



ANNUAL REPORT 2022

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mdm Hao Dongting**  
Executive Chairperson

**Mr Yip Kean Mun**  
Executive Director

**Mr James Beeland Rogers, Jr.**  
Non-Executive and Non-Independent Director

**Mr Lam Kwong Fai**  
Lead Independent Director

**Mr Tan Meng Shern**  
Independent Director

**Mr Cheung Wai Man Raymond**  
Independent Director

## AUDIT COMMITTEE

Mr Lam Kwong Fai – *Chairman*  
Mr Tan Meng Shern – *Member*  
Mr Cheung Wai Man Raymond – *Member*

## NOMINATING COMMITTEE

Mr Tan Meng Shern – *Chairman*  
Mr Lam Kwong Fai – *Member*  
Mr Cheung Wai Man Raymond – *Member*

## REMUNERATION COMMITTEE

Mr Cheung Wai Man Raymond – *Chairman*  
Mr Tan Meng Shern – *Member*  
Mr Lam Kwong Fai – *Member*

## BOARD RISK COMMITTEE

Mr Cheung Wai Man Raymond – *Chairman*  
Mr Tan Meng Shern – *Member*  
Mr Lam Kwong Fai – *Member*

## JOINT COMPANY SECRETARIES

Ms Ong Beng Hong, LLB (Hons.)  
Ms Tan Swee Gek, LLB (Hons.)

## REGISTERED OFFICE

Level 39 Marina Bay Financial Centre  
Tower 2  
10 Marina Boulevard  
Singapore 018983  
Tel: +65 6818 6201

## PRINCIPAL PLACE OF BUSINESS

6 Clementi Loop  
#02-18 EAC Building  
Singapore 129814

## SPONSOR

ZICO Capital Pte. Ltd.  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896

## INDEPENDENT AUDITOR

Foo Kon Tan LLP  
1 Raffles Place  
#04-61/62 One Raffles Place Tower 2  
Singapore 048616

*Partner-in-charge*  
Mr Ho Teik Tiong  
(With effect from the financial period  
from 1 July 2021 to 31 December 2022)

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

## PRINCIPAL BANKER

Oversea-Chinese Banking Corporation  
Limited

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This annual report 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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

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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# CORPORATE PROFILE

SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) was listed on the Catalist board of the SGX-ST on 22 July 2011.

The Company suspended share trading in July 2021 after responding to the queries from the SGX-ST on the cessation of the ex-Chief Executive Officer, Mr Lim Wee Li.

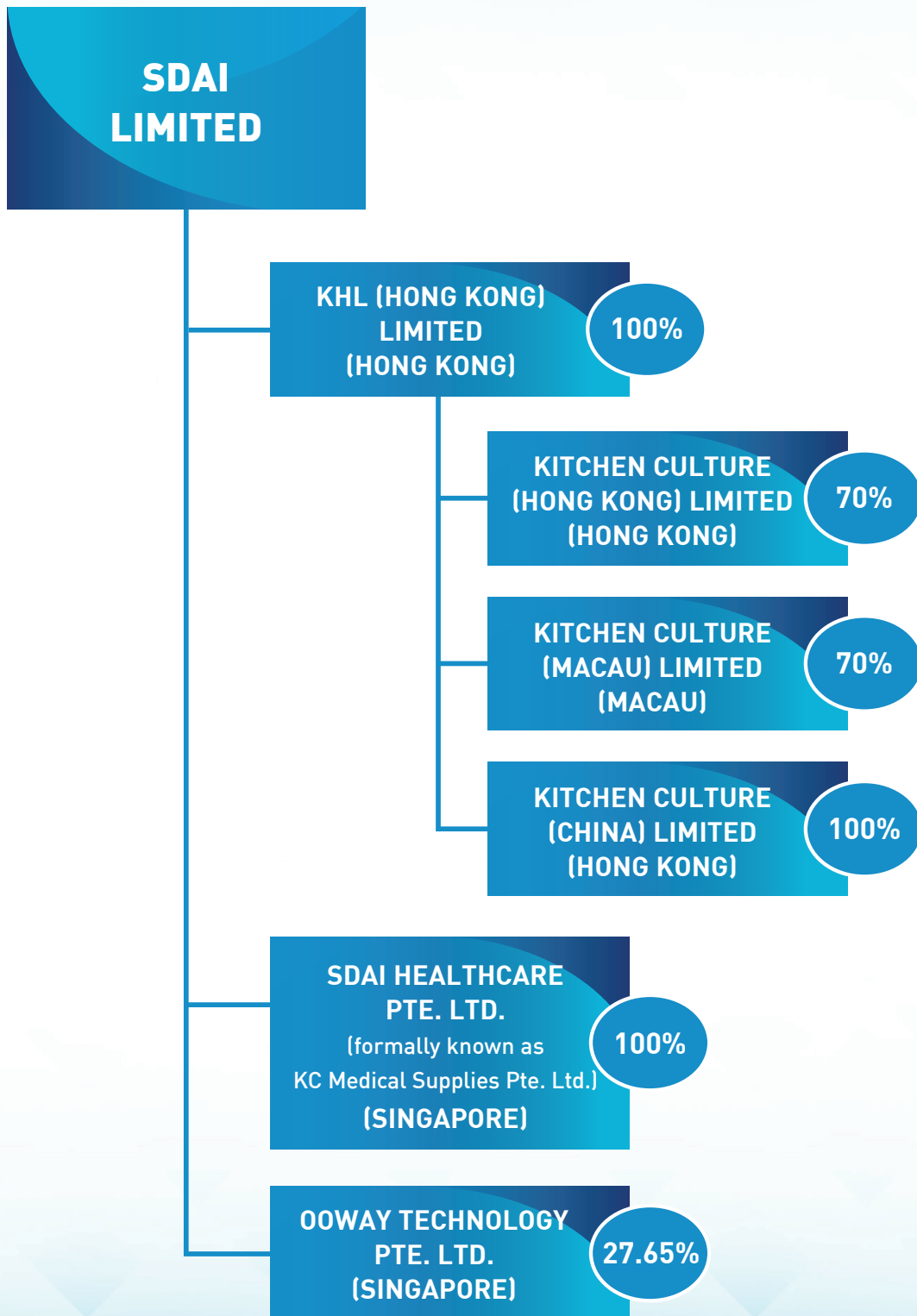
As disclosed in the Company's announcement dated 20 September 2021, the Company appointed Deloitte & Touche Financial Advisory Services Pte. Ltd. as the special auditor to review the matters raised in the Notice of Compliances dated 14 July 2021 and 19 August 2021.

The Group's principal business of distributing high-end kitchen systems, kitchen appliances, wardrobe systems, bathroom furniture, household furniture, and kitchen accessories from Europe reduced significantly after its principal wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte. Ltd., entered into a compulsory liquidation on 5 April 2022 from the winding up application filed by Kim Hup Lee & Co. (Private) Limited.

On 26 June 2023, the Company announced changes to the board composition, resulting in the constitution of a new board of directors for the Company ("**Board**").

The immediate tasks for the Board are to resolve all the outstanding legacy issues, including settling long overdue liabilities, completing the special audit and strengthening the internal controls so as to elevate the Company to be in the position of pursuing new businesses.

# CORPORATE STRUCTURE



# CHAIRPERSON'S STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the board of directors ("**Board**") of SDAI Limited ("**SDAI**" or the "**Company**," and together with its subsidiaries, the "**Group**"), formerly Kitchen Culture Holdings Ltd. ("**Kitchen Culture**"), I present herewith the Company's long overdue annual report covering financial period of 18 months from 1 July 2021 to 31 December 2022 ("**FP2022**"), a significant step in rectifying the breaches of Companies Act 1967 of Singapore ("**Companies Act**") and SGX Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") which had been subsisting before the current Board's takeover.

The Company's last auditor, CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation), did not seek re-appointment at the annual general meeting held on 18 March 2022 for the financial year ended 30 June 2021. Since then, the previous Board has been unable to secure the appointment of new auditors until 17 November 2023. This reflected the general market perception of the Company being high risk arising from its solvency, sustainability, lapses in governance and financial management.

On 5 April 2022, the Company's principal wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte. Ltd., entered into compulsory liquidation proceedings due to its inability to repay rental arrears of S\$1.77 million between 2016 and 2018 to Kim Hup Lee & Co (Private) Limited.

On 30 September 2022, a group of shareholders, including myself, concerned with the undesirable developments, and by extension, the survival of the Company, requested the Company to hold an extraordinary general meeting under Section 177 of the Companies Act to remove the previous directors (save for myself) and to appoint a new Board to rebuild the Company. The previous directors, save for myself, fought against the attempt, notwithstanding that the Company was on the brink of liquidation with the statutory reporting timelines having not been met under their oversight.

Following persistent efforts by the shareholders over a period close to nine months, the change to the Board's composition was successfully implemented on 26 June 2023, transitioning to the present Board structure as of the date of this Annual Report.

The new Board managed to secure a loan of S\$4.0 million. Unfortunately, this loan has been vastly depleted to repay the liabilities left by the previous Board, including (a) the repayment of the S\$1.5 million loan taken out by the previous Board, (b) settling of the rental arrears and reinstatement costs of the previous office at the Republic Plaza premises, and (c) settling fees due to the previous corporate secretarial service provider which had been outstanding since 2015. Accordingly, there was very little left to finance the operations.

