



SDAI LIMITED

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 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 (i) the 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 second quarter ended 30 June 2023 (“**2Q2023**”) and six months period ended 30 June 2023 (“**1H2023**”), together with the comparative figures for the second quarter ended 30 June 2022 (“**2Q2022**”) and the restated six months period ended 30 June 2022 (“**1H2022**”). The comparative figures for 1H2022 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.



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

Table of Contents

Condensed Interim Financial Statement of Profit and Loss and Other Comprehensive Income for Second Quarter and Six Months Period Ended 30 June 2023	3
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Changes in Equity	6
Condensed Interim Consolidated Statement of Cash Flow	8
Notes to the Condensed Interim Financial Statements	10
Other Information Required by Appendix 7C of the Catalist Rules	23



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

Condensed Interim Financial Statement of Profit and Loss and Other Comprehensive Income for
Second Quarter and Six Months Period Ended 30 June 2023

	Note	3 months ended		Group Change %	6 months ended		Change %
		30.06.2023	30.06.2022		30.06.2023	30.06.2022	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
		S\$	S\$ Restated	+ / (-)	S\$	S\$ Restated	+ / (-)
Continuing operations							
Revenue	4	247,821	1,000,837	(75.2)	833,331	1,211,934	(31.2)
Cost of sales		(154,523)	(850,228)	(81.8)	(640,167)	(1,032,134)	(38.0)
Gross profit		93,298	150,609	(38.1)	193,164	179,800	7.4
Other income	7	52,827	(39,682)	N.M.	63,784	201,721	(68.4)
Selling and distribution expenses		(481)	(18,472)	(97.4)	(1,758)	(72,553)	(97.6)
Other operating expenses		(47,983)	(2,880)	1,566.1	(61,599)	(20,046)	207.3
General and administrative expenses		(502,017)	(1,141,111)	(56.0)	(1,170,010)	(2,006,045)	(41.7)
Loss from operations		(404,356)	(1,051,536)	(61.5)	(976,419)	(1,717,123)	(43.1)
Finance costs	8	(39,175)	(21,176)	85.0	(80,846)	(27,460)	194.4
Share of results of associated companies	10	(182,858)	(220,758)	(17.2)	(391,362)	(397,058)	(1.4)
Loss before tax	6	(626,389)	(1,293,470)	(51.6)	(1,448,627)	(2,141,641)	(32.4)
Tax expense		-	-	-	-	-	-
Loss from continuing operations		(626,389)	(1,293,470)	(51.6)	(1,448,627)	(2,141,641)	(32.4)
Profit/(Loss) from discontinued operations, net of tax	9	-	1,716,425	N.M.	-	(40,321)	N.M.
(Loss)/Profit for the period		(626,389)	422,955	N.M.	(1,448,627)	(2,181,961)	(33.6)
Net (loss)/profit attributable to:							
Owners of the Company							
- Loss from continuing operations		(617,937)	(1,233,750)	(49.9)	(1,429,930)	(1,944,618)	(26.5)
- Profit/(Loss) from discontinued operations		-	1,716,425	N.M.	-	(40,321)	N.M.
		(617,937)	482,675	N.M.	(1,429,930)	(1,984,939)	(28.0)
Non-controlling interests							
- Loss from continuing operations		(8,452)	(59,720)	(85.8)	(18,697)	(197,022)	(90.5)
- Loss from discontinued operations		-	-	-	-	-	-
		(8,452)	(59,720)	(85.8)	(18,697)	(197,022)	(90.5)
(Loss)/Profit for the period		(626,389)	422,955	N.M.	(1,448,627)	(2,181,961)	(33.6)
Loss per share:							
		S\$ cents	S\$ cents		S\$ cents	S\$ cents	
From continuing and discontinued operations - Basic and diluted		(0.15)	(0.11)		(0.34)	(0.47)	
From continuing operations - Basic and diluted		(0.15)	(0.29)		(0.34)	(0.46)	

