



SDAI LIMITED

(Company Registration No. 201107179D)
(Incorporated in the Republic of Singapore)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the SGX-ST requires SDAI Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to announce its quarterly financial statements, in view of the disclaimer of opinion on the (i) audited consolidated financial statements of the Group for the financial year ended 30 June 2021 (“**FY2021**”), dated 3 March 2022; and (ii) the latest audited consolidated financial statements of the Group for the period of 18 months from 1 July 2021 to 31 December 2022, which was announced on 25 April 2024.

The board of directors (the “**Board**” or “**Directors**”) of the Company had on 14 September 2022 announced the change in the financial year end of the Company from 30 June to 31 December. Accordingly, this announcement is in relation to the condensed interim consolidated financial statements of the Group for the third quarter ended 30 September 2023 (“**3Q2023**”) and nine months period ended 30 September 2023 (“**9M2023**”), together with the comparative figures for the third quarter ended 30 September 2022 (“**3Q2022**”) and the restated nine months period ended 30 September 2022 (“**9M2022**”). The comparative figures for 9M2022 have been restated to reflect the presentation of the discontinued operations as defined below.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Catalist Rules.*

This announcement has not been examined or approved by 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.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: (65) 6636 4201.



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Condensed Interim Financial Statement of Profit and Loss and Other Comprehensive Income for
 Third Quarter and Nine Months Period Ended 30 September 2023

	Note	3 months ended		Group Change % +/(–)	9 months ended		Change % +/(–)
		30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated		30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated	
Continuing operations							
Revenue	4	537,731	1,124,884	(52.2%)	1,371,062	2,336,818	(41.3%)
Cost of sales		(215,895)	(637,357)	(66.1%)	(856,062)	(1,669,491)	(48.7%)
Gross profit		321,836	487,527	(34.0%)	515,000	667,327	(22.8%)
Other income	7	31,506	37,602	(16.2%)	95,290	239,323	(60.2%)
Selling and distribution expenses		(37,965)	(11,758)	222.9%	(39,723)	(84,311)	(52.9%)
Other operating expenses		6,706	(13,660)	N.M.	(54,893)	(33,706)	62.9%
General and administrative expenses		(1,300,108)	(1,033,627)	25.8%	(2,470,118)	(3,039,671)	(18.7%)
Loss from operations		(978,025)	(533,916)	83.2%	(1,954,444)	(2,251,038)	(13.2%)
Finance costs	8	(37,311)	(104,294)	(64.2%)	(118,157)	(131,754)	(10.3%)
Share of results of associated companies	10	(93,727)	(69,198)	35.4%	(485,089)	(466,256)	4.0%
Loss before tax	6	(1,109,063)	(707,408)	56.8%	(2,557,690)	(2,849,048)	(10.2%)
Tax expense		–	–	–	–	–	–
Loss from continuing operations		(1,109,063)	(707,408)	56.8%	(2,557,690)	(2,849,048)	(10.2%)
Loss from discontinued operations, net of tax	9	–	–	–	–	(40,321)	N.M.
Loss for the period		(1,109,063)	(707,408)	56.8%	(2,557,690)	(2,889,369)	(11.5%)
Net loss attributable to: Owners of the Company							
- Loss from continuing operations		(1,189,612)	(738,908)	61.0%	(2,619,542)	(2,683,526)	(2.4%)
- Loss from discontinued operations		–	–	–	–	(40,321)	N.M.
		(1,189,612)	(738,908)	61.0%	(2,619,542)	(2,723,847)	(3.8%)
Non-controlling interests							
- Profit/(Loss) from continuing operations		80,549	31,500	155.7%	61,852	(165,522)	N.M.
- Loss from discontinued operations		–	–	–	–	–	–
		80,549	31,500	155.7%	61,852	(165,522)	N.M.
Loss for the period		(1,109,063)	(707,408)	56.8%	(2,557,690)	(2,889,369)	(11.5%)
Loss per share:		S\$ cents	S\$ cents		S\$ cents	S\$ cents	
From continuing and discontinued operations - Basic and diluted		(0.28)	(0.17)		(0.62)	(0.64)	
From continuing operations – Basic and diluted		(0.28)	(0.17)		(0.62)	(0.63)	

N.M. denotes Not Meaningful



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Condensed Interim Financial Statement of Profit and Loss and Other Comprehensive Income for Third Quarter and Nine Months period ended 30 September 2023 (cont'd)

Note	3 months ended		Change % + / (-)	Group 9 months ended		Change % + / (-)
	30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated		30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated	
Loss for the period	(1,109,063)	(707,408)	56.8%	(2,557,690)	(2,889,369)	(11.5%)
Other comprehensive income, after tax:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences relating to foreign operations	(33,032)	(2,361)	1,229.1%	4,770	2,091	128.1%
Foreign currency translation differences of subsidiaries reclassified to profit or loss upon derecognition	–	–	–	–	(196,110)	N.M
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences relating to foreign operations	7,234	(1,011)	N.M.	16,613	8,570	93.9%
Other comprehensive (loss)/profit for the period (nil tax)	(25,798)	(3,372)	665.1%	21,383	(185,449)	N.M.
Total comprehensive loss for the period	(1,134,861)	(710,780)	59.7%	(2,536,307)	(3,074,818)	(17.5%)
Total comprehensive (loss)/profit attributable to:						
Owner of the Company	(1,215,410)	(742,280)	63.7%	(2,598,159)	(2,909,296)	(10.7%)
Non-controlling interests	80,549	31,500	155.7%	61,852	(165,522)	N.M.
Total comprehensive loss for the period	(1,134,861)	(710,780)	59.7%	(2,536,307)	(3,074,818)	(17.5%)