As for compliance matters, the new Board engaged Foo Kon Tan LLP ("**FKT**") to fulfil the role of an external auditor of the Company. Due to a multitude of issues arising, amongst others, lapses in financial record keeping, outstanding legal and regulatory issues, non-compliance, risks of economic mismanagement, internal control failure and concerns on the special audits by Deloitte & Touche Financial Advisory Services Pte. Ltd. ("**Deloitte**"), FKT agreed in late July 2023 to start the onboarding process with the Company. For the same concerns, the onboarding process took four months, much longer than scheduled. Eventually, the Board convened an extraordinary general meeting ("**EGM**") on 17 November 2023 to obtain shareholders' approval to appoint FKT as the auditors to kick-start the audit for FP2022.

During the audit, FKT discovered many issues at risk, which included, amongst others, incomplete and inconsistent financial records and other lapses. While we have sought to address a significant portion of these issues, such legacy issues remain substantive. As a result, the auditor has raised disclaimers on financial statements disclosed in the Independent Auditor's Report in this Annual Report.

In July 2023, the Company announced the receipt of the Executive Summary of the Special Audit Report Phase 1, which involved payroll matters and unauthorised transactions. The closure of Phase 1 is a significant step towards finalising the special audit since the appointment of Deloitte as special auditors in September 2021. The Board is now focusing on finalising Phase 2 of the special audit with Deloitte, which relates to the deviation of the usage of approximately S\$19.3 million which were raised in fundraising. The funds were fully utilised for purposes other than the proposed usage of the funds; the funds had been intended to be utilised for new businesses to turn around the Company.

As at the time of this Annual Report's issuance, the Board is focusing on the audit for the financial year ended 31 December 2023 ("FY2023") and preparing the results announcements for FY2023 to be released. The Company will then be able to comply with the reporting requirements under the Catalist Rules; this has been a mammoth task due to the multitude of inherited lapses that need to be addressed.

I'm glad to inform shareholders that the Board had obtained from me, an interest-free loan of S\$4.0 million for eighteen months, and an eighteen-month extension of the loan period for S\$4.0 million from Asian Accounts Receivable Exchange Pte. Ltd. due 26 September 2025 as announced on 27 March 2024. The new loan and the extension of the previous loan will preserve the Company's going concern status and pave the way for a business turnaround. The Board is working on securing a new business to give the Company a new lease of life. When ready, the details will be announced.

We cannot achieve what we have achieved thus far without the unwavering support of our shareholders, the Board and management. I thank all our shareholders for your continued trust and support. Your confidence and trust in us have been crucial for the Company's progress, enabling us to work towards fulfilling all necessary conditions for the resumption of share trading. We look forward to embarking on a new journey with new business opportunities and fostering the creation of long-term value for shareholders.

**Mdm Hao Dongting**  
*Executive Chairperson*

25 April 2024

# BOARD OF DIRECTORS



**Hao Dongting**  
Executive Chairperson

Mdm Hao Dongting ("**Mdm Hao**") was appointed as a Non-Executive Director of the Company on 14 April 2021 and was re-designated as Non-Executive Chairperson of the Company on 25 May 2021. On 1 September 2023, Mdm Hao was subsequently re-designated as Executive Chairperson of the Company. Mdm Hao is responsible for providing leadership and direction to the Board of Directors of the Company, facilitating the operations, as well as focusing efforts on corporate strategy, strategic customer and partner relationships and corporate development.

Mdm Hao is also a director of OOWAY Technology Pte. Ltd., an associated company of the Group and a director of OOWAY Data Technology (Beijing) Co., Ltd. (大路数据科技(北京)有限公司).

Mdm Hao holds a Master of Business Administration from the National University of Singapore. She attended a graduate programme in Economic Law at the Chinese Academy of Social Sciences and subsequently obtained a graduation certificate. Furthermore, Mdm Hao obtained a graduation certificate in Law from the Beijing Institute of Political Science and Law. In addition, Mdm Hao obtained a Certificate of Senior International Finance Manager from the International Financial Management Association.



**Yip Kean Mun**  
Executive Director

Mr Yip Kean Mun ("**Mr Yip**") was appointed as the Executive Director of the Company on 26 June 2023. Mr Yip is responsible for the general management of the Company, which includes formulation and execution of the business strategies of the Company. Additionally, Mr Yip ensures that the Company complies with all pertinent laws and regulations.

Mr Yip has over 30 years of experience in investment banking and commercial banking and has held leadership positions in various leading financial institutions in the region. These include, *inter alia*, DBS Bank, CEF (Singapore) Limited (previously a Singapore licensed merchant bank, which is a 50-50 joint venture between Mr Li Ka-Shing's Cheung Kong (Holdings) Limited and Canadian Imperial Bank of Commerce), Standard Chartered Bank, Hong Leong Capital Berhad, Hong Leong Bank Berhad and Industrial and Commercial Bank of China Limited (formerly Industrial and Commercial Bank of China (Singapore Branch)).

He was also the Founder and Managing Director of Genesis Capital in Singapore, previously a licensed financial advisory company and a licensed listing sponsor in Singapore. Mr Yip also previously served as the Managing Partner of Fullgolden Asset Management LLP in Beijing. Currently, Mr Yip is a Director of ACH Investments Pte. Ltd., a financial advisory firm regulated by the Monetary Authority of Singapore, advising cross-border mergers and acquisitions and corporate restructuring transactions in the Association of Southeast Asian Nations ("**ASEAN**") and China.

Mr Yip graduated with a Bachelor of Science (Honours) degree from the National University of Singapore.



**James Beeland Rogers, Jr.**  
Non-Executive and  
Non-Independent Director

Mr James Beeland Rogers, Jr. ("**Mr Rogers**") was appointed as the Non-Executive and Non-Independent Director of the Company on 26 June 2023. Mr Rogers is a shareholder holding 8.55% interest in OOWAY Group Ltd., a controlling shareholder of the Company. Mr Rogers is also a co-founder and Chief Strategy Architect of OOWAY Technology Pte. Ltd. and its subsidiaries.

Mr Rogers is the author of several books and is a globally renowned financial commentator as well as a successful international investor. He is currently the Chairman of Beeland Interests, Inc. and he holds several companies' directorships. In 1998, he started the Rogers International Commodity Index to track the value of commodities consumed in the global economy, ranging from agricultural to energy and metal products.

He obtained a Bachelor's degree cum laude in History from Yale University in 1964 and a second Bachelor's degree in Philosophy, Politics and Economics from Balliol College, Oxford University in 1966.





**Lam Kwong Fai**  
*Lead Independent Director*

Mr Lam Kwong Fai (“**Mr Lam**”) was appointed as the Lead Independent Director of the Company on 26 June 2023. Mr Lam is engaged in the business of providing corporate finance advisory and compliance advisory in Singapore and the region. He started his career as a regulator before moving into investment banking handling a variety of initial public offerings (“**IPOs**”) and other corporate actions. He then moved into Catalyst regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various corporate capacities, he has amassed almost 20 years of experience in the Singapore corporate finance and regulatory scene.

Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002. He is also an Independent Director of Soon Lian Holdings Limited, China Kunda Technology Holdings Limited, Capital World Limited and Katrina Group Limited, all of which are listed on the SGX-ST.



**Chueng Wai Man Raymond**  
*Independent Director*

Mr Chueng Wai Man Raymond (“**Mr Cheung**”) was appointed as an Independent Director of the Company on 26 June 2023. Mr Cheung brings over 20 years of professional experience in actuarial, enterprise risk management (“**ERM**”), business consultancy, fund management, supply chain financing, financial technology as well as environmental, social, and governance (“**ESG**”) and sustainability. He joined Basel Medical Group as Director and Chief Executive Officer with effect from 1 July 2023. He is also the founder and Director of Alpha Millennia Technology providing digital transformation solutions to micro-small and medium sized enterprises and communities in Indonesia. Mr Cheung is also a licensed Portfolio Manager managing multi-strategy sub-funds under the Variable Capital Companies structure. He was previously the Regional Insurance Lead in Grab where he pioneered digital insurance solutions for 8 ASEAN countries. Between 2011 and 2014, he was the Chief Risk Officer for a large insurance and a large reinsurance company in Singapore.

Mr Cheung is also an Independent Director of Beverly JCG Ltd., which is listed on the SGX-ST, and a Monetary Authority of Singapore licensed major payment institution, Atlantic Partners Asia (SG) Pte. Ltd., in Singapore. He is a professional ERM and ESG trainer in Asia who also conducts part-time lectures in several universities and institutions in Singapore.

Mr Cheung holds a Bachelor of Business (Actuarial Science major) from Nanyang Technological University. He is an associate member of the Institute & Faculty of Actuaries, United Kingdom and an associate member of the Singapore Actuarial Society.