N.M. denotes Not Meaningful



SDAI LIMITED

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

Condensed Interim Financial Statement of Profit and Loss and Other Comprehensive Income for Second Quarter and Six Months Period Ended 30 June 2023 (cont'd)

Note	3 months ended		Change % +/(-)	Group 6 months ended		Change % +/(-)
	30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$ Restated		30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$ Restated	
	(626,389)	422,955	N.M.	(1,448,627)	(2,181,961)	(33.6)
	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					
	73,605	(13,903)	N.M.	37,802	4,452	749.1
	Foreign currency translation differences of subsidiaries reclassified to profit or loss upon derecognition					
	–	(196,110)	N.M.	–	(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					
	(21,445)	(12,483)	71.8	9,379	9,581	(2.1)
	52,160	(222,496)	N.M.	47,181	(182,077)	N.M.
	(574,229)	200,459	N.M.	(1,401,446)	(2,364,038)	(40.7)
	Total comprehensive loss attributable to:					
	Owner of the Company					
	(565,777)	260,179	N.M.	(1,382,749)	(2,167,016)	(36.2)
	(8,452)	(59,720)	(85.8)	(18,697)	(197,022)	(90.5)
	(574,229)	200,459	N.M.	(1,401,446)	(2,364,038)	(40.7)

N.M. denotes Not Meaningful



Condensed Interim Statement of Financial Position

	Note	Group		Company	
		30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$ Restated	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$ Restated
ASSETS					
Non-current assets					
Property, plant and equipment		204,155	354,287	14,804	223,658
Investment in associated companies	10	1,902,638	2,294,000	2,294,000	2,294,000
Total non-current assets		2,106,793	2,648,287	2,308,804	2,517,658
Current assets					
Inventories		200,320	245,731	–	–
Trade receivables	11	43,155	563,941	–	–
Other receivables	11	912,832	1,033,721	508,970	486,881
Contract assets		–	13,649	–	–
Cash and bank balances		58,209	185,538	5,873	123,251
Total current assets		1,214,516	2,042,580	514,843	610,132
Total Assets		3,321,309	4,690,867	2,823,647	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		160,895	123,093	–	–
Accumulated losses		(59,803,772)	(58,373,842)	(61,687,182)	(60,746,701)
Equity attributable to owners of the Company		(694,627)	697,501	(2,738,932)	(1,798,451)
Non-controlling interests		(858,017)	(848,699)	–	–
Total equity		(1,552,644)	(151,198)	(2,738,932)	(1,798,451)
LIABILITIES					
Non-current liabilities					
Lease liabilities		37,148	–	–	–
		37,148	–	–	–
Current liabilities					
Lease liabilities		51,364	330,834	–	217,394
Borrowings	12	1,472,603	1,398,219	1,472,603	1,398,219
Trade payables		483,507	430,383	–	–
Other payables		2,373,708	1,686,992	4,089,976	3,310,628
Contract liabilities		455,623	995,637	–	–
Total current liabilities		4,836,805	4,842,065	5,562,579	4,926,241
Total liabilities		4,873,953	4,842,065	5,562,579	4,926,241
Total Liabilities and Equity		3,321,309	4,690,867	2,823,647	3,127,790



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

Condensed Interim Statement of Changes in Equity

Group	Attributable to equity holders of the Company			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	–	–	(1,429,930)	(1,429,930)	(18,697)	(1,448,627)
Other comprehensive income						
Foreign currency translation differences relating to foreign operations	–	37,802	–	37,802	9,379	47,181
Total comprehensive profit/(loss) for the period	–	37,802	(1,429,930)	(1,392,128)	(9,318)	(1,401,446)
At 30.06.2023 (Unaudited)	58,948,250	160,895	(59,803,772)	(694,627)	(858,017)	(1,552,644)
At 01.01.2022	58,948,250	288,822	(33,911,798)	25,325,274	(271,569)	25,053,705
Loss for the period	–	–	(1,984,939)	(1,984,939)	(197,022)	(2,181,961)
Other comprehensive income						
Foreign currency translation differences relating to foreign operations	–	4,452	–	4,452	9,581	14,033
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	–	(191,658)	(1,984,939)	(2,176,597)	(187,441)	(2,364,038)
At 30.06.2022 (Unaudited)	58,948,250	97,164	(35,896,737)	23,148,678	(459,010)	22,689,667



