

Our Ref: REG/LC/GT/SH/NOC2021070003

14 July 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”)**

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1. Singapore Exchange Regulation (“**SGX RegCo**” or the “**Exchange**”) refers to the Company’s following SGXNet announcements:
  - (a) Dated 23 June 2021 (Announcement Reference No: SG210622OTHREUMX) titled “*Response to Query Regarding Trading Activity*”;
  - (b) Dated 8 July 2021 (Announcement Reference No: SG210708OTHR2LKV) titled “Cessation of Chief Executive Officer”;
  - (c) Dated 12 June 2021 (Announcement Reference No: SG210712OTHRX4T5) titled “Response to SGX Queries”;
  - (d) Dated 14 June 2021 (Announcement Reference No: SG210714OTHRZN3N) titled “Change – Announcement of Cessation of CEO”; and
  - (e) Dated 14 June 2021 (Announcement Reference No: SG210714OTHRXP2) titled “Responses to Statements from Mr Lim Wee Li”;(collectively, the “**Announcements**”).

**Singapore Exchange Regulation Pte. Ltd.**

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

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589  
main: +65 6236 8888  
[sgx.com](http://sgx.com)

## **2. Internal Control Review on Cash Management Matters**

- 2.1 On 23 June 2021, in response to SGX RegCo's query on unusual trading activities in the Company's shares, the Company announced that its Audit and Risk Committee (the "**ARC**") had on 22 March 2021, appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") to undertake an internal control review of the Company (the "**Review**").
- 2.2 The Review was commissioned to look into the area of cash management in the Company and its principal wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte. Ltd., following the fundraising exercises completed in 2020. As the Review was ongoing, the Board announced that it will update shareholders when there are material developments and upon completion of the Review.

## **3. Termination of CEO's Employment**

- 3.1 On 8 July 2021, the Company announced the termination of employment of Mr Lim Wee Li ("**Mr Lim**") as the Chief Executive Officer ("**CEO**") of the Company with immediate effect. It was stated that the Board is of the reasonable opinion that Mr Lim is in gross default or grave misconduct in connection with or affecting the business of the Company. The Company will also procure Mr Lim's resignation as a Director of the Company and all its subsidiaries.
- 3.2 In response to queries from SGX RegCo, the Company announced on 12 July 2021 that Baker Tilly uncovered matters of concern, including *inter-alia*, potential breaches by officers and employees of the Company, which warranted further investigations by the Company. A draft interim report from Baker Tilly's Review (the "**Interim Report**") also identified failures by Mr Lim, which led to breaches and potential breaches of the Catalist Rules.
- 3.3 The Company disclosed that the Interim Report revealed weaknesses in the Company's internal controls, including *inter alia*, (a) the timeliness and accuracy of the Company's announcement dated 1 February 2021, in relation to use of proceeds from the Company's fund-raising exercises; (b) fund transfers made without written approval, supporting document and business justifications; and (c) borrowings from private lenders were not supported by proper documentation and approvals.
- 3.4 On 14 July 2021, the Company announced the cessation of Mr Lim as CEO, providing his position that he had not been afforded due inquiry and that his termination was unlawful. On the same day, the Company announced its response to Mr Lim's statement. According to the Company, the decision to terminate Mr Lim's employment was based solely on conclusive findings in the Interim Report.

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#### 4. Exchange's Directives

- 4.1 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 independent professionals 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.
- 4.2 In light of the above developments, SGX RegCo is concerned about the findings of the Interim Report which point to (a) the timeliness and accuracy of announcements in relation to use of proceeds from the Company's fund-raising exercises; (b) internal control weaknesses in relation to the Company's cash management as well as escalation and approval processes; and (c) breaches and potential breaches of the Catalyst Rules.
- 4.3 Pursuant to Catalyst Rules 305(1)(e) and (k), SGX RegCo requires: -
- (a) The ARC to commission Baker Tilly to expand its scope of work (the "**Additional Scope**") to (i) look into the circumstances that led to breaches and / or potential breaches of the Catalyst Rules as well as internal control weaknesses as stated in the Interim Report; and (ii) identify the parties responsible for such breaches (the "**Further Review**"). The Additional Scope must be cleared with SGX RegCo. Baker Tilly must report concurrently to the ARC, SGX RegCo and the Company's continuing sponsor, SAC Capital Private Limited ("**SAC**"); and
  - (b) The Company's Nominating Committee (the "**NC**") to disclose details of its assessment and considerations in arriving at the decision to terminate Mr Lim's employment as the CEO of the Company.
- 4.4 SGX RegCo also requires (a) the Company; (b) the board of directors, key management and staff; and / or (c) any other person(s) as directed by the Exchange, to render full cooperation to Baker Tilly, SGX RegCo, and continuing sponsor, SAC.
- 4.5 In addition, SGX RegCo shall have the right to require Baker Tilly to report solely to SGX RegCo, if required.
- 4.6 Where warranted, SGX RegCo may direct the ARC to look further into material findings, if any, from the Further Review.

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- 4.7 Please note that this Notice is an official notification to the Company with immediate effect.
- 4.8 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.
- 4.9 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*