N.M. denotes Not Meaningful



Condensed Interim Statement of Financial Position

	Note	Group		Company	
		30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$ Restated	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$ Restated
ASSETS					
Non-current assets					
Property, plant and equipment		131,520	354,287	14,804	223,658
Investment in associated companies	10	1,808,911	2,294,000	2,294,000	2,294,000
Total non-current assets		1,940,431	2,648,287	2,308,804	2,517,658
Current assets					
Inventories		199,513	245,731	–	–
Trade receivables	11	214,934	563,941	–	–
Other receivables	11	757,475	1,033,721	570,868	486,881
Contract assets		–	13,649	–	–
Cash and bank balances		371,334	185,538	347,320	123,251
Total current assets		1,543,256	2,042,580	918,188	610,132
Total Assets		3,483,687	4,690,867	3,226,992	3,127,790
EQUITY					
Capital and reserves					
Share capital	13	58,948,250	58,948,250	58,948,250	58,948,250
Foreign currency translation reserves		139,706	123,093	–	–
Accumulated losses		(60,993,384)	(58,373,842)	(62,970,527)	(60,746,701)
Equity attributable to owners of the Company		(1,905,428)	697,501	(4,022,277)	(1,798,451)
Non-controlling interests		(782,077)	(848,699)	–	–
Total equity		(2,687,505)	(151,198)	(4,022,277)	(1,798,451)
LIABILITIES					
Non-current liabilities					
Lease liabilities		20,821	–	–	–
Total non-current liabilities		20,821	–	–	–
Current liabilities					
Lease liabilities		83,449	330,834	–	217,394
Borrowings	12	3,000,000	1,398,219	3,000,000	1,398,219
Trade payables		412,457	430,383	–	–
Other payables		2,563,342	1,686,992	4,249,269	3,310,628
Contract liabilities		91,123	995,637	–	–
Total current liabilities		6,150,371	4,842,065	7,249,269	4,926,241
Total liabilities		6,171,192	4,842,065	7,249,269	4,926,241
Total Liabilities and Equity		3,483,687	4,690,867	3,226,992	3,127,790



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Condensed Interim Statement of
 Changes in Equity

Group	<u>Attributable to equity holders of the Company</u>			Attributable to equity holders of the Company S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Foreign currency translation reserves S\$	Accumulated losses S\$			
At 01.01.2023 (audited)	58,948,250	123,093	(58,373,842)	697,501	(848,699)	(151,198)
Loss for the period	–	–	(2,619,542)	(2,619,542)	61,852	(2,557,690)
Other comprehensive income						
Foreign currency translation differences relating to foreign operations	–	16,613	–	16,613	4,770	21,383
Total comprehensive profit/(loss) for the period	–	16,613	(2,619,542)	(2,602,929)	66,622	(2,536,307)
At 30.09.2023 (unaudited)	58,948,250	139,706	(60,993,384)	(1,905,428)	(782,077)	(2,687,505)
At 01.01.2022 (unaudited)	58,948,250	288,822	(33,911,798)	25,325,274	(271,569)	25,053,705
Loss for the period	–	–	(2,723,847)	(2,723,847)	(165,522)	(2,889,369)
Other comprehensive income						
Foreign currency translation differences relating to foreign operations	–	8,570	–	8,570	2,091	10,661
Foreign currency translation differences of subsidiaries reclassified to profit or loss upon derecognition	–	(196,110)	–	(196,110)	–	(196,110)
Total comprehensive loss for the period	–	(187,540)	(2,723,847)	(2,911,387)	(163,431)	(3,074,818)
At 30.09.2022 (unaudited)	58,948,250	101,282	(36,635,645)	22,413,887	(435,000)	21,978,887

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Condensed Interim Statement of Changes in Equity (cont'd)

Company	Share capital S\$	Accumulated losses S\$	Total equity S\$
At 01.01.2023 (audited)	58,948,250	(60,746,701)	(1,798,451)
Loss and total comprehensive loss for the period	–	(2,223,826)	(2,223,826)
At 30.09.2023 (unaudited)	58,948,250	(62,970,527)	(4,022,277)
At 01.01.2022 (unaudited)	58,948,250	(31,322,011)	27,626,239
Loss and total comprehensive loss for the period	–	(4,533,067)	(4,533,067)
At 30.09.2022 (unaudited)	58,948,250	(35,855,078)	23,093,172



Condensed Interim Consolidated Statement of Cash Flow

Note	Group			
	3 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated	9 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated
Cash flows from operating activities				
Loss for the period	(1,109,063)	(707,408)	(2,557,690)	(2,889,369)
Adjustments for:				
Amortisation investment properties	–	–	–	6,389
Bad debts written off	–	–	–	7,273
Depreciation of property, plant and equipment	12,872	149,231	236,149	970,177
Interest expense	37,184	87,414	114,689	124,455
Interest income	–	(37)	–	(164)
Gain on disposal of property, plant and equipment	(21,549)	–	(50,179)	(149,770)
Gain on derecognition of subsidiaries	–	–	–	(1,630,383)
Property, plant and equipment written off	–	–	–	20,029
Share of results of associated companies	93,727	69,198	485,089	466,256
Tax expense	–	–	–	2,073
Unrealised foreign exchange differences, net	–	–	379	486
Operating cash flows before working capital changes	(986,828)	(401,602)	(1,771,563)	(3,072,548)
Changes in working capital:				
- Inventories	(1,280)	11,279	44,219	377,289
- Trade and other receivables	956,177	(343,792)	606,890	(1,212,215)
- Contract assets	(338)	118,226	13,339	740,217
- Trade and other payables	(930,554)	376,763	854,301	658,595
- Contract liabilities	(224,561)	(565,217)	(765,659)	19,502
Cash used in operations	(1,187,384)	(804,343)	(1,018,473)	(2,489,160)
Income tax paid	–	–	–	(79,864)
Net cash used in operating activities	(1,187,384)	(804,343)	(1,018,473)	(2,569,024)
Cash flows from investing activities				
Interest received	–	37	–	164
Additions to property, plant and equipment	–	(10,541)	–	(51,896)
Derecognition of a subsidiaries, net of cash disposed	–	–	–	(383,248)
Net cash used in investing activities	–	(10,504)	–	(434,980)

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Restated Condensed Interim Consolidated Statement of Cash Flow (cont'd)

Note	Group			
	3 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated	9 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$ Restated
Cash flows from financing activities				
Proceeds from borrowings	3,000,000	1,000,000	3,000,000	1,000,000
Repayment of borrowings	(1,389,418)	–	(1,389,418)	–
Interest paid	(111,568)	(103,209)	(114,689)	(124,455)
Principal payment of lease liabilities	564	(85,491)	(342,046)	(584,353)
Net cash generated from financing activities	1,499,578	811,300	1,153,847	291,192
Net increase/(decrease) in cash and cash equivalents	312,194	(3,547)	135,374	(2,712,812)
Cash and cash equivalents at beginning of the financial period	58,209	220,189	185,538	2,968,850
Effects of foreign exchange rate changes on cash and cash equivalents	931	40,454	50,422	1,058
Cash and cash equivalents at end of the financial period	371,334	257,096	371,334	257,096



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Notes to the Condensed Interim Financial Statements

1. Corporate information

SDAI Limited (the “**Company**”) is a limited liability company, incorporated and domiciled in Singapore, and listed on the Catalist board of the SGX-ST. The address of its registered office is Level 39 Marina Bay Financial Centre, Tower 2, 10 Marina Boulevard, Singapore 018983.