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

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	–	(940,481)	(940,481)
At 30.06.2023 (Unaudited)	58,948,250	(61,687,182)	(2,738,932)
At 01.01.2022	58,948,250	(31,322,011)	27,626,239
Loss and total comprehensive loss for the period	–	(4,035,295)	(4,035,295)
At 30.06.2022 (Unaudited)	58,948,250	(35,357,306)	23,590,944



Condensed Interim Consolidated Statement of Cash Flow

	Group			
	3 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$ Restated	6 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$ Restated
Cash flows from operating activities				
(Loss)/Profit for the period	(626,389)	422,955	(1,448,627)	(2,181,961)
Adjustments for:				
Amortisation of investment properties	–	2,120	–	6,389
Bad debts written off	–	–	–	7,273
Depreciation of property, plant and equipment	18,687	523,548	223,277	820,946
Interest expense	39,175	15,632	77,505	37,041
Interest income	–	(48)	–	(127)
Loss/(Gain) on disposal of property, plant and equipment	(21,207)	(5,500)	(28,630)	(149,770)
Gain on derecognition of subsidiaries	–	(1,630,383)	–	(1,630,383)
Property, plant and equipment written off	–	–	–	20,029
Share of results of associated companies	182,858	220,758	391,362	397,058
Tax expense	–	–	–	2,073
Unrealised foreign exchange differences, net	219	–	379	486
Operating cash flows before working capital changes	(406,657)	(450,918)	(784,734)	(2,670,946)
Changes in working capital:				
- Inventories	59,744	62,811	45,499	366,010
- Trade and other receivables	(934,853)	(1,083,362)	(349,287)	(868,423)
- Contract assets	476	848,771	13,677	621,991
- Trade and other payables	1,113,527	(90,129)	1,784,855	281,832
- Contract liabilities	82,853	693,038	(541,098)	584,719
Cash (used in)/generated from operations	(84,910)	(19,789)	168,912	(1,684,817)
Income tax refunded/(paid)	2,073	(87,639)	–	(79,864)
Net cash (used in)/generated from operating activities	(82,837)	(107,428)	168,912	(1,764,681)
Cash flows from investing activities				
Interest received	–	48	–	127
Additions to property, plant and equipment	–	(133,543)	–	(41,355)
Derecognition of a subsidiaries, net of cash disposed	–	(383,248)	–	(383,248)
Net cash used in investing activities	–	(516,743)	–	(424,476)

**SDAI LIMITED**

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

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

	Group			
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
		Restated		Restated
Cash flows from financing activities				
Interest paid	(1,695)	(15,632)	(3,121)	(21,246)
Principal payment of lease liabilities	(114,069)	(282,545)	(342,610)	(498,862)
Net cash used in financing activities	(115,764)	(298,177)	(345,731)	(520,108)
Net decrease in cash and cash equivalents	(198,601)	(922,348)	(176,819)	(2,709,265)
Cash and cash equivalents at beginning of the financial period	227,040	1,158,721	185,538	2,968,850
Effects of foreign exchange rate changes on cash and cash equivalents	29,770	(16,184)	49,490	(39,396)
Cash and cash equivalents at end of the financial period	58,209	220,189	58,209	220,189



SDAI LIMITED

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

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 second quarter and six months period ended 30 June 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 2Q2023 and 1H2023 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 first quarter and three months period ended 31 March 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 2Q2022 and 1H2022 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.



SDAI LIMITED

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

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 June 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 June 2023, the Group's and the Company's investment in associates amounted to S\$1.90 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 1H2023.



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 June 2023, the Group's trade receivables amounted to S\$43,000 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 2Q2023. As such, there was no impairment loss as at 30 June 2023.

