore, the Board of Directors conducted a comprehensive review of the Company's existing problems, and the management has been actively implementing the corporate governance reform according to the rectification requirements put forward by the internal auditors.'

Mr Yap did not agree with the following statements in the Corporate Governance Report:

'Provision 1.1

Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company.

Besides carrying out its statutory responsibilities, the Board's role is to:

- *establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and Company's assets;*
- *review the performance of the Company's management (the "**Management**");*

Any Director facing an actual, potential or perceived conflict of interest in relation to any matter will declare such interest and will recuse himself from participating in discussions and abstain from making any decisions or voting on resolutions regarding the matter.

Provision 1.6

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board and Board Committee meetings.

Provision 11.1

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings.'

(ii) In view of the differences in opinions in the Board, how was the FY2021 Annual Report cleared by the Board and released on 4 March 2022?

Company's response:

In an email from Mr Yap dated 18 February 2022, Mr Yap wrote to the Financial Controller, Mr Lee Foo Tuck ("**Mr Lee**"), to give his response to the following provisions of the draft Corporate Governance Report: opening paragraphs, provisions 3.3, 4.5, 7.1, 7.3, 8.3, 9.1, 9.2, 10.2, 10.4 and 10.5. Mr Yap expressed his disagreement and also proposed edits to these provisions.

On 28 February 2022, Mr Lee emailed Mr Yap to ask for his concurrence to finalise the draft Corporate Governance Report with the "relevant updates, comments and qualifying statements." Attached to the email was the Sponsor's and Mr Lee's response to Mr Yap's comments in his email dated 18 February 2022.

Mr Yap responded on 1 March 2022 as follows:

"For para 1a below, in order not to hold up the Annual Report, which is urgent and overdue, please proceed without my comments or concurrence.

The rest should be ok if incorporated in the CG report."

The "para 1a" that Mr Yap was referring to, which was published in the FY2021 Annual Report, is as follows:

"Subject to the completion of the Review (as defined below), the Follow-up Review (as defined below), and the AUP (as defined below) by Baker Tilly Consultancy (Singapore) Pte. Ltd., as well as the special audit by Deloitte & Touche Financial Advisory Services Pte. Ltd., the Board confirms that the Company has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FY2021. In respect of any deviation from the provisions of the Code, appropriate disclosures and explanations are provided in this Report."

The "rest" that Mr Yap was referring to related to provisions 3.3, 4.5, 7.1, 7.3, 8.3, 9.1, 9.2, 10.2, 10.4 and 10.5 which the Sponsor and Mr Lee had clarified in Mr Lee's email on 28 February 2022.

Save as disclosed above, there were no further comments from Mr Yap on the Corporate Governance Report. Accordingly, the Company proceeded to clear the FY2021 Annual Report with the Board.

Mr Yap abstained from approving FY2021 Annual Report while the approval from the rest of the Directors were received via email on 4 March 2022. With the approval from majority of the Board, FY2021 Annual Report was subsequently released on 4 March 2022.

(iii) **Why didn't the Company announce such differences in opinions in relation to the FY2021 Annual Report?**

Company's response:

The Company accepted Mr Yap's opinions and responses in relation to the FY2021 Annual Report.

The Company did not announce differences in opinion in relation to the FY2021 Annual Report because (1) Mr Yap's opinions set out in his email dated 18 February 2022 and 1 March 2022 were taken into account and qualifications were made to the Corporate Governance Report in the FY2021 Annual Report where appropriate, and (2) save as disclosed in response to Query 3(ii) above, no further comments noted from Mr Yap regarding the Corporate Governance Report.

By Order of the Board

Hao Dongting
Non-Executive Chairperson
1 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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