**Tan Meng Shern**  
*Independent Director*

Mr Tan Meng Shern (“**Mr Tan**”) was appointed as an Independent Director of the Company on 26 June 2023. Mr Tan started his career as an auditor at one of the Big Four accounting firms and he brings with him close to 30 years of experience in financial services, including many years in investment banking. He has overseen the completion of a wide spectrum of financial projects; among them, IPOs, mergers and acquisitions, secondary fundraising exercises, delisting and other advisory transactions. He was not only involved in seeking deals but also actively involved in the structuring of transactions and seeking the best value for clients.

Mr Tan has been involved in more than 80 investment banking transactions of which more than 30 were IPOs from various industries such as oil and gas, infrastructure, electronics, food and beverages, consumer products and the medical industry.

Mr Tan holds a Bachelor of Accountancy from Nanyang Technological University.

# FINANCIAL REVIEW

The principal wholly-owned subsidiary of the Group, KHL Marketing Asia-Pacific Pte. Ltd. entered into compulsory liquidation proceedings on 5 April 2022 as announced on 7 April 2022 due to a winding up application filed by Kim Hup Lee & Co (Private) Limited for rental arrears of S\$1.77 million between 2016 and 2018.

As such, the Group has classified KHL Marketing Asia-Pacific Pte. Ltd. and its subsidiaries as discontinued operations for the financial period from 1 July 2021 to 31 December 2022 (“**FP2022**”) and restated the financial statements for the financial period from 1 July 2020 to 30 June 2021 (“**FY2021**”).

The performance review of the continued operations is as follows:

## ***Review of Consolidated Statement of Profit and loss***

The Group recorded revenue of S\$5.8 million for FP2022, an increase of 2.94% or S\$0.18 million from S\$5.63 million in FY2021. The increase is mainly due to an increase in retail sales of S\$0.97 million from Hong Kong and S\$0.04 million from Singapore, offset by a decrease of S\$0.83 million in construction contracts from Hong Kong.

The Group's gross profit reduced by 19.4%, or S\$0.38 million, to S\$1.57 million in FP2022 from S\$1.94 million in FY2021. The decrease is mainly due to a lower profit margin for retail sales and construction contracts in FP2022.

The Group's other income reduced by 65.6%, or S\$0.17 million, to S\$88,000 in FP2022 from S\$0.26 million in FY2021. The decrease is mainly due to no service income recognized in FP2022 (S\$0.10 million in FY2021), and S\$87,000 lesser government grants received in FP2022.

Selling and distribution expenses increased by 35.7%, or S\$0.47 million, from S\$1.29 million in FY2021 to S\$1.76 million in FP2022. The increase is mainly due to additional rental expenses.

Other operating expenses increased by S\$1.43 million from S\$105,000 in FY2021 to S\$1.53 million in FP2022. The increase is mainly due to the impairment of inventories of S\$1.04 million, allowance for doubtful debts of S\$0.26 million and impairment losses of S\$0.23 million.

General and administrative expenses increased by 40.0%, or S\$1.53 million, from S\$3.83 million in FY2021 to S\$5.36 million in FP2022. The increase is mainly due to audit fees of S\$0.39 million, salaries and related expenses of S\$0.31 million and depreciation – right-of-use (“**ROU**”) assets of S\$0.81 million.

The Group's finance costs increased by S\$88,000 from S\$28,000 in FY2021 to S\$116,000 in FP2022. The increase is mainly due to interest expenses on borrowing of S\$48,000 and an additional S\$42,000 for interest expenses on lease liabilities recognized.

The share of associated companies' results increased by S\$14.90 million to S\$17.10 million in FP2022 from S\$2.2 million in FY2021. The increase is mainly due to additional impairment loss recognized in FP2022.

Due to the above, the Group recorded a loss before tax of S\$25.63 million in FP2022, compared to S\$6.16 million in FY2021.

### **Review of Statements of Financial Position**

#### **Assets**

The Group recorded total assets of S\$4.69 million as at 31 December 2022, compared to S\$41.88 million as at 30 June 2021. The decrease is mainly due to (i) a decrease in property, plant and equipment of S\$3.26 million, comprises depreciation for FP2022 of S\$2.0 million, S\$1.02 million reclassified to discontinued operations, and disposal and adjustment to leases of S\$0.41 million, (ii) a decrease in investment property of S\$0.21 million due to reclassifying to discontinued operations, (iii) a decrease in investment in associated companies of S\$18.52 million due to additional impairment, (iv) reduced in long term trade receivables of S\$0.86 million on completed projects, (v) reduced in inventories of S\$1.86 million, comprises provision for impairment loss of display items of S\$0.84 million and written down of S\$1.04 million, (vi) reduced in trade receivables of S\$4.66 million due to collections on completed projects, (vii) reduced in other receivables of S\$1.88 million, comprise mainly reduced on deposit payable of S\$0.72 million and advance to suppliers of S\$1.0 million, (viii) reduced in contract assets of S\$0.56 million as a result of completed projects, and (ix) reduced in cash and bank balances of S\$5.35 million.

#### **Liabilities**

The Group recorded a total liability of S\$4.84 million as at 31 December 2022, compared to S\$13.15 million as at 30 June 2021. The decrease is mainly due to (i) payment of lease liabilities of \$2.83 million, (ii) payment of trade payables of S\$1.87 million, (iii) payment of other payables of S\$1.59 million, and (iv) reduction in contract liabilities of S\$3.40 million, offset with loans of S\$1.4 million.

#### **Equity**

The Group recorded negative equity of S\$0.15 million as at 31 December 2022, compared to S\$28.73 million as at 30 June 2021. The decrease is mainly due to (i) the recognition of FP2022 losses of S\$28.14 million, (ii) a decrease in foreign currency translation reserves of S\$0.17 million, and (iii) an increase in non-controlling interests of S\$0.57 million.

### **Review of Consolidated Statement of Cash Flows**

The operating cash flow used by the Group in FP2022 before the movement in working capital was S\$9.23 million. The net cash used in working capital amounting to S\$4.25 million was due to (i) an increase in inventories of S\$0.87 million, (ii) an increase in trade and other receivables of S\$0.70 million, (iii) an increase in contract assets of S\$0.56 million, and (iv) an increase in trade and other payables of S\$3.29 million, offset with a decrease in contract liabilities of S\$0.45 million. The net cash used in operating activities in FP2022 was S\$4.26 million.

The Group generated net cash S\$0.25 million from investing activities, mainly due to proceeds from the disposal of property, plant, and equipment of S\$0.81 million and interest received of S\$0.18 million, offset by S\$0.18 million used in the purchase of property, plant, and equipment and net cash outflow of S\$0.38 million from derecognition of subsidiaries.

The net cash used in the Group's financing activities was S\$1.34 million. This usage is mainly due to (i) interest payments of S\$0.24 million, (ii) principal payments of lease liabilities of S\$2.19 million, and (iii) repayment of a loan of \$0.41 million to a subsidiary shareholder, offset by S\$1.5 million received from a third party.

As a result of the above, the Group recorded cash and cash equivalents of S\$0.19 million at the end of FP2022, a decrease of S\$5.35 million from FY2021.

# SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

This is the fifth sustainability report (“**Report**”) of SDAI Limited (“**SDAI**” or “**Company**”, and together with its subsidiaries, the “**Group**”), formerly known as Kitchen Culture Holdings Ltd. (“**Kitchen Culture**”) and it is intended at addressing material environmental, social and governance (“**ESG**”) matters significant to the Group and our economic performance (collectively referred to as “**Sustainability Factors**”). In line with the Group’s continued commitment to environmental sustainability, we hope to share more in our subsequent reports which will be published on a yearly basis.

On 14 September 2022, the Company had announced a change of financial year end from 30 June to 31 December. Therefore, the sustainability performance presented for this Report will cover the 18-month financial period from 1 July 2021 to 31 December 2022 (“**FP2022**”) and the comparative preceding financial period will cover the 12-month financial period from 1 July 2020 to 30 June 2021 (“**FY2021**”). The change of financial year end will allow the Company to align its reporting period with the Group’s largest investment, OOWAY Technology Pte. Ltd. (“**OOWAY**”), which has the financial year end of 31 December, and hence allow for better management of resources and administrative efficiency in coordinating the financial reporting requirements of the Group.

The Group has not obtained any external assurance for the information being reported in this Report but will continue to work on enhancing its reporting processes and consider obtaining external assurance in future.

## Reporting Scope

This Report covers the following key operating entities within the Group based in Singapore and Hong Kong for FP2022, which includes the following:

S/N	Entity	Country
1	SDAI Limited (known as Kitchen Culture during FP2022)	Singapore
2	KHL (Hong Kong) Limited	Hong Kong
3	Kitchen Culture (Hong Kong) Limited	Hong Kong

Unless otherwise stated, the Report does not include the Group’s business activities beyond the key operating entities specified above, as other subsidiaries are dormant or inactive in nature.

## Feedback

As part of our ongoing efforts to substantiate our sustainability initiatives and improve our policies and performance, we welcome stakeholders to provide us with feedback and suggestions on any aspect of this Report. You may contact us at [keanmun.yip@sdai.com.sg](mailto:keanmun.yip@sdai.com.sg).