**SDAI LIMITED**

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

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 June 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 1H2023.

	Residential Projects		Distribution and retail		Others		Discontinued operations		Total	
	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022	1H2023	1H2022
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
		Restated		Restated		Restated		Restated		Restated
Reportable segment revenue	489,015	524,417	344,316	687,517	–	–	–	5,097,968	833,331	6,309,902
Reportable segment losses	(339,965)	(1,012,671)	(221,275)	(522,796)	(887,387)	(606,173)	–	(40,321)	(1,448,627)	(2,181,961)
Reportable segment assets	635,951	2,501,190	435,110	1,994,104	347,610	1,435,211	–	–	1,418,671	5,930,505
Reportable segment liabilities	1,577,503	1,466,982	1,056,954	1,378,728	2,239,496	400,483	–	–	4,873,953	3,246,193
Capital expenditure	–	(19,618)	–	(10,358)	–	(11,379)	–	–	–	(41,355)
Depreciation of property, plant and equipment	(57,204)	(249,232)	(37,157)	(150,308)	(128,916)	(129,973)	–	(291,433)	(223,277)	(820,946)
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	
	2Q2023	2Q2022	2Q2023	2Q2022	2Q2023	2Q2022	2Q2023	2Q2022	2Q2023	2Q2022
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
		Restated		Restated		Restated		Restated		Restated
Reportable segment revenue	74,982	489,305	172,839	511,532	–	–	–	–	247,821	1,000,837
Reportable segment losses	(154,797)	(826,837)	(152,366)	(127,450)	(319,226)	(339,183)	–	1,716,425	(626,389)	422,955
Reportable segment assets	635,951	2,501,190	435,110	1,994,104	347,610	1,435,211	–	–	1,418,671	5,930,505
Reportable segment liabilities	1,577,503	1,466,982	1,056,954	1,378,728	2,239,496	400,483	–	–	4,873,953	3,246,193
Capital expenditure	–	(19,618)	–	(10,358)	–	(11,379)	–	(92,188)	–	(133,543)
Depreciation of property, plant and equipment	5,468	(221,606)	(14,084)	(55,127)	(10,071)	(124,069)	–	(122,746)	(18,687)	(523,548)
Amortisation investment properties	–	–	–	–	–	–	–	(2,120)	–	(2,120)



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

5. Financial assets and liabilities

	Group		Company	
	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Financial assets				
Trade and other receivables*	650,859	1,273,242	483,970	461,881
Cash and cash equivalents	58,209	185,538	5,873	123,251
	<u>709,068</u>	<u>1,458,780</u>	<u>489,843</u>	<u>585,132</u>
Financial liabilities				
Trade and other payables	2,857,215	2,117,375	4,089,976	3,310,628
Lease liabilities	88,512	330,834	–	217,394
Borrowings	1,472,603	1,398,219	1,472,603	1,398,219
	<u>4,418,330</u>	<u>3,846,428</u>	<u>5,562,579</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 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$	6 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$
Cost of inventories recognized as an expense included in cost of sales	113,338	448,494	244,823	560,082
Depreciation of property, plant and equipment	18,687	400,802	223,277	529,513
Directors' fee	105,000	167,205	105,000	167,205
Interest income on bank deposits	–	(48)	–	(77)
Legal and professional fees	236,602	2,723	473,160	192,921
Net gain on foreign exchange differences	46,676	109,078	46,676	(118,181)
Rental expense on operating lease	(35)	(142,643)	42,256	21,472
Gain on disposal of property, plant and equipment	(21,207)	(5,500)	(28,630)	(5,500)
Salaries and related costs	16,086	548,080	229,676	833,465

7. Other income

	Group			
	3 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$	6 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$
Gain on disposal of property, plant and equipment	21,207	5,500	28,630	5,500
Government grants	–	41,835	–	41,835
Service income	(3,055)	17,095	479	31,210
Interest income	34,675	48	34,675	77
Write-back of accruals	–	4,999	–	4,999
Net (loss)/gain on foreign exchange differences	–	(109,159)	–	118,100
	<u>52,827</u>	<u>(39,682)</u>	<u>63,784</u>	<u>201,721</u>