The Company changed its financial year end from 30 June to 31 December as announced on 14 September 2022. These condensed interim consolidated financial statements for the third quarter and nine months period ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is investment holding. The Group is primarily involved in the selling and distribution of imported high-end kitchen systems and appliances, wardrobe systems and household furniture and accessories.

On 17 November 2023, the Company changed its name from Kitchen Culture Holdings Ltd. to SDAI Limited.

2. Basis of preparation

The condensed interim financial statements for 3Q2023 and 9M2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council of Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim financial statements for the second quarter and six months period ended 30 June 2023.

Save as disclosed in Note 2.1 below, the Group has applied the same accounting policies and methods of computation as in the Group’s latest audited consolidated financial statements for the period of 18 months from 1 July 2021 to 31 December 2022 (“**FP2022**”), which was announced on 25 April 2024.

The restated condensed interim financial statements for the comparative 3Q2022 and 9M2022 have been restated to reflect latest changes and more accurate financial numbers as the latest audited consolidated financial statements have been finalised on 25 April 2024 and material variances between the unaudited financial statements and audited financial statements were announced on the same day.

The condensed interim financial statements are presented in Singapore Dollar which is the Company’s functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I) have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those SFRS(I). The adoption of the new and revised SFRS(I) and interpretation of SFRS(I) has no material impact on the financial performance or position of the Group and the Company reported for the current or prior reporting periods.



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Notes to the Condensed Interim Financial Statements (cont'd)

2.2 Critical judgements and key sources of estimate uncertainty

In the application of the Group's accounting policies and assessment of going concern, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period, are discussed below.

Impairment of investment in subsidiaries

The Company assesses impairment of investment in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable or indicate that the recoverable amount of the investments may be lower than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment.

As at 31 December 2022, the recoverable amount of investment in subsidiaries was determined based on fair value less costs of disposal. An impairment loss of S\$2.25 million for investment in subsidiaries was recognised in FP2022.

As at 30 September 2023 and 31 December 2022, sensitivity analysis is not prepared as these subsidiaries are dormant and do not generate any revenue.

Impairment of investment in associates

As at 30 September 2023, the Group's and the Company's investment in associates amounted to S\$1.81 million and S\$2.29 million respectively (FP2022: S\$2.29 million and S\$2.29 million respectively) are disclosed in Note 10.

The Group and the Company undertake annual review of the carrying amount of the investment in associates for objective of evidence of impairment. If objective evidence of impairment is identified, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the investment is estimated to determine the impairment loss or write-back of impairment.

As at 31 December 2022, the recoverable amount of investment in associates was determined based on fair value less costs of disposal. No further impairment was recognised during 9M2023.



Notes to the Condensed Interim Financial Statements (cont'd)

2.2 Critical judgements and key sources of estimate uncertainty (cont'd)

Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and a write-off or write-down is recorded against the carrying amount of the inventory balance for any such obsolescence, excess and declines. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting date and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write-off or write-down include management's expectations for future sales and inventory management which may materially affect the carrying amounts of inventories at the reporting date. Possible changes in these estimates could result in revisions to the stated value of the inventories but these changes would not arise from the assumptions or other sources of estimation uncertainty at the reporting date. The Group has written down and written off inventories of S\$1.04 million as at 31 December 2022.

Impairment of trade receivables and contract assets

As at 30 September 2023, the Group's trade receivables amounted to S\$0.21 million and S\$nil for contract assets (FP2022: S\$0.56 million for trade receivables and S\$14,000 for contract assets).

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. An impairment loss of S\$0.26 million for trade receivables was recognised as at 31 December 2022.

Notwithstanding the above, the Group evaluated the expected credit loss from customers in financial difficulties separately. There was no customer in financial difficulties during 3Q2023. As such, there was no impairment loss as at 30 September 2023.



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Notes to the Condensed Interim Financial Statements (cont'd)

2.2 Critical judgements and key sources of estimate uncertainty (cont'd)

Impairment of other receivables due from former subsidiaries, former associate, subsidiaries and associate

In the FP2022, the Group and the Company, as the case may be, recognised impairment losses of S\$18.94 million and S\$23.10 million due from former subsidiaries, former associates, and subsidiaries.

The Group and the Company use an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement).

The Group and the Company assessed the credit exposure of these receivables for the three months period ended 30 September 2023 to be insignificant based on the historical default rates and measured the impairment losses based on 12 months expected loss basis, except for amount of stated above, which is measured at an amount equal to lifetime expected credit losses.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the project activity at the end of reporting date, when the outcome of a construction project can be estimated reliably. The stage of completion is measured by reference to the proportion of value of work certified for work performed to-date compared to the total project revenue (output method).

Significant assumptions are required in determining the stage of completion, the extent of the project costs incurred, the estimated total project revenue and total budgeted project costs, as well as the recoverability of the projects. Total project revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relies on past experience and knowledge of the project managers.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are residential projects, distribution and retail, and others.

Residential projects segment is involved in designing, assembling, installing, testing and inspection of various furniture and fittings, kitchen equipment and related products.

The distribution and retail segment is involved in selling and distributing of products through a network of authorised dealers and retailers.

Discontinued operations refer to the deconsolidated subsidiaries' residential project, distribution and retail segment.

Others are the investment holding, dormant and inactive companies.

Management monitors the operating results of its reportable segments separately for making decisions about allocation of resources and assessment of performances of each segment.