# SUSTAINABILITY REPORT

## ORGANISATIONAL PROFILE

In FP2022, the Group has been organised into 3 business units based on its products and services for management purposes. The reportable segments are Residential Projects, Distribution and Retail, and Others:

Business Segment	Description
Residential Projects	Designing, assembling, installing, testing and inspection of various furniture and fittings, kitchen equipment and related products.
Distribution and Retail	Involved in the selling and distributing of products through a network of authorised dealers and retailers.
Others	Investment holding, dormant and inactive companies.

As announced on 7 April 2022, the Group's primary operating subsidiary in Singapore, KHL Marketing Asia-Pacific Pte. Ltd., was subject to compulsory liquidation by the High Court of the Republic of Singapore due to the inability to pay the rental arrears of S\$1.77 million in the letter of demand issued by Kim Hup Lee & Co (Private) Limited. The Group is in the midst of undergoing comprehensive restructuring exercise, coupled with a special audit, and has undergone several reconstitutions of board of directors of the Company ("**Board**") and changes in key management personnel since June of 2021. These changes resulted in the non-availability of several sustainability data material to the business. The Board is cognizant of the current deficiencies in the sustainability reporting processes and the availability of information for producing a comprehensive and transparent sustainability reporting to our stakeholders and is actively working to address and to rectify the situation.

## BOARD STATEMENT

Recognising the importance of sustainability, the Board leads the sustainability efforts of the Group. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of these factors.

The Company believes in reducing its footprint and impact on the environment and abides by the precautionary principle to minimise the negative effects of doing business whenever feasible.

## FRAMEWORK, POLICY, PRACTICES AND PERFORMANCE

### Sustainability Governance Structure

Sustainability matters at the Group are governed and managed across various levels in the organisation. The Board advises and supervises the development of our sustainability strategy and has overall responsibility and oversight on sustainability matters. The former Group Financial Controller, together with the former Interim CEO, were accountable for the oversight of the implementation and communication of sustainability strategies, policies and practices to the relevant department heads who will implement and monitor sustainability practices on the ground in FP2022.

The Company has a central function for sustainability in place to structure the Group's sustainability initiatives led by the former Group Financial Controller. These initiatives were based on the Group's sustainability impact, and key focus areas defined at the Group level, including environmental, social and business ethical issues, were integrated into all business units. Activities are initiated with the objective of developing a sustainable business.

# SUSTAINABILITY REPORT

## Reporting Framework

This Report has been prepared in accordance with Rules 711A and 711B and the Sustainability Reporting Guide of Practice Note 7F of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules and is prepared with reference to the Global Reporting Initiatives (“**GRI**”) Standards: Core option. The Company has chosen to report using the GRI Standards as it is one of the most widely used and internationally recognised sustainability reporting standards.

Additionally, we are guided by the recommendations of the Taskforce on Climate-Related Financial Disclosures (“**TCFD**”) in our climate-related disclosures. We are currently in the process of implementing mandatory climate reporting based on the recommendations of the TCFD. Due to the ongoing restructuring exercise, we aim to fully align our reporting with the TCFD recommendations in the near future and is currently collating data for comprehensive TCFD disclosures.

## Stakeholder Engagement

At SDAI, we recognise the importance of engaging our stakeholders regularly by understanding their expectations and concerns. Both internal and external stakeholders are crucial to us as they can have a positive and meaningful impact on our business activities. We strive to deliver value for our stakeholders by putting their diverse needs at the centre of our offerings.

Our sustainability efforts focus on creating sustainable value for our key stakeholders. They include individuals or groups that have interests that are affected or could be affected by the operations of the Group. Key stakeholders of the group comprise shareholders and investors, employees, customers, business partners and government and regulators.

The following table summarises our key stakeholder groups, and the methods and frequency of engagement:

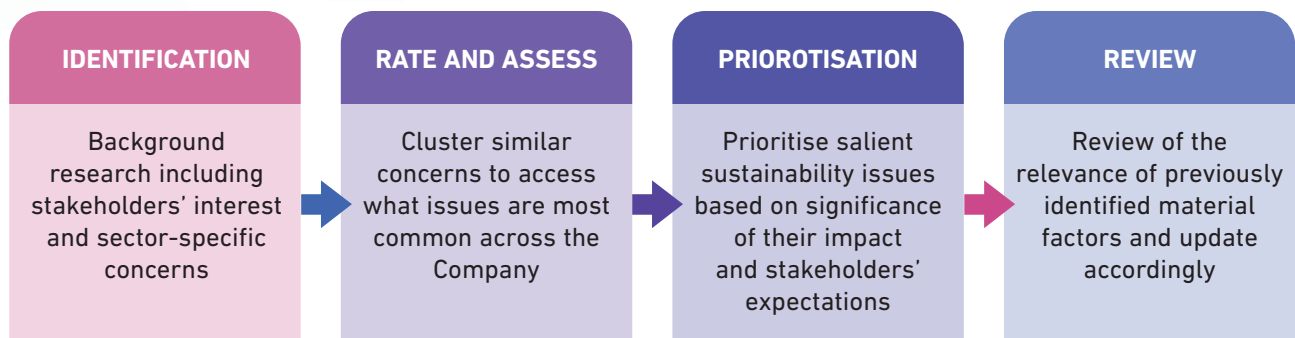
Key Stakeholder	Engagement Methods	Frequency
Shareholders and Investors	SGXNet announcements	Regular
	Press releases	Ad-hoc
	Annual reports	Annual
	Shareholders’ general meetings	Annual & Ad-hoc
Employees	Internal briefings and memorandums	Regular
	Induction and orientation programmes	Ad-hoc
Suppliers	Quotations	Ad-hoc
	Periodic discussions	Ad-hoc
Customers	Emails and meetings	Ad-hoc
Business Partners	Frequent discussions and meetings	Ad-hoc
Government and Regulators	Electronic communications	Ad-hoc
	SGXNet announcements	Ad-hoc
	Discussions with government agencies and regulators	Ad-hoc

# SUSTAINABILITY REPORT

## Materiality Assessment

As the Company continues its sustainability journey, the Management, together with the Board, conducted a formal materiality assessment exercise. The materiality assessment was conducted according to the GRI guidelines and a list of Sustainability Factors relevant to the Group's activities were identified, evaluated, and ranked according to the likelihood and significance on the impacts on the economy, environment and people, including impacts on their human rights.

The Group adopts the following four-step process to define our material Sustainability Factors:



Following the assessment, five material Sustainability Factors were subsequently identified and are as follows:

S/N	Material Sustainability Factor
1	Corporate Governance
2	Economic Performance
3	Employment
4	Training and Education
5	Environment



# SUSTAINABILITY REPORT

## MATERIAL ESG FACTORS

### CORPORATE GOVERNANCE

The Group recognises the importance of good corporate governance, accountability and transparency and believes that conducting business in a responsible and ethical manner is vital to the sustainability of the Group's business and safeguarding stakeholders' interests. The Group's corporate governance practices can be found in this annual report. This sustainability report outlines the role of the Board in relation to key governance practices.

The current Board understand that the whistleblowing policy of the Company previously made available on the Company's corporate website with the objective of providing an avenue for the staff of the Group and the public to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other business matters which they become aware. However, the Company's corporate website is currently non-operational. The current Board is actively working to ensure the availability of an independent operational whistleblowing channel.

The Company is undergoing a special audit as directed by the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") and the current Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Catalist Rules of the SGX-ST. Once the special audit is completed and the special audit report is made available to the Board, the Board will review the findings of the special audit and will take all necessary actions to ensure that areas of concerns identified in the special audit report are fully addressed.

You may refer to the Corporate Governance Report of this annual report for details on our corporate governance practices.

**Target:**

The Group aims to comply with the Principles of the Code of Corporate Governance issued 6 August 2018 of Singapore and target to meet the regulatory requirements that are expected by stakeholders.

# SUSTAINABILITY REPORT

## ECONOMIC PERFORMANCE

The Group is committed to delivering long-term value to stakeholders in a sustainable manner. The Group places a strong emphasis on consistent and growth-oriented financial performance and adopts a disciplined and prudent financial management approach while upholding good corporate governance.

As announced on 7 April 2022, in April 2022, the Group's primary operating subsidiary in Singapore, KHL Marketing Asia-Pacific Pte Ltd, was subject to compulsory liquidation by the Court due to the inability to pay the rental arrears of S\$1.77 million in the letter of demand issued by Kim Hup Lee & Co (Private) Limited.

Based on the audited consolidated financial statements of the Group for FP2022, the Group recorded revenue of S\$5.8 million for FP2022, an increase of 2.94% or S\$0.18 million from S\$5.63 million in FY2021. The increase is mainly due to an increase in retail sales of S\$0.97 million from Hong Kong and S\$0.04 million from Singapore, offset by a decrease of S\$0.83 million in construction contracts from Hong Kong.

The Group recorded negative total equity of S\$0.15 million (FY2021: positive total equity of S\$28.73 million) as at 31 December 2022 due mainly to the loss after income tax of \$28.14 million recorded in FP2022.

For further details of the Group's financial performance, please refer to the financial content sections in this annual report.