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

8. Finance costs

	Group			
	3 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$	6 months ended 30.06.2023 (Unaudited) S\$	30.06.2022 (Unaudited) S\$
Interest expense on borrowings	37,397	–	74,384	–
Interest expense on lease liabilities	1,695	15,632	3,121	21,246
	39,092	15,632	77,505	21,246
Bank charges	83	5,544	3,341	6,214
	39,175	21,176	80,846	27,460

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 1H2022.

	Group	
	3 months ended 30.06.2022 (Unaudited) S\$	6 months ended 30.06.2022 (Unaudited) S\$
Revenue	–	5,097,968
Cost of sales	–	(4,111,748)
Gross profit	–	986,220
Other income	102,205	213,607
Selling and distribution expenses	–	(247,690)
Other operating expenses	(16,162)	(151,009)
General and administrative expenses	(1)	(2,449,989)
Profit/(Loss) from operations	86,042	(1,648,861)
Finance costs	–	(19,770)
Profit/(Loss) before tax	86,042	(1,668,613)
Tax expense	–	(2,073)
Profit/(Loss) from discontinued operations	86,042	(1,670,704)
Gain on derecognition of discontinued operations	1,630,383	1,630,383
Profit/(Loss) for the period	1,716,425	(40,321)
	S\$ cents	S\$ cents
Earnings/(Loss) per share		
Basic and diluted earnings/(loss) per share from discontinued operations	0.40	(0.01)

**SDAI LIMITED**

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

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

9. Discontinued operations (cont'd)

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

	3 months ended 30.06.2022 (Unaudited) S\$	6 months ended 30.06.2022 (Unaudited) S\$
Amortisation of investment properties	2,120	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	295,333	709,791
Depreciation of property, plant and equipment	122,746	291,433
Interest income on bank deposits	–	(50)
Legal and professional fees	95,772	268,410
Net loss on foreign exchange differences	91,788	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	(52,402)	135,950
Employee benefits expense		
Salaries and related costs	–	1,871,002
Finance costs		
Interest expense on lease liabilities	–	15,795
Bank charges	–	3,975
	–	19,770

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 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)
Net cash outflow	
Net cash outflow arising from derecognition of the subsidiaries	383,248



SDAI LIMITED

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

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

10. Investment in associated companies

	Group		Company	
	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.06.2023 (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	(391,362)	(17,121,904)	–	(19,428,000)
At end of financial period	1,902,638	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	
			30.06.2023	31.12.2022
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	
	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$	30.06.2023 (Unaudited) S\$	31.12.2022 (Audited) S\$
Trade receivables	303,371	827,542	–	–
Impairment losses	(260,216)	(263,601)	–	–
Net trade receivables	43,155	563,941	–	–
Other receivables	277,964	120,903	166,845	114,756
Deposits	329,740	588,398	317,125	347,125
Prepayments	305,128	324,420	25,000	25,000
Amounts due from former subsidiaries	18,706,705	18,706,705	18,706,086	18,706,086
Amounts due from former associate	233,256	233,256	233,256	233,256
Amounts due from subsidiaries	–	–	4,144,868	4,144,868
Impairment losses	(18,939,961)	(18,939,961)	(23,084,210)	(23,084,210)
Total other receivables	912,832	1,033,721	508,970	486,881
Trade and other receivables	955,987	1,597,662	508,970	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	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$	S\$	S\$	S\$
Amount repayable within one year or less, or on demand				
<i>Unsecured loans</i>				
Loan 1	983,562	933,973	983,562	933,973
Loan 2	489,041	464,246	489,041	464,246
	1,472,603	1,398,219	1,472,603	1,398,219

As at 30 June 2023, the Group and the Company had unsecured loans from a third party of S\$1.0 million and S\$0.5 million 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.