Notes to the Condensed Interim Financial Statements (cont'd)

4. Segment information (cont'd)

The revenue of the Group was solely derived from Hong Kong in 9M2023.

	Residential Projects		Distribution and retail		Others		Discontinued operations		Total	
	9M2023	9M2022	9M2023	9M2022	9M2023	9M2022	9M2023	9M2022	9M2023	9M2022
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
		Restated		Restated		Restated		Restated		Restated
Reportable segment revenue	920,998	535,773	450,064	1,801,045	–	–	–	5,097,968	1,371,062	7,434,786
Reportable segment losses	(295,783)	(1,117,422)	(178,822)	(739,948)	(2,083,085)	(991,678)	–	(40,321)	(2,557,690)	(2,889,369)
Reportable segment assets	639,585	1,822,799	325,422	2,536,772	709,769	1,641,534	–	–	1,674,776	6,001,105
Reportable segment liabilities	1,470,047	1,344,145	787,185	1,723,249	3,913,960	895,419	–	–	6,171,192	3,962,813
Capital expenditure	–	(20,656)	–	(13,799)	–	(17,441)	–	–	–	(51,896)
Depreciation of property, plant and equipment	(55,490)	(255,685)	(29,586)	(223,911)	(151,073)	(199,148)	–	(291,433)	(236,149)	(970,177)
Amortisation investment properties	–	–	–	–	–	–	–	(6,389)	–	(6,389)
Property, plant and equipment written off	–	–	–	–	–	–	–	(20,029)	–	(20,029)
Inventories written off	–	–	–	–	–	–	–	(5)	–	(5)
Bad debts written off	–	–	–	–	–	–	–	(7,273)	–	(7,273)
	Residential Projects		Distribution and retail		Others		Discontinued operations		Total	
	3Q2023	3Q2022	3Q2023	3Q2022	3Q2023	3Q2022	3Q2023	3Q2022	3Q2023	3Q2022
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
		Restated		Restated		Restated		Restated		Restated
Reportable segment revenue	431,983	11,356	105,748	1,113,528	–	–	–	–	537,731	1,124,884
Reportable segment losses	44,182	(104,751)	42,453	(217,152)	(1,195,698)	(385,505)	–	–	(1,109,063)	(707,408)
Reportable segment assets	639,585	1,822,799	325,422	2,536,772	709,769	1,641,534	–	–	1,674,776	6,001,105
Reportable segment liabilities	1,470,047	1,344,145	787,185	1,723,249	3,913,960	895,419	–	–	6,171,192	3,962,813
Capital expenditure	–	(1,038)	–	(3,441)	–	(6,062)	–	–	–	(10,541)
Depreciation of property, plant and equipment	1,714	(6,453)	7,571	(73,603)	(22,157)	(69,175)	–	–	(12,872)	(149,231)



Notes to the Condensed Interim Financial Statements (cont'd)

5. Financial assets and liabilities

	Group		Company	
	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Financial assets				
Trade and other receivables*	806,745	1,273,242	545,868	461,881
Cash and cash equivalents	371,334	185,538	347,320	123,251
	<u>1,178,079</u>	<u>1,458,780</u>	<u>893,188</u>	<u>585,132</u>
Financial liabilities				
Trade and other payables	2,975,799	2,117,375	4,249,269	3,310,628
Lease liabilities	104,270	330,834	–	217,394
Borrowings	3,000,000	1,398,219	3,000,000	1,398,219
	<u>6,080,069</u>	<u>3,846,428</u>	<u>7,429,269</u>	<u>4,926,241</u>

* Excludes prepayments

6. Loss before tax

Loss before tax has been arrived at after charging/(crediting):

	Group			
	3 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$	9 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$
Cost of inventories recognized as an expense included in cost of sales	66,464	548,287	311,287	1,108,369
Depreciation of property, plant and equipment	12,872	149,230	236,149	678,743
Directors' fee	67,500	–	172,500	167,205
Interest income on bank deposits	–	(37)	–	(114)
Legal and professional fees	849,419	286,808	1,322,579	479,729
Net (gain)/loss on foreign exchange differences	(13,577)	275	33,099	(117,906)
Rental expense on operating lease	132,120	151,848	174,376	173,320
Gain on disposal of property, plant and equipment	(21,549)	–	(50,179)	(5,500)
Salaries and related costs	210,943	410,844	440,619	1,244,309

7. Other income

	Group			
	3 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$	9 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$
Gain on disposal of property, plant and equipment	21,549	–	50,179	5,500
Government grants	–	11,639	–	53,474
Service income	138	25,266	617	56,476
Interest income	7,013	37	41,688	114
Write-back of accruals	–	–	–	4,999
Others	2,806	660	2,806	660
Net gain on foreign exchange differences	–	–	–	118,100
	<u>31,506</u>	<u>37,602</u>	<u>95,290</u>	<u>239,323</u>



Notes to the Condensed Interim Financial Statements (cont'd)

8. Finance costs

	Group			
	3 months ended 30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$	30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$
Interest expense on borrowings	36,198	100,020	110,582	100,020
Interest expense on lease liabilities	986	3,189	4,107	24,435
	<u>37,184</u>	<u>103,209</u>	<u>114,689</u>	<u>124,455</u>
Bank charges	127	1,085	3,468	7,299
	<u>37,311</u>	<u>104,294</u>	<u>118,157</u>	<u>131,754</u>

9. Discontinued operations

On 5 April 2022, KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM"), a subsidiary of the Company entered into a compulsory liquidation. Accordingly, KHLM and its subsidiaries met the definition of discontinued operations in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, KHLM and its subsidiaries are deconsolidated from the consolidated financial statements of the Company in 9M2022, with effect from 5 April 2022.