### **Target:**

During FP2022, the focus of the kitchen business has been shifted to other markets in which the Group operates, which are Hong Kong and Malaysia. The management expects slowdown in the Residential Projects segment in Hong Kong and modest growth in the Retail and Distribution segment in Hong Kong. The outlook in the Group's kitchen business in Malaysia is unfavourable due to expected sustained operating cost pressures brought about by manpower crunch and intense competition. The management has correspondingly terminated the operations in Malaysia during FP2022 and is currently winding down the subsidiary incorporated in Malaysia.

The business of the associated company of the Group, OOWAY has also been adversely affected by the COVID-19 and the zero-COVID policy adopted by the government of the People's Republic of China. However, the largest controlling shareholder of OOWAY, OOWAY Group Ltd., has affirmed its continued financial support to OOWAY to ensure that its business plan will continue to develop and operate.

The Group strives to enhance our economic performance subject to market conditions. The Group is determined to strengthen its fundamentals and establish enduring partnerships to ensure sustainability.

# SUSTAINABILITY REPORT

## EMPLOYMENT

Customer service is key to the Company's business policy of offering quality products and services. The Group's employees are a central component to the achievement of a high standard of customer service that in turn drives revenue and ultimately result in a great impact on the Group's success.

Enduring efforts are made to build a successful team of people with the right mix of professional skills, and to provide a conducive work environment that drives employees with motivation for a highly productive team to achieve success in the long run.

The breakdown of employees as at 30 June 2021 and 31 December 2021 are as follows:

### Employee breakdown

	As at 30 June 2021		As at 31 December 2022	
<b>By Age Group</b>				
< 30 years old	8	12%	0	0%
30 - 50 years old	37	54%	9	50%
> 50 years old	24	35%	9	50%
<b>Total</b>	<b>69</b>	<b>100%</b>	<b>18</b>	<b>100%</b>
<b>By Gender</b>				
Male	46	67%	12	67%
Female	23	33%	6	33%
<b>Total</b>	<b>69</b>	<b>100%</b>	<b>18</b>	<b>100%</b>
<b>By Region</b>				
Singapore	54	78%	5	28%
Hong Kong	15	22%	13	72%
<b>Total</b>	<b>69</b>	<b>100%</b>	<b>18</b>	<b>100%</b>

### New Hires

	As at 30 June 2021		As at 31 December 2022	
<b>By Age Group</b>				
< 30 years old	-	0%	-	0%
30 - 50 years old	-	0%	-	0%
> 50 years old	-	0%	1	100%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>100%</b>
<b>By Gender</b>				
Male	-	0%	1	100%
Female	-	0%	-	0%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>100%</b>
<b>By Region</b>				
Singapore	-	0%	1	100%
Hong Kong	-	0%	-	0%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>100%</b>

# SUSTAINABILITY REPORT

## Turnover

	As at 30 June 2021		As at 31 December 2022	
<b>By Age Group</b>				
< 30 years old	-	0%	8	15%
30 - 50 years old	1	33%	28	54%
> 50 years old	2	67%	16	31%
<b>Total</b>	<b>3</b>	<b>100%</b>	<b>52</b>	<b>100%</b>
<b>By Gender</b>				
Male	1	33%	35	67%
Female	2	67%	17	33%
<b>Total</b>	<b>3</b>	<b>100%</b>	<b>52</b>	<b>100%</b>
<b>By Region</b>				
Singapore	-	0%	50	96%
Hong Kong	3	100%	2	4%
<b>Total</b>	<b>3</b>	<b>100%</b>	<b>52</b>	<b>100%</b>

There has been a significant reduction of staff headcounts in FP2022 following the liquidation of KHL Marketing Asia-Pacific Pte. Ltd., which commenced since April 2022.

Nevertheless, we maintained zero (FY2021: zero) incidents of unlawful discrimination against employees during the reporting period.

### Employee Health and Safety

The health and safety of employees has been of great importance to the Group. We are committed to providing a workplace that allows our employees to develop and perform in a safe environment.

During FP2022, we recorded no (FY2021: zero) workplace fatalities, no (FY2021: zero) high-consequence work-related injuries, no (FY2021: zero) recordable work-related injuries and no (FY2021: zero) work-related ill health cases during the Reporting Period. We will continuously strive for zero workplace accidents.

### **Target:**

The Group is committed to zero workplace discrimination, work-related injuries and ill-health cases for FY2023. The Group is also committed to providing equal opportunities for existing and new employees to maintain a diverse and robust workforce.

# SUSTAINABILITY REPORT

## TRAINING AND EDUCATION

The Group is committed to training and reskilling staff to meet new challenges, leveraging on training grants, and providing employees with on-the-job training through close supervision of employees by their immediate managers and management team.

In FP2022, no training was provided to employees (FY2021: average of 1.8 hours of training per employee). The lack of training was largely due to a significant reduction in staff strength and resources of the Group due to the ongoing liquidation of KHL Marketing Asia-Pacific Pte. Ltd. and the special audit.

### **Target:**

The Group aims to provide structured training programs for employees and regular employee engagement to address employee concerns.

## ENVIRONMENT

SDAI is conscious of the need to protect the environment. The Group strives to find resource and energy-efficient solutions that help the Group, its business partners and its customers reduce our climate and environmental impact.

During the period under review, the business of the Group is supply and installation of imported kitchen systems and appliances. The Group does not have any manufacturing operations, direct environmental impact from our energy and water consumption and waste production is therefore limited.

### Energy and Water Conservation

We rely on electricity for running equipment for lighting, cooling and general office work. Our key energy and water conservation initiatives include switching off lights, fans, and air conditioners when they are not in use and minimising water wastage through educating staff on water conservation. In FP2022, our utility bills were managed by KHL Marketing Asia-Pacific Pte. Ltd., which had since entered compulsory liquidation. Hence, we are unable to retrieve and disclose our energy and water consumption data for FP2022. We will work towards disclosing our energy and water consumption in the following sustainability report where possible.

### Waste Management

SDAI recognises that efficient waste management is important and allows us to operate sustainably. We are committed to minimising wastage in our operations. One of our strategies to safeguard the environment is to reduce and reuse paper usage by printing on both sides of the pages. In FP2022, waste generated from our operations is minimal, and hence, waste-related data are not tracked.

### **Target:**

The Group is committed to continue its practice of sustainable management of energy and water resources and minimise waste from our operations.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	SDAI Limited has reported the information cited in the GRI content index for the period 1 July 2021 to 31 December 2022 with reference to the GRI standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	11
	2-2 Entities included in the organisation's sustainability reporting	11
	2-3 Reporting period, frequency and contact point	11
	2-4 Restatements of information	None
	2-5 External assurance	11, SDAI has not sought external assurance for this reporting period, and may consider it in the future.
	2-6 Activities, value chain and other business relationships	12
	2-7 Employees	17-19
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	12
	2-10 Nomination and selection of the highest governance body	Annual Report (AR22) > Corporate Governance > Board Membership
	2-11 Chair of the highest governance body	12
	2-12 Role of the highest governance body in overseeing the management of impacts	12
	2-13 Delegation of responsibility for managing impacts	12
	2-14 Role of the highest governance body in sustainability reporting	12
	2-15 Conflicts of interest	AR22 > Corporate Governance > The Board's Conduct of Affairs
	2-16 Communication of critical concerns	13
	2-17 Collective knowledge of the highest governance body	AR22 > Corporate Governance > The Board's Conduct of Affairs
	2-18 Evaluation of the performance of the highest governance body	AR22 > Corporate Governance > Board Composition and Guidance
	2-19 Remuneration policies	AR22 > Corporate Governance > Remuneration Matters

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	AR22 > Corporate Governance > Remuneration Matters
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	12
	2-23 Policy commitments	12, 15
	2-24 Embedding policy commitments	12, 15
	2-25 Processes to remediate negative impacts	15
	2-26 Mechanisms for seeking advice and raising concerns	15
	2-27 Compliance with laws and regulations	15
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	13
	2-30 Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place
GRI 3: Material Topics 2021	3-1 Process to determine material topics	14
	3-2 List of material topics	
	3-3 Management of material topics	
GRI201: Economic Performance 2016	201-1 Direct economic value generated and distributed	16
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	No incidents of corruption recorded for FP2022
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	17-18
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	18
	403-10 Work-related ill health	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	17
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	18

# **CORPORATE GOVERNANCE REPORT**



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”) to safeguard the interests of the Company’s shareholders and to enhance corporate value and accountability.

The Company has put in place various personnel, policies and practices that will safeguard the interests of shareholders and enhance long-term shareholder value as part of its efforts to maintain high standards of corporate governance. The Company believes that the Singapore Code of Corporate Governance 2018 (the “**Code**”) serves as a practical guide in defining the duties and responsibilities of the Board. This corporate governance report (the “**Report**”) outlines the main corporate governance practices and procedures adopted by the Group in the eighteen months financial period ended 31 December 2022 (“**FP2022**”) with reference made to each of the principles and provisions of the Code.

