



Regulatory Announcement

29 Aug 2025

SGX RegCo requires SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) to adopt internal control recommendations

Singapore Exchange Regulation (SGX RegCo) refers to the previous Notices of Compliance issued to SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) on 14 July 2021 and 19 August 2021, which directed the commissioning of a special audit to investigate into concerns surrounding the company's use of past fundraising proceeds, suspected payroll irregularities, purported unauthorised transactions and the associated potential internal control lapses. Deloitte & Touche Enterprise Risk Services Pte Ltd (Deloitte) was appointed as the special auditor to review the matters, and reported directly to SGX RegCo and company's sponsor.

Phase one of the special audit findings on the payroll matter and unauthorised transactions had been concluded and announced on 21 July 2023. SGX RegCo issued a regulatory announcement on the same day. Phase two of the special audit findings which, among others, focused on the company's use of past fund-raising proceeds, was announced by the company today.

Deloitte's Findings

In phase two of the special audit, Deloitte reviewed the circumstances surrounding three of the company's fundraising exercises between March 2020 and July 2020, and the usage of these proceeds. Various internal control weaknesses were noted, including the lack of procedures on the allocation, utilisation and reporting of the use of proceeds at material times. These control lapses resulted in various late or inaccurate disclosures on the use of proceeds. Deloitte noted that the company had reallocated the use of placement proceeds. Instead of setting aside about 60% of the S\$19.3 million proceeds for pursuing new business opportunities and 20% for working capital as announced earlier, the actual usage breakdown was 8.78% and 55% respectively.

Deloitte further noted that the Board placed heavy reliance on its former Executive Director, Mr. James Loy Soo Toon and former Financial Controller, Mr. Lee Foo Tuck, on the fundraising matters. There was little or no supporting evidence to suggest that the Board had deliberated on the purposes and terms of the fundraising exercises including the usage of these proceeds. Deloitte also noted that there was no established standard operating procedures in relation to fundraising exercises.

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SGX RegCo's Expectations and Next Steps

The lapses uncovered from phase one and two of Deloitte's reviews pointed to deficiencies in the company's system of internal controls. SGX RegCo requires the company to rectify the internal control weaknesses highlighted by Deloitte and obtain an independent assurance on the adequacy and effectiveness of its internal controls from Baker Tilly Consultancy (Singapore), its outsourced internal auditor. SGX RegCo will require the company to disclose material findings and remedial measures recommended by Baker Tilly Consultancy (Singapore) in the annual report for the financial year ending 31 December 2025. The annual report will also include the board's and audit committee's comments on the adequacy and effectiveness of the Company's internal controls and risk management systems.

In respect of the potential non-compliances highlighted by Deloitte, SGX RegCo will investigate into the listing rules breaches and refer contravention of the laws to the relevant authorities.

SGX RegCo expects all SGX-listed issuers to have adequate and effective systems of internal controls and risk management systems. It is the responsibility of the Board, including the audit committee, to review the adequacy and effectiveness of the company's internal controls and risk management systems on a continuing basis.

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About Singapore Exchange Regulation (SGX RegCo)

Singapore Exchange Regulation (SGX RegCo) is the independent Singapore Exchange subsidiary undertaking all frontline regulatory functions including as securities market regulator. Our activities include the admission and supervision of issuers, intermediaries and Catalist sponsors, the surveillance of trading and issuers' disclosures, and the formulation and improvement of policies and products, guided by market feedback. We also have the Whistleblowing Office to look into allegations of issuers' regulatory shortfalls and the Sustainable Development Office to house ESG-related regulatory efforts. Regulation Asia has named us Exchange of the Year four times in recognition of efforts to uphold the integrity and development of our markets. Find out more at <https://www.sgx.com/regulation>.

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