	Group 9 months ended 30.09.2022 (Unaudited) S\$
Revenue	5,097,968
Cost of sales	<u>(4,111,748)</u>
Gross profit	986,220
Other income	213,607
Selling and distribution expenses	(247,690)
Other operating expenses	(151,009)
General and administrative expenses	<u>(2,449,989)</u>
Loss from operations	(1,648,861)
Finance costs	<u>(19,770)</u>
Loss before tax	(1,668,613)
Tax expense	<u>(2,073)</u>
Loss from discontinued operations	(1,670,704)
Gain on derecognition of discontinued operations	<u>1,630,383</u>
Loss for the period	<u>(40,321)</u>
	S\$ cent
Loss per share	
Basic and diluted loss per share from discontinued operations	<u>(0.01)</u>



Notes to the Condensed Interim Financial Statements (cont'd)

9. Discontinued operations (cont'd)

Loss before tax has been arrived at after charging/(crediting):

	9 months ended 30.09.2022 (Unaudited) S\$
Amortisation of investment properties	6,389
Audit fees paid to other auditors	4,519
Bad debts written-off	7,273
Cost of inventories recognised as an expense included in cost of sales	709,791
Depreciation of property, plant and equipment	291,433
Interest income on bank deposits	(50)
Legal and professional fees	268,410
Net loss on foreign exchange differences	50,001
Net gain on disposal of property, plant and equipment	(144,270)
Property, plant and equipment written off	20,029
Rental expense on operating lease	135,950
	<hr/>
Employee benefits expense	
Salaries and related costs	1,871,002
	<hr/>
Finance costs	
Interest expense on lease liabilities	15,795
Bank charges	3,975
	<hr/>
	19,770
	<hr/>

Effect of derecognition of the subsidiaries

The following table summarises the amounts of assets and liabilities of discontinued operations as at the date of derecognition of 5 April 2022:

	5 April 2022 (Unaudited) S\$
Property, plant and equipment (net of accumulated depreciation)	1,023,591
Investment property	197,013
Inventories	994,529
Trade receivables	4,304,878
Other receivables	1,910,074
Cash and cash balances	383,248
Lease liabilities	(954,512)
Trade payables	(2,442,759)
Other payables	(3,904,393)
Contract liabilities	(2,945,942)
Net liabilities disposed	(1,434,273)
Foreign currency translation differences reclassified to profit or loss	(196,110)
Gain on derecognition of discontinued operations	(1,630,383)
	<hr/>
Net cash outflow	
Net cash outflow arising from derecognition of the subsidiaries	383,248
	<hr/>



Notes to the Condensed Interim Financial Statements (cont'd)

10. Investment in associated companies

	Group		Company	
	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Equity investment at cost:				
Beginning of financial period	2,294,000	20,812,358	2,294,000	21,722,000
Impairment loss on investment in associated companies	–	(1,396,454)	–	–
Share of results of associated company	(485,089)	(17,121,904)	–	(19,428,000)
At end of financial period	1,808,911	2,294,000	2,294,000	2,294,000

Set out below is the associated company of the Group:

Name	Principal activities	Country of business/ incorporation	% of ownership interest	
			9M2023	FP2022
Held by SDAI Limited				
OOWAY Technology Pte. Ltd.	Holding company and provision of management consultancy services	Republic of Singapore	27.65	27.65

11. Trade and other receivables

	Group		Company	
	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Trade receivables	477,256	827,542	–	–
Impairment losses	(262,322)	(263,601)	–	–
Net trade receivables	214,934	563,941	–	–
Other receivables	423,881	120,903	388,388	114,756
Deposits	167,930	588,398	157,480	347,125
Prepayments	165,664	324,420	25,000	25,000
Amounts due from former subsidiaries	18,610,605	18,706,705	18,609,986	18,706,086
Amounts due from former associate	233,256	233,256	233,256	233,256
Amounts due from subsidiaries	–	–	4,185,193	4,144,868
Impairment losses	(18,843,861)	(18,939,961)	(23,028,435)	(23,084,210)
Total other receivables	757,475	1,033,721	570,868	486,881
Trade and other receivables	972,409	1,597,662	570,868	486,881

The average credit period on sale of goods is 60 days. No interest is charged on the trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.



Notes to the Condensed Interim Financial Statements (cont'd)

12. Borrowings

	Group		Company	
	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.09.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Amount repayable within one year or less, or on demand				
<i>Unsecured loans</i>				
Loan 1	–	933,973	–	933,973
Loan 2	–	464,246	–	464,246
Loan 3	3,000,000	–	3,000,000	–
	3,000,000	1,398,219	3,000,000	1,398,219

During calendar year 2022, the Group and the Company had unsecured loans from a third party of S\$1.0 million (“**Loan 1**”) and S\$0.5 million (“**Loan 2**”) with a maturity date on 29 August 2023 and 18 September 2023, respectively. The unsecured loans from a third party bear an interest rate of 10% per annum. Loan 1 and Loan 2 were fully settled on 23 August 2023 and an announcement by the Company was made on 24 August 2023.

Loan 1 and Loan 2 contained an equity conversion option, which enables the lender to convert the loans to ordinary shares of the Company upon the expiry of the loan contracts or resumption of trading of the shares of the Company. This equity conversion feature does not qualify as an equity instrument because the conversion term does not meet the “fixed-for-fixed” test, where the number of ordinary shares to be converted was not fixed and may vary with the changes in the fair value of the ordinary shares of the Company.

The equity conversion option meets the definition of derivative financial instrument and the Group and the Company assessed that the fair value of the derivative financial instrument to be insignificant as at FP2022.

On 17 July 2023, the Company received a letter of demand from the lawyer of the lender that the change in composition of the existing board of directors of the Company (“**Existing Board**”) on 26 June 2023 without the prior written consent of the lender amounted to an event of default. Upon the occurrence of the event of default, the lender demanded repayment of the loan granted to the Company amounting to S\$1.5 million. On 23 August 2023, the Company announced that the Company made the full payment of S\$1.5 million to the lender. The Company also received a confirmation from the lender’s lawyer regarding the receipt of the aforementioned sum.

On 26 June 2023, the Company entered into a loan agreement with Asian Accounts Receivable Exchange Pte Ltd (“**Loan Agreement**”) for an interest free loan of S\$4,000,000 with full repayment 12 months from the date of the Loan Agreement. The salient terms of the Loan Agreement can be found on the announcement made by the Company on 26 June 2023. As of 30 September 2023, the Company has drawdown a total of S\$3,000,000 (being Loan 3).

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Notes to the Condensed Interim Financial Statements (cont'd)

13. Share capital

	The Group and the Company			
	9M2023		FP2022	
	No. of shares	S\$	No. of shares	S\$
Issued and paid-up				
Beginning and end of financial period	424,665,283	58,948,250	424,665,283	58,948,250

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid, with no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

There were no changes in the share capital of the Company since 30 June 2023.