At the outset, the Board wishes to state that save for Mdm Hao Dongting, all the members of the Board and the management of the Company (“**Management**”) were appointed after FP2022. Insofar as the corporate governance of the Company in FP2022 is concerned, the current Board is only presenting this Report based on records available to the Board as at 31 December 2022. As the Review (as defined below), the Follow-up Review (as defined below) and the AUP (as defined below) by Baker Tilly Consultancy (Singapore) Pte. Ltd., as well as the special audit by Deloitte & Touche Financial Advisory Services Pte. Ltd. (“**Special Auditor**”), are incomplete, and the records available to the Board are incomplete, the Board is unable to confirm that the Company has complied with all principles outlined in the Code and generally adhered to the provisions of the Code for FP2022. The Board endeavours to comply with all principles outlined in the Code and generally adhered to the provisions of the Code for the financial year ended 31 December 2023 during which period the existing Board was appointed.

The Company will also continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

## BOARD MATTERS

### The Board’s Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

**Provision 1.1** Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders’ value.

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

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and Company’s assets;
- review the performance of the Management;
- identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues as part of its strategic formulation.

# CORPORATE GOVERNANCE REPORT

Every Director, in the course of carrying out his/her duties, acts in good faith and considers at all times the interests of the Group.

As at 31 December 2022, the Board notes that the Company has in place an Employee Handbook. All employees of the Group are to uphold the principles set out in the Employee Handbook and conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates. Subject to the completion of the Review, the Follow-up Review, the AUP and the Special Audit, the Board is unable to confirm compliance with the Employee Handbook.

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

**Provision 1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report for FP2022.**

During FP2022, the Company experienced the following changes to the Board:

- (a) Cessation of Mr Lim Wee Li as Chief Executive Officer ("**CEO**") with effect from 7 July 2021;
- (b) Appointment of Mr Lincoln Teo Choong Han ("**Mr Lincoln Teo**") as Interim CEO with effect from 8 July 2021;
- (c) Cessation of Mr Yap Sze Hon as Independent Director, Chairman of the Remuneration Committee ("**RC**"), and a member of the Audit and Risk Committee ("**ARC**") and Nominating Committee ("**NC**") with effect from 18 March 2022;
- (d) Appointment of Mr Lau Kay Heng as Vice-Chairman and Non-Executive Director, and a member of the ARC, NC and RC with effect from 15 July 2022;
- (e) Appointment of Mr Peter Lim King Soon as Independent Director, Chairman of the RC, and a member of the ARC and NC with effect from 15 July 2022;
- (f) Cessation of Mr Lincoln Teo as Executive Director and Interim CEO with effect from 15 July 2022;
- (g) Re-designation of Mr Lau Kay Heng from Vice-Chairman and Non-Executive Director to Non-Executive Non-Independent Chairman with effect from 10 November 2022; and
- (h) Re-designation of Mdm Hao Dongting from Non-Executive Chairperson to Non-Executive Non-Independent Director with effect from 10 November 2022.

Subsequent to FP2022, the Company experienced the following changes to the Board:

- (a) Appointment of Mr Yip Kean Mun as Executive Director with effect from 26 June 2023;
- (b) Appointment of Mr James Beeland Rogers, Jr. as Non-Executive Non-Independent Director with effect from 26 June 2023;
- (c) Appointment of Mr Lam Kwong Fai as Lead Independent Director with effect from 26 June 2023;
- (d) Appointment of Mr Tan Meng Shern as Independent Director with effect from 26 June 2023;
- (e) Appointment of Mr Cheung Wai Man Raymond ("**Mr Raymond Cheung**") as Independent Director with effect from 26 June 2023;

# CORPORATE GOVERNANCE REPORT

- (f) Cessation of Mr Ang Lian Kiat as Independent Director with effect from 26 June 2023;
- (g) Cessation of Mr William Teo Choon Kow as Independent Director with effect from 26 June 2023;
- (h) Cessation of Mr Peter Lim King Soon as Independent Director with effect from 26 June 2023;
- (i) Cessation of Mr Lau Kay Heng as Non-Executive Non-Independent Chairman with effect from 26 June 2023;
- (j) Cessation of Mr Lim Wee Li as Executive Director with effect from 26 June 2023;
- (k) Re-designation of Mdm Hao Dongting from Non-Executive Non-Independent Director to Non-Executive Chairperson with effect from 10 July 2023;
- (l) Appointment of Mr Lam Kwong Fai as Chairman of the Audit Committee (“**AC**”), and a member of the RC, NC and Board Risk Committee (“**BRC**”) with effect from 10 July 2023;
- (m) Appointment of Mr Raymond Cheung as Chairman of the RC and the BRC, and a member of the AC and NC with effect from 10 July 2023;
- (n) Appointment of Mr Tan Meng Shern as Chairman of the NC, and a member of the AC, RC and BRC with effect from 10 July 2023; and
- (o) Re-designation of Mdm Hao Dongting from Non-Executive Chairperson to Executive Chairperson with effect from 1 September 2023.

In accordance with Rule 406(3)(a) of the Catalist Rules, the NC will ensure that any new Director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, undergoes mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

As Mr Lau Kay Heng, Mr Yip Kean Mun, Mr James Beeland Rogers, Jr., Mr Lam Kwong Fai and Mr Raymond Cheung had prior experience as directors of issuers listed on the SGX-ST, they are not required to attend the mandatory training prescribed by the SGX-ST pursuant to Rule 406(3)(a) of the Catalist Rules. Notwithstanding that Mr Peter Lim King Soon did not have prior experience as a director of an issuer listed on the SGX-ST, based on the records available to the Board, the Company is not able to determine if Mr Peter Lim King Soon has completed all the prescribed trainings during his tenure as a Director of the Company. As Mr Tan Meng Shern did not have prior experience as a director of an issuer listed on the SGX-ST, the Company arranged for him to receive training in the roles and responsibilities of a director of an issuer listed on the SGX-ST as prescribed by the SGX-ST. Mr Tan Meng Shern has completed all the prescribed trainings in October 2023.

In addition to the mandatory training (if applicable), when a new Director is to be appointed, he/she will receive appropriate orientation to familiarise himself/herself with the business and organisation structure of the Group. To get a better understanding of the Group’s business, the newly appointed Director will also be given the opportunity to visit the Group’s operational facilities and meet with the Management. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.

When necessary, the existing Directors are provided with updates on changes to the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. As part of training for the Board, the Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry-related matters. The Directors are also encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements or framework and the business environment through reading relevant literature, and may attend appropriate courses, conferences and seminars conducted by bodies such as the SGX-ST and Singapore Institute of Directors, at the Company’s expense.

# CORPORATE GOVERNANCE REPORT

**Provision 1.3** The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report for FP2022.

Matters which specifically require the Board's decision or approval are those involving, but not limited to:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment or re-appointment to the Board and appointment of key personnel;
- announcement of half-year and full-year results, the annual report for FP2022 and audited financial statements;
- material acquisitions and disposal of assets;
- major corporate actions;
- declaration of dividends;
- all matters of strategic importance; and
- corporate governance matters including interested person transactions.

**Provision 1.4** Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report for FP2022.

During FP2022, the ARC, NC, and RC (collectively "Board Committees") have been established to assist the Board in the discharge of specific responsibilities. The Board Committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures. The compositions, principal functions and roles of the Board Committees are described in subsequent sections of this Report.

As at the date of this Report, the composition of the Board Committees was re-designated and reconstituted to comprise the AC, NC, RC and BRC.

While the Board Committees are delegated with certain responsibilities, the ultimate responsibility for the final decision lies with the entire Board.

**Provision 1.5** Directors attend and actively participate in Board and Board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report for FP2022. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board meets at least twice a year. Besides the scheduled Board meetings, *ad hoc* meetings involving the Board and the Management are held as and when there is a need to review important matters such as major acquisitions and divestments and related funding requirements. The Company's Constitution provides for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means. The Board and Board Committees may also make decisions by way of circulating resolutions in writing.

# CORPORATE GOVERNANCE REPORT

During FP2022, based on records available to the Board, the number of Board meetings, Board Committee meetings and general meetings held and attended by each member of the Board is as follows:

	Board	Board Committee			General Meeting	
		ARC	NC	RC	Annual	Extraordinary
<b>Number of meetings held</b>	8	5	1	2	1	0
<b>Number of meetings attended <sup>(1)</sup></b>						
Mdm Hao Dongting	6	3*	1*	1*	1	0
Mr Lim Wee Li <sup>(2)</sup>	5	3*	1*	1*	1	0
Mr Lincoln Teo <sup>(3)</sup>	6	4*	1*	1*	0	0
Mr Ang Lian Kiat <sup>(4)</sup>	6	5	1	1	1	0
Mr William Teo Choon Kow <sup>(5)</sup>	6	5	1	1	1	0
Mr Yap Sze Hon <sup>(6)</sup>	3	2	1	1	0	0
Mr Lau Kay Heng <sup>(7)</sup>	1	0	0	0	0	0
Mr Peter Lim King Soon <sup>(8)</sup>	1	0	0	0	0	0

## Notes:

\* By invitation

- (1) The table does not include the directors who were appointed after FP2022.
- (2) Mr Lim Wee Li was terminated as CEO with effect from 7 July 2021 and ceased to be an Executive Director with effect from 26 June 2023. Mr Lim Wee Li was recused from attending two (2) Board meetings held during FP2022, at the Board's request.
- (3) Mr Lincoln Teo was appointed as Interim CEO with effect from 8 July 2021. He subsequently ceased to be an Executive Director and Interim CEO with effect from 15 July 2022.
- (4) Mr Ang Lian Kiat ceased to be an Independent Director, Chairman of the NC, and a member of the RC and ARC with effect from 26 June 2023.
- (5) Mr William Teo Choon Kow ceased to be an Independent Director, Chairman of the ARC, and a member of the NC and RC with effect from 26 June 2023.
- (6) Mr Yap Sze Hon ceased to be an Independent Director, Chairman of the RC, and a member of the ARC and NC with effect from 18 March 2022.
- (7) Mr Lau Kay Heng was appointed as Vice-Chairman and Non-Executive Director, and a member of the ARC, NC and RC with effect from 15 July 2022. He was subsequently re-designated to Non-Executive Non-Independent Chairman with effect from 10 November 2022 and ceased to be Non-Executive Non-Independent Chairman with effect from 26 June 2023.
- (8) Mr Peter Lim King Soon was appointed as Independent Director, Chairman of the RC, and a member of the ARC and NC with effect from 15 July 2022. He subsequently ceased to be an Independent Director, Chairman of the RC, and a member of the ARC and NC with effect from 26 June 2023.