The loans 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.



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

13. Share capital

	The Group and the Company			
	1H2023		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 31 March 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 June 2023, 31 December 2022 and 30 June 2022.

14. Significant related party transactions

There were no material related party transactions during 2Q2023.

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.



SDAI LIMITED

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

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 ("**NOCs**") dated 14 July 2021 and 19 August 2021. 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.



SDAI LIMITED

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

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 of Singapore 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.

**SDAI LIMITED**

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

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 June 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 second quarter and six months ended 30 June 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) NOCs 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.



SDAI LIMITED

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

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		6 months ended	
	30.06.2023 (Unaudited)	30.06.2022 (Unaudited) Restated	30.06.2023 (Unaudited)	30.06.2022 (Unaudited) Restated
(Loss)/Profit for the period attributable to equity holders of the Company	(617,937)	482,675	(1,429,930)	(1,984,939)
Loss from continuing operations	(617,937)	(1,233,750)	(1,429,930)	(1,944,618)
Profit/(Loss) from discontinued operations	–	1,716,425	–	(40,321)
Weighted average number of ordinary shares in use	424,665,283	424,665,283	424,665,283	424,665,283
Basic and diluted (loss)/earnings per share	S\$ cents	S\$ cents	S\$ cents	S\$ cents
From continuing and discontinued operations	(0.15)	(0.11)	(0.34)	(0.47)
From continuing operations	(0.15)	(0.29)	(0.34)	(0.46)
From discontinued operations	–	0.40	–	(0.01)

There were no dilutive potential ordinary shares for the financial periods ended 1H2023, 1H2022, 2Q2023 and 2Q2022. The diluted (loss)/earnings per share was the same as the basis (loss)/earnings 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	
	30.06.2023 (Unaudited)	31.12.2022 (Audited) Restated	30.06.2023 (Unaudited)	31.12.2023 (Audited) Restated
Net asset value per ordinary share (S\$ cents)	(0.37)	(0.04)	(0.64)	(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 Group's 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\$0.25 million in 2Q2023, a decrease of 75.2% or S\$0.75 million from S\$1.00 million in 2Q2022. The decrease was mainly due to decrease in revenue contribution from distribution and retail by S\$0.3 million as a result of the termination of one of the dealerships for the kitchen division of the Company ("**Termination**").



SDAI LIMITED

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

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 81.8%, or S\$0.70 million, to S\$0.15 million in 2Q2023 from S\$0.85 million in 2Q2022, 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 2022 calendar year.

Gross Profit

Gross profit decreased by 38.1% or approximately S\$57,000, to approximately S\$93,000 in 2Q2023 from S\$0.15 million in 2Q2022, mainly due to the Termination resulting in lower sales recorded.

Other Income

Other income decreased by approximately S\$93,000 to approximately S\$53,000 in 2Q2023 from approximately negative of S\$40,000 in 2Q2022 mainly due to the lower net foreign exchange gain recognised of S\$0.1 million as a result of the strengthening of Hong Kong Dollar against Singapore Dollar.

Other Operating Expenses

Other operating expenses increased by approximately S\$45,000, from approximately S\$3,000 in 2Q2022 to approximately S\$48,000 in 2Q2023 mainly due to the foreign exchange loss of approximately S\$47,000 recognised as a result of the weakening of Hong Kong Dollar against Singapore Dollar in 2Q2023.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 97.4%, or approximately S\$17,500, from approximately S\$18,000 in 2Q2022 to approximately S\$500 in 2Q2023 mainly due to the high staff turnover in sales division, resulting in lower travelling expenses.

General and Administrative Expenses

General and administrative expenses decreased by 56.0%, or S\$0.64 million, from S\$1.14 million in 2Q2022 to S\$0.5 million in 2Q2023. The decrease was mainly due to the following reasons:

- i. Decrease in director's fees by S\$60,000 due to the changes in the board members,
- ii. Decrease in salaries and related costs by S\$0.48 million due to higher sales staff turnover in Hong Kong, and
- iii. Decrease in depreciation of property, plant and equipment by S\$0.38 million as a result of early termination of the Singapore office in 1Q2023 and adjustment of the depreciation for right-of-use assets and the corresponding rental charges in 2Q2022.