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at the end of the current financial period reported on and corresponding period of the immediately preceding financial year.

The Company did not hold any treasury shares and the Company's subsidiaries did not hold any shares in the Company as at 30 September 2023, 31 December 2022 and 30 September 2022.

14. Significant related party transactions

There were no material related party transactions during 3Q2023.

15. Subsequent events

Save as disclosed below, there are no known subsequent events which led to adjustments to this set of interim financial statements:

- (a) On 5 December 2022 and 17 March 2023, the Company announced that it received a letter of demand from CDL Properties Pte. Ltd. ("**CDL**"), in relation to alleged outstanding rental arrears comprising rent, service charge, interest and electricity for the premises at 9 Raffles Place #52-02 Republic Plaza Singapore 048619 for the period from October 2022 to November 2022 and December 2022 to March 2023 amounting to S\$120,531.52 and S\$250,969.96, respectively.

The alleged outstanding rental arrears of S\$120,531.52 were subsequently settled. On 24 July 2023, the Company announced that the Company fully settled the aged outstanding rental arrears for the period for the period from December 2022 to March 2023 together with the rental arrears for the period from April 2023 to 31 May 2023 amounting to S\$430,662.13. The Company also received a letter from CDL confirming (a) receipt of the aforementioned sum, and (b) that CDL will not make any further claim against the Company.



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Notes to the Condensed Interim Financial Statements (cont'd)

15. Subsequent events (cont'd)

Save as disclosed below, there are no known subsequent events which led to adjustments to this set of interim financial statements:

- (b) On 26 June 2023, the Company entered into a loan agreement with Asian Accounts Receivable Exchange Pte. Ltd. for an interest-free loan of S\$4 million with a maturity period of 1 year ("**Loan Agreement**"). On 27 March 2024, the Company entered into a side letter agreement to the Loan Agreement to extend the repayment date for the loan to 26 September 2025.

On 27 March 2024, the Company entered into a loan agreement with a director of the Company for an interest-free loan of S\$4 million with a maturity date on 26 September 2025.

- (c) On 17 July 2023, the Company announced that the Company received a letter of demand from the lawyer of Mr Tan Gin Tat that the change in composition of the Existing Board on 26 June 2023 without the prior written consent of Mr Tan Gin Tat amounted to an event of default. Upon the occurrence of the event of default, Mr Tan Gin Tat had demanded repayment of the loan granted to the Company amounting to S\$1.5 million.

On 23 August 2023, the Company announced that the Company made the full payment of S\$1.5 million to Mr Tan Gin Tat. The Company also received a confirmation from Mr Tan Gin Tat's lawyer regarding (a) the receipt of the aforementioned sum, and (b) that Mr Tan Gin Tat will treat this matter as closed.

- (d) As disclosed in the Company's announcement dated 20 September 2021, the Company appointed Deloitte & Touche Financial Advisory Services Pte. Ltd. ("**Special Auditor**") as the special auditor to review the matter raised in the Notice of Compliances dated 14 July 2021 and 19 August 2021 ("**Special Audit**"). On 21 July 2023, the Special Auditor issued report for the first phase of the Special Audit, which covered the auditing findings of payroll matters and unauthorised transactions.

Payroll Matters

The Special Auditor was unable to independently verify whether the two former employees were meaningfully employed by KHLM. Based on the available evidence, it appeared that Mr Lim Wee Li had directed the said employment for the purpose of securing employment passes in exchange for monetary benefits, which may be a contravention of Sections 22 and 23 of the Employment of Foreign Manpower Act of Singapore. Additionally, the Special Auditor also noted that the employment and determination of their compensation appeared to lack justification, and the hiring and termination process departed from the Group's policy and practice.



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Notes to the Condensed Interim Financial Statements (cont'd)

15. Subsequent events (cont'd)

Save as disclosed below, there are no known subsequent events which led to adjustments to this set of interim financial statements:

(d) Unauthorised Transactions (cont'd)

The Special Auditor uncovered a total of five agreements that Mr Lincoln Teo Choon Han had executed on behalf of the Company's wholly-owned subsidiary, KC Technologies Pte. Ltd. ("**KC Technologies**") without obtaining approval from the Board. Under the agreements, KC Technologies and Sino Allied (HK) Limited were to jointly set up a structured finance scheme for one year, to support Amazon's e-commerce merchants with their collective procurements. KC Technologies was to fund 80% (US\$480,000) of the total investment amount (US\$600,000). Sino Allied was to fund the remaining 20% (US\$120,000). It was not in the Group's ordinary course of business to provide such financing. The Group had since terminated the financing business and recovered monies extended in relation to the unauthorised transaction and its corresponding interest pursuant to the agreements.

Arising from the above issues surrounding the payroll matter and unauthorised transaction, the Special Auditor highlighted potential listing rule breaches relating to internal control lapses involving the Company's hiring processes and new investment proposals, potential breaches of the Employment of Foreign Manpower Act and Ministry of Manpower of Singapore guidelines, as well as potential contravention of directors' fiduciary duties under Section 157 of the Companies Act 1967 of Singapore.

Pursuant to the recommendations from the Company's legal advisor, the Company had on 27 November 2023:

- (a) issued a registered letter to BDO Advisory Pte. Ltd. ("**BDO**"), the liquidators of KHL Marketing Asia-Pacific Pte. Ltd. ("**KHLM**"), to, *inter alia*, inform them of the Special Auditor's findings in relation to the payroll matters and to enquire as to (i) whether BDO intended to take further steps on the payroll matters, (ii) whether BDO intended to seek an indemnity from persons that BDO deem responsible for any monetary fines, and (iii) whether the Company is entitled to monetary recovery as KHLM's shareholder and creditor; and
- (b) issued a registered letter to Mr Lincoln Teo Choong Han ("**Mr Teo**") to formally reprimand Mr Teo and expressly set out the Company's disapproval of his actions in relation to the Investment Opportunity Agreements.

While the Company has yet to receive a reply from BDO, Mr Teo has since collected the registered letter on 29 January 2024 and has, among others, (a) accepted the Board's formal reprimand; and (b) confirmed to the Board that during his tenure, there have been no other occasions where further such transactions and/or agreements were made without the Board's expressed approval.