Subsequent to FP2022, the Company experienced some changes to the Board. Please refer to Provision 1.2 of this Report for more information on the changes of the Board composition.

The NC considers that multiple board representations held presently by the current Directors and/or their principal commitments do not impede their performance in carrying out their duties to the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

# CORPORATE GOVERNANCE REPORT

**Provision 1.6** Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board and Board Committee meetings. Board papers which contain sufficient information on the issues to be considered are prepared and circulated to the Directors in advance for each meeting to give the Directors sufficient time to review the matters to be discussed. In respect of budgets or internal forecasts, any material variance between the projections and the actual results should be disclosed to and explained to the Board. The Directors are entitled to request from the Management, and should be provided with, such additional information as needed to make informed decisions and the Management shall provide the same in a timely manner.

**Provision 1.7** Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Directors are provided with the contact details of the Management and the Company Secretary to facilitate separate and independent access.

Together with the Management, the Company Secretary is responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act 1967 of Singapore (the "Companies Act") and the provisions in the Catalyst Rules are complied with. The Company Secretary and/or her representatives will attend and prepare minutes for the Board and Board Committee meetings. The appointment and the removal of the Company Secretary is a matter for the approval of the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his/her duties and responsibilities as a Director.

## Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

**Provision 2.1** An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

As at the end of FP2022, the Board comprised six (6) members, being one (1) Non-Executive Chairman, one (1) Non-Executive and Non-Independent Director, one (1) Executive Director and three (3) Independent Directors, as follows:

Mr Lau Kay Heng	Non-Executive and Non-Independent Chairman
Mr Lim Wee Li	Executive Director
Mdm Hao Dongting	Non-Executive and Non-Independent Director
Mr William Teo Choon Kow	Lead Independent Director and Chairman of the ARC
Mr Ang Lian Kiat	Independent Director and Chairman of the NC
Mr Peter Lim King Soon	Independent Director and Chairman of the RC

# CORPORATE GOVERNANCE REPORT

As at the date of this Report, the composition of the Board and Board Committees are as follows:

Mdm Hao Dongting	Executive Chairperson
Mr Yip Kean Mun	Executive Director
Mr James Beeland Rogers, Jr.	Non-Executive and Non-Independent Director
Mr Lam Kwong Fai	Lead Independent Director and Chairman of the AC
Mr Tan Meng Shern	Independent Director and Chairman of the NC
Mr Raymond Cheung	Independent Director and Chairman of the RC and BRC

The independence of each Independent Director is reviewed annually and as and when circumstances require, by the NC, based on the guidelines set forth in the Code and the Catalist Rules to ensure that the Board consists of persons who collectively provide core competencies and independent business judgements and perspectives necessary to meet the Company's objectives.

In accordance with the Catalist Rules, a director will not be considered as independent if (i) he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or (ii) he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the remuneration committee of the issuer; or (iii) he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. With regards to points (i) and (ii), the current Independent Directors have confirmed that they and their respective associates do not have any employment relationship with the Company or any of its related corporations for the current or any of the past three (3) financial years, and they also do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

For FP2022, none of the Independent Directors had served on the Board for more than nine (9) years from the date of his initial appointment.

## **Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.**

The Company endeavours to maintain a strong and independent element on the Board. As at the end of FP2022, the Board comprised six (6) members, of whom one (1) is a Non-Executive Chairman, one (1) is a Non-Executive and Non-Independent Director, one (1) is an Executive Director and three (3) are Independent Directors.

As the three (3) Independent Directors on the Board form only 50% composition of the Board, Provision 2.2 of the Code is not satisfied.

Notwithstanding the above, the Board, through the NC, has examined its size and composition and is of the view that the present composition of the Board demonstrates independence and is appropriate for effective decision-making. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinised and challenged the Management.

# CORPORATE GOVERNANCE REPORT

## **Provision 2.3 Non-executive directors make up a majority of the Board.**

Non-Executive Directors make up a majority of the Board for FP2022 which comprises six (6) members, of whom one (1) is a Non-Executive Chairman, one (1) is a Non-Executive and Non-Independent Director, one (1) is an Executive Director and three (3) are Independent Directors.

## **Provision 2.4 The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board diversity policy and progress made towards implementing the Board diversity policy, including objectives, are disclosed in the company's annual report for FP2022.**

The Board, through the NC, has examined its size and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

As of the date of this Report, the Board members have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group. There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management, as well as strategic planning. Details of the Directors' academic and professional qualifications are set out in the "Board of Directors" section of this annual report for FP2022.

With the introduction of Rule 710(A) of the Catalist Rules effective from 1 January 2022, the Board has since adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board which helps bring in new ways of thinking, insights and different perspectives to the Board, which in turn results in productivity and an improved quality of Board deliberations.

Pursuant to the Board Diversity Policy, the NC reviews the composition of the Board on an annual basis to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective in reviewing the issues that are brought before the Board and to enable it to make decisions in the best interests of the Company. This assists the NC in identifying and nominating suitable candidates for appointment to the Board to complement the Company's corporate strategy and to ensure that there is an appropriate composition of members of the Board with suitably diverse backgrounds to meet the Company's operational and business requirements.

The NC would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications and experience, skills, knowledge, industry and regional experience. All Board appointments will be based on meritocracy, and the NC would consider candidates against objective criteria, having due regard for the benefits of diversity on the Board.

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge. As a group, the members of the current Board bring with them an appropriate balance and diversity of skills, experience and knowledge of the Group. The NC is satisfied that the objectives of the Board Diversity Policy are met.

The NC reviews the Board Diversity Policy, as and when appropriate and at least on an annual basis, to ensure its effectiveness and practicality including setting measurable objectives (if necessary) and will recommend appropriate revisions to the Board for consideration and approval.

## **Provision 2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.**

The Independent Directors participate actively in Board meetings and provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives.



# CORPORATE GOVERNANCE REPORT

Where necessary, the Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves on the Group's affairs without the presence of the Executive Directors and the Management. The Lead Independent Director would provide feedback to the Executive Chairperson after such discussions or meetings, and continues to do so with the Executive Chairperson.

## Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

**Provision 3.1** The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

**Provision 3.2** The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

During FP2022, (i) Mdm Hao Dongting was the Non-Executive Chairperson till 10 November 2022 and Mr Lau Kay Heng was appointed as the Non-Executive Non-Independent Chairman with effect from 10 November 2022; and (ii) Mr Lim Wee Li was the CEO till 7 July 2021 and Mr Lincoln Teo was appointed as the Interim CEO with effect from 8 July 2021 till 15 July 2022.

Accordingly, the roles of Chairman and CEO were separated for FP2022 to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

As Interim CEO, Mr Lincoln Teo assumed the responsibility for formulating the Group's strategic directions and expansion plans, as well as overseeing the sales, marketing and business development of the Group in the interim.

The Non-Executive Non-Independent Chairman was responsible for leading the Board to ensure its effectiveness on all respects of its role, ensuring effective communication with shareholders, encouraging constructive relations within the Board and between the Board and the Management, and promoting high standards of corporate governance. With the assistance of the Company Secretary, the Non-Executive Non-Independent Chairman ensures Board meetings are held as required, sets the agenda for the Board meetings and ensures that all members of the Board receive timely and adequate information.

Accordingly, there was a clear division of the responsibilities between the Non-Executive Non-Independent Chairman and the Interim CEO during FP2022.

Following the cessation of Mr Lincoln Teo as Interim CEO on 15 July 2022, the Company has not appointed a CEO and has since re-designated Mdm Hao Dongting as Executive Chairperson.

While the Board recognises the Code's recommendation that the Chairman and the CEO should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making, the Board is of the view that accountability and independence are not compromised as at the date of this Report despite the absence of a CEO. With half of the Board comprising Independent Directors and a majority being Non-Executive Directors, the Board is of the view that there is sufficient element of independence and adequate safeguards against a concentration of power in one single person. All decisions of the Board are based on collective decision-making without any individual or small group of individuals influencing or dominating the decision-making process. In addition, the NC and Board are of the view that given the Group's structure and business scope, Mdm Hao Dongting was in the best position to actively manage the Company and develop relevant strategies for the Company's growth.