The decrease was partly offset by higher legal and professional fees of S\$0.24 million.

Finance Costs

Finance costs increased by 85.0% or approximately S\$18,000 to approximately S\$39,000 in 2Q2023 from approximately S\$21,000 in 2Q2022 due to additional interest expense of approximately S\$37,000 on borrowings from a private investor in 2023.

Loss before Tax

Due to the above, the Group recorded a loss before tax of S\$0.63 million in 2Q2023, as compared to a profit before tax of S\$0.42 million recorded in 2Q2022.

Review of Statements of Financial Position

Non-Current Assets

As at 30 June 2023, the Group's total non-current assets of S\$2.11 million were S\$0.54 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\$0.2 million towards the right-of-use assets and a decrease in investment in associated companies of S\$0.39 million due to a share of losses from the investment in associated companies.

Current Assets

The Group recorded current assets of S\$1.21 million as at 30 June 2023, as compared to S\$2.04 million as at 31 December 2022. The decrease was mainly due to lower trade receivables of S\$0.52 million as a result of collections, lower other receivables of S\$0.12 million due to the reduction of deposit in Hong Kong and lower cash and bank balance of S\$0.13 million.

**SDAI LIMITED**

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

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

The Group recorded a non-current liability of approximately S\$37,000 as at 30 June 2023, mainly due to an 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\$4.83 million as at 30 June 2023, which was approximately S\$5,000 lower than S\$4.84 million as at 31 December 2022. The decrease was mainly due to the (i) decrease in lease liabilities of S\$0.28 million due to the termination of Singapore office rental, and (ii) decrease in contract liabilities of S\$0.54 million due to the recognition of deferred revenue, partially offset by the increase in trade and other payables of S\$0.74 million, comprising higher trade payables of approximately S\$53,000 from Hong Kong operations and other payables of S\$0.69 million, mainly due to higher professional fees recorded in 1H2023 of S\$0.39 million and rental in arrears of S\$0.19 million.

Equity

The Group recorded negative equity of S\$1.55 million as at 30 June 2023, as compared to a negative equity of S\$0.15 million as at 31 December 2022 mainly due to the loss of S\$0.63 million for 2Q2023.

Working Capital Position

The Group reported a negative working capital position of approximately S\$3.62 million as at 30 June 2023, as compared to approximately S\$2.80 million as at 31 December 2022.

The Group recorded negative working capital as at 30 June 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 2Q2023 before the movement in working capital was S\$0.41 million. The cash used in operating activities was approximately S\$83,000 after taking into account the net changes to working capital of (i) an increase in inventories by approximately S\$60,000, (ii) an increase in trade and other payables of S\$1.11 million, and (iii) an increase in contract liabilities by approximately S\$83,000, partially offset by a decrease in trade and other receivables of S\$0.93 million.

There is no cash flow from investing activities for 2Q2023, mainly because the Group derecognised its wholly-owned subsidiary, KHLM, which entered into compulsory liquidation on 5 April 2022, and there is no further acquisition of property, plant, and equipment in 2Q2023.

The net cash used in the Group's financing activities in 2Q2023 was S\$0.12 million, mainly due to principal payments of lease liabilities of S\$0.11 million.

As a result of the above, the Group recorded cash and cash equivalents of S\$58,000 at the end of 2Q2023, a decrease of S\$0.13 million from S\$0.19 million at the end of 2Q2022.

**SDAI LIMITED**

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

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 the 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.

(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 2Q2023 as the Group has been loss-making for the period and has accumulated losses in 2Q2023.



SDAI LIMITED

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

- 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 2Q2023 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 second quarter and six months period ended 30 June 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 June 2023.



SDAI LIMITED

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

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
22 July 2024