As at the date of these financial statements, the Special Auditor has yet to complete the scope of works listed in the announcement made by the Company on 20 September 2021.



Other Information Required by Appendix 7C of the Catalist Rules

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the third quarter and nine months ended 30 September 2023, and the explanatory notes herein have not been audited or reviewed by the independent auditor of the Company (the “Auditor”).

2. Where the figures have been audited or reviewed, the auditors’ report (including any modifications or emphasis of a matter).

Not applicable.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Group’s latest audited consolidated financial statements for FP2022 contained a Disclaimer of Opinion issued by the Auditor. The following subjects were included in the said audit opinion:

- (i) Use of going concern assumption;
- (ii) Notice of Compliance issued by Singapore Exchange Regulation;
- (iii) Impairment of property, plant and equipment;
- (iv) Opening balances and comparative information and the financial effect on the current period’s figures;
- (v) Discontinued operations;
- (vi) Significant subsidiary;
- (vii) Investment in subsidiaries and amounts due from subsidiaries and associate;
- (viii) Completeness, existence and accuracy of bank balances; and
- (ix) Completeness, existence and accuracy of other payables

The management is in the midst of resolving the audit issues raised by the Auditor as stated above.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Directors confirm that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except for the adoption of the new and revised SFRS(I)s, and amendments to SFRS(I), effective for the current financial period that are relevant to them, the Group has adopted the same accounting policies and methods of computation as stated in its latest audited consolidated financial statements for FP2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those SFRS(I). The adoption of the new and revised SFRS(I), and amendments to SFRS(I), has no material impact on the financial performance or position of the Group and the Company reported for the current or prior reporting periods.



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5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	3 months ended		9 months ended	
	30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$	30.09.2023 (Unaudited) S\$	30.09.2022 (Unaudited) S\$
Loss for the period attributable to equity holders of the Company	(1,189,612)	(738,908)	(2,619,542)	(2,723,847)
Loss from continuing operations	(1,189,612)	(738,908)	(2,619,542)	(2,683,526)
Loss from discontinued operations	–	–	–	(40,321)
Weighted average number of ordinary shares in use	424,665,283	424,665,283	424,665,283	424,665,283
Basic loss per share	S\$ cents	S\$ cents	S\$ cents	S\$ cents
From continuing and discontinued operations	(0.28)	(0.17)	(0.62)	(0.64)
From continuing operations	(0.28)	(0.17)	(0.62)	(0.63)
From discontinued operations	–	–	–	(0.01)

There were no dilutive potential ordinary shares for the financial periods ended 9M2023, 9M2022, 3Q2023 and 3Q2022. The diluted loss per share was the same as the basic loss per share for the aforementioned financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the:**

	Group		Company	
	30.09.2023 (Unaudited)	31.12.2022 (Audited)	30.09.2023 (Unaudited)	31.12.2022 (Audited)
Net asset value per ordinary share (S\$ cents)	(0.45)	0.16	(0.95)	(0.42)
Number of ordinary shares in issue as at period end	424,665,283	424,665,283	424,665,283	424,665,283

Net asset value per ordinary share is calculated by dividing the equity attributable to equity holders of the Company by the aggregate number of ordinary shares as at the end of the respective financial periods.

8. **A review of the performance of the group**

Review of Consolidated Statement of Profit and Loss

Revenue

The Group recorded revenue of S\$0.54 million in 3Q2023, a decrease of 52.2% or S\$0.59 million from S\$1.12 million in 3Q2022. The decrease was mainly due to a decrease in distribution and retail segment of S\$1.10 million due to the termination of one of the dealerships for the kitchen business of the Group at the end of calendar year 2022 (“**Termination**”), partially offset by an increase in residential projects of S\$0.42 million due to higher completion of the on-going projects.

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8. A review of the performance of the group (cont'd)Review of Consolidated Statement of Profit and Loss (cont'd)**Cost of sales**

The Group's cost of sales decreased by 66.1%, or S\$0.42 million, to S\$0.22 million in 3Q2023 from S\$0.64 million in 3Q2022, mainly due to due to lesser purchases and sales made as a result of the downsizing of Hong Kong's business upon the Termination at the end of the calendar year 2022.

Gross profit

Gross profit decreased by 34.0% or S\$0.17 million to S\$0.32 million in 3Q2023 from S\$0.49 million in 3Q2022, mainly due to the Termination resulting in lower sales recorded.

Other income

Other income decreased by approximately S\$6,000 to approximately S\$32,000 in 3Q2023 from approximately S\$38,000 in 3Q2022, mainly due to higher service income recognised by Hong Kong subsidiary.

Other operating expenses

Other operating expenses decreased by approximately S\$21,000 from approximately S\$14,000 in 3Q2022 to positive of approximately S\$7,000 in 3Q2023, mainly due to lower foreign exchange loss of approximately S\$19,000 recognised as a result of the weakening of the Hong Kong Dollar against the Singapore Dollar in 3Q2023.

Selling and distribution expenses

Selling and distribution expenses increased by 222.9%, or approximately S\$26,000, from approximately S\$12,000 in 3Q2022 to approximately S\$38,000 in 3Q2023, mainly due to commission paid.

General and administrative expenses

General and administrative expenses increased by 25.8%, or S\$0.27 million, from S\$1.03 million in 3Q2022 to S\$1.30 million in 3Q2023. The increase was mainly due to the following reasons:

- i. Increase in directors' fees by approximately S\$67,000 due to the change of board arrangement announced by the Company on 26 June 2023; and
- ii. Increase in legal and professional fees of S\$0.56 million, mainly due to progressive billing for the Special Audit.

The increase was partially offset by the decrease in depreciation of S\$0.14 million due to the termination of office rental in Singapore and lower staff costs of S\$0.19 million due to higher sales staff turnover in Hong Kong.

Finance costs

Finance costs decreased by 64.2% or approximately S\$67,000 to approximately S\$37,000 in 3Q2023 from S\$0.10 million in 3Q2022 due to the higher loan interest expense on borrowings from a private investor in 3Q2022.

Loss before tax

Due to the above, the Group recorded a loss before tax of S\$1.11 million in 3Q2023, 56.8% or S\$0.40 million higher than the S\$0.71 million loss before tax recorded in 3Q2022.

Review of Statements of Financial Position**Non-current assets**

As at 30 September 2023, the Group's total non-current assets of S\$1.94 million were S\$0.71 million lower as compared to S\$2.65 million as at 31 December 2022. The decrease was mainly due to the early lease termination of the Singapore office, resulting in a depreciation charge of S\$0.22 million towards the right-of-use assets and a decrease in investment in associated companies of S\$0.49 million due to a share of losses from the investment in associated companies in 9M2023.

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8. A review of the performance of the group (cont'd)Review of Statements of Financial Position (cont'd)**Current assets**

The Group recorded current assets of S\$1.54 million as at 30 September 2023, as compared to S\$2.04 million as at 31 December 2022. The decrease was mainly due to lower trade receivables of S\$0.35 million as a result of collections and lower other receivables of S\$0.28 million due to the reduction of deposit in Hong Kong, partially offset by higher cash and bank balance of S\$0.19 million.

Non-current liabilities

The Group recorded a non-current liability of approximately S\$21,000 as at 30 September 2023, due to additional lease term committed for Hong Kong's office rental, which was absent as at 31 December 2022.

Current liabilities

The Group recorded a current liability of S\$6.15 million as at 30 September 2023, which was S\$1.31 million higher than S\$4.84 million as at 31 December 2022. The increase was mainly due to the increase in borrowings by S\$1.60 million and higher other payables due to higher professional fees recorded in 9M2023 of S\$0.88 million. The increase was partially offset by the decrease in lease liabilities of S\$0.25 million and decrease in contract liabilities of S\$0.90 million due to the recognition of deferred revenue.

Equity

The Group recorded negative total equity of S\$2.69 million as at 30 September 2023, as compared to a negative total equity of S\$0.15 million as at 31 December 2022 mainly due to losses of S\$2.56 million recorded for 9M2023.

Working capital position

The Group reported a negative working capital position of approximately S\$4.61 million as at 30 September 2023, as compared to approximately S\$2.80 million as at 31 December 2022.

The Group recorded negative working capital as at 30 September 2023 which could indicate that the Group may not be able to meet its short-term debt obligations when they fall due. The Board acknowledge the uncertainties over the ability of the Group to realise their assets and discharge their liabilities in the normal course of business. However, the Board is confident that the Group will be able to meet its obligations as and when they fall due, and that the preparation of these condensed interim consolidated financial statements on a going concern basis remains appropriate taking into consideration that the Group and the Company are able to (a) address all matters raised in the NOCs, and (b) successfully complete the corporate turnaround plans and restructuring, as well as the entry into a loan agreement by the Company with a director of the Company for an interest-free loan of S\$4.0 million on 27 March 2024. In addition, the Company has, on 27 March 2024, entered into a side letter agreement to the loan agreement with Asian Accounts Receivable Exchange Pte. Ltd. to mutually agree to extend the repayment date for the redeemable loan of a principal sum of S\$4.0 million to 26 September 2025. The Company is also actively working on securing new business(es), which will offer new business opportunities for the Group, provide new revenue streams for growth and improve the prospects of the Group.

Review of Consolidated Statement of Cash Flows

The operating cash outflow of the Group in 3Q2023 before the movement in working capital was S\$0.99 million. The cash used in operating activities was S\$1.19 million after taking into account the net changes to working capital of (i) decrease in trade and other payables of S\$0.93 million and (ii) decrease in contract liabilities by S\$0.22 million, partially offset by the increase in trade and other receivables of S\$0.96 million.

There is no cash flow from investing activities for 3Q2023, mainly because the Group derecognised its wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte. Ltd., entered into compulsory liquidation on 5 April 2022, and there is no further acquisition of property, plant, and equipment in 3Q2023.

The net cash generated from the Group's financing activities in 3Q2023 was S\$1.50 million, mainly due to the loan of S\$3.0 million extended by a third-party investor (which is solely owned by Mr Liu Yanlong, a business associate of OOWAY Group Ltd), partially offset by the repayment loan (including interest) of S\$1.50 million entered by the previous board.

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8. A review of the performance of the group (cont'd)Review of Consolidated Statement of Cash Flows (cont'd)

As a result of the above, the Group recorded cash and cash equivalents of S\$0.37 million as at the end of 3Q2023, an increase of S\$0.11 million from S\$0.26 million as at the end of 3Q2022.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's kitchen business has been shifted to Hong Kong after its principal wholly-owned subsidiary, KHLM, entered into compulsory liquidation on 5 April 2022. Management expects a slowdown in the residential projects segment of the Group.

The business of the Group's associated company, OOWAY Technology Pte. Ltd. ("OOWAY"), has also been adversely affected by COVID-19 pandemic and the zero-COVID policy adopted by the government of the People's Republic of China.

On 26 June 2023, the Company announced changes to the board composition, resulting in the constitution of a new Board. Subject to a more in-depth study, the Board intends to further develop the Company's big data analytics and artificial intelligence businesses in the People's Republic of China. In the view of the Board, this strategy is consistent with the disclosures in the Company's circular to shareholders dated 22 September 2020, particularly in relation to the "Proposed Diversification on the Core Business of the Group to include the Proposed New Business".

11. Dividend**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared or recommended for the current financial period reported on.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

No interim dividend was declared or recommended in the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.



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- (f) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended by the Directors for 3Q2023 as the Group has been loss-making for the period and has accumulated losses in 3Q2023.

- 12. If the group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There were no IPTs entered into by the Group for 3Q2023 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules.

- 13. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

On behalf of the board of directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited condensed interim consolidated financial results for the Group for the third quarter and nine months period ended 30 September 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hao Dongting
Executive Chairperson

Yip Kean Mun
Executive Director

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that all the required undertakings in the format set out in Appendix 7H under the Rule 720(1) of the Catalist Rules have been obtained from its directors and executive officers.

- 15. Disclosure of acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules.**

The Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period, up to 30 September 2023.



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Part II Additional Information Required for Full Year Announcement

- 16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 17. A breakdown of sales as follows:**

Not applicable.

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—**

Not applicable.

- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

BY ORDER OF THE BOARD

Yip Kean Mun
Executive Director
6 August 2024