All major proposals and decisions on the matters listed under Provision 1.1 above, are discussed and reviewed by the Board as a whole. With the establishment of four (4) Board Committees as of the date of this Report, each chaired by and comprised of Independent Directors, there are adequate safeguards in place to ensure adequate accountability and transparency and prevent an uneven concentration of power, authority and decision-making in a single individual.

# CORPORATE GOVERNANCE REPORT

**Provision 3.3** The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

During FP2022, to promote a high standard of corporate governance, the Board appointed Mr William Teo Choon Kow as the Lead Independent Director.

Subsequent to FP2022, Mr Lam Kwong Fai has been appointed as the Lead Independent Director with effect from 10 July 2023. In accordance with the Code, Mr Lam Kwong Fai is available to shareholders when they have concerns where contact through the normal channels of the Executive Chairperson has failed to resolve or for which such contact is inappropriate.

The Independent Directors, led by the Lead Independent Director, discuss or meet amongst themselves without the presence of the Executive Chairperson where necessary. The Lead Independent Director will also provide feedback to the Executive Chairperson after such discussions or meetings.

## Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

**Provision 4.1** The Board establishes a Nominating Committee to make recommendations to the Board on relevant matters relating to:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programmes for the Board and its directors; and
- (d) the appointment and re-appointment of directors (including alternate directors, if any).

The NC is guided by written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

- (a) to establish procedures for review and make recommendations to the Board on all board appointments and re-appointments;
- (b) in respect of re-nominations of Directors who are retiring by rotation for Re-Election by Shareholders, to have regard to the Director's contribution and performance (e.g. attendance, preparedness and participation) including, if applicable, as an Independent Director;
- (c) where a Director has multiple board representations and principal commitments, to decide whether the Director is able to and has been adequately carrying out his duties as a Director;
- (d) if necessary, to set up internal guidelines to address the competing time commitments that are faced when Directors hold multiple directorships and principal commitments;
- (e) to determine annually whether a Director is independent;
- (f) to regularly review the Board structure, size, composition and balance and make recommendations to the Board if necessary, to ensure that there is a strong and independent element on the Board;

# CORPORATE GOVERNANCE REPORT

- (g) to establish procedures for evaluation of the Board's, the Board Committees' and each Director's performance and on an annual basis, assess the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by each individual Director to the effectiveness of the Board;
- (h) to decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term Shareholders' value;
- (i) to identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps;
- (j) to ensure that all board appointees undergo an appropriate induction programme; and
- (k) to review the statements relating to the Company's policies on selection, nomination and evaluation of Board members in the annual report for FP2022.

**Provision 4.2** The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

As at the end of FP2022, the NC consisted of three (3) Independent Directors and the Non-Executive Non-Independent Chairman, namely:

Mr Ang Lian Kiat	Chairman of NC and Independent Director
Mr William Teo Choon Kow	Member and Lead Independent Director
Mr Peter Lim King Soon	Member and Independent Director
Mr Lau Kay Heng	Member and Non-Executive Non-Independent Chairman

As at the date of this Report, the NC consists of three (3) Independent Directors, namely:

Mr Tan Meng Shern	Chairman of NC and Independent Director
Mr Lam Kwong Fai	Member and Lead Independent Director
Mr Cheung Wai Man Raymond	Member and Independent Director

**Provision 4.3** The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report for FP2022.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board. The NC will generally assess suitable candidates for appointment to the Board based on the requisite qualification, expertise and experience. If the NC decides that a candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion and NC's assessment of the candidates.

The Constitution of the Company provides that at least one-third of the Directors shall retire from office by rotation at each annual general meeting ("AGM"), and all Directors shall retire from office at least once every three (3) years. A retiring Director is eligible for Re-Election by shareholders at the AGM. The Constitution of the Company also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for Re-Election by the shareholders at the AGM.

The NC assesses and recommends to the Board whether retiring Directors are suitable for Re-Election. The NC, in considering the Re-Election of a Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board Committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his own Re-Election. The NC has recommended the Re-Election of Mdm Hao Dongting and the newly appointed Directors, namely Mr Yip Kean Mun, Mr James Beeland Rogers, Jr., Mr Lam Kwong Fai, Mr Tan Meng Shern and Mr Raymond Cheung, at the forthcoming AGM. The Board has accepted the NC's recommendations. Please refer to the "Information on Directors seeking Re-Election" section in this Report for disclosures pursuant to Rule 720(5) of the Catalist Rules.

# CORPORATE GOVERNANCE REPORT

**Provision 4.4** The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report for FP2022.

The NC determines, on an annual basis, the independence of each Independent Director, taking into consideration the circumstances set forth in the Catalist Rules and the Code. The relevant factors are set out under Provision 2.1 of the Code above. The NC has assessed and affirmed that the current Independent Directors are independent (within the meaning of the Code and the Catalist Rules).

The current Independent Directors have confirmed that they and their respective associates do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

**Provision 4.5** The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report for FP2022 the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

In accordance with the Catalist Rules, the NC will ensure that newly-appointed Directors, who do not have prior experience as a director of an issuer listed on the SGX-ST, attend mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

All Directors declare their board representations as and when practicable. The NC has reviewed and is satisfied that all current Directors have devoted sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company.

The respective dates of initial appointments and re-elections of the current Directors as well as their respective directorships in other listed companies and other principal commitments are set out below:

Name of Director	Date of first appointment	Date of last re-election	Other principal commitments	Directorships in other listed companies	
				Present	Past (Last five (5) years)
Mdm Hao Dongting	14 April 2021	18 March 2022	- OOWAY Group Ltd. - CEE Tech and Management Pte. Ltd.	Nil	Nil
Mr Yip Kean Mun	26 June 2023	-	- ACH Investments Pte. Ltd.	Nil	Nil
Mr James Beeland Rogers, Jr.	26 June 2023	-	- Ananti Inc. - Beeland Enterprises, Inc. - Beeland Holdings Pte. Ltd. - Beeland Interests, Inc.	Nil	- Geo Energy Resources Limited

# CORPORATE GOVERNANCE REPORT

Name of Director	Date of first appointment	Date of last re-election	Other principal commitments	Directorships in other listed companies	
				Present	Past (Last five (5) years)
Mr Lam Kwong Fai	26 June 2023	-	- Alder Corporate Serviecs Pte. Ltd.	- Capital World Limited - China Kunda Technology Holding Limited - Katrina Group Ltd - Soon Lian Holdings Limited	- OEL (Holdings) Limited - D'Nonce Technology Bhd - Sevens Atelier Limited
Mr Tan Meng Shern	26 June 2023	-	Nil	Nil	Nil
Mr Raymond Cheung	26 June 2023	-	- Alpha Consultant Pte. Ltd. - Alpha Millennia Consulting Pte Ltd - Alpha Millennia Technology Pte Ltd - Atlantic Partners Asia (SG) Pte Ltd - CER Consultancy Pte Ltd - Delta Underwriting Pte Ltd - ECXX Global Pte Ltd - Gathercare Pte Ltd - Lucerne Asset Management Pte Ltd - PT Alpha Millenia Indonesia - BRCA Pte Ltd (Dormant) - JPL Advisory LLP (Dormant) - Two Actuarial Solutions Pte Ltd (Dormant) - URock Asset Pte Ltd (Dormant)	- Beverly JCG Ltd	Nil

# CORPORATE GOVERNANCE REPORT

Key information regarding the current Directors and information on shareholdings in the Company held by each current Director are set out in the “**Board of Directors**” and “**Directors’ Statement**” sections of this Annual Report respectively.

The NC considers that multiple board representations held presently by the current Directors and/or their principal commitments do not impede their performance in carrying out their duties to the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. There is no alternate Director on the Board.

## Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.
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**Provision 5.1** The NC recommends for the Board’s approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual director to the Board.

**Provision 5.2** The company discloses in its annual report for FP2022 how the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

The NC decides how the Board’s performance is to be evaluated and proposes objective performance criteria, subject to the Board’s approval, which address how the Directors have, individually or collectively, enhanced long-term shareholders’ value and contributed to the overall performance of the Group. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution of each Director to the effectiveness of the Board on an annual basis. The performance criteria do not change from year to year.

The evaluation of the Board’s and each Board Committee’s performance include factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders. The individual performance criteria for Directors include qualitative and quantitative factors such as the performance of principal functions and fiduciary duties, level of participation at meetings and attendance record.

Assessment checklists are disseminated to each Director for completion and the assessment results are collated and discussed at the NC meeting. The Executive Chairperson will, in consultation with the NC, act on the results of the performance evaluations and, where appropriate, propose new members be appointed to the Board or seek the resignation of Directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

No external facilitator had been engaged by the Company for assessing the effectiveness of the Board, its Board Committees and each Director in FP2022.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

### **Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:**

- (a) a framework of remuneration for the Board and key management personnel; and**
- (b) the specific remuneration packages for each director as well as for the key management personnel.**

The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

- take into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- set the remuneration policy for directors, CEO and key management personnel. The Board should recommend proposed Non-Executive Directors' fees for shareholders' approval. The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities;
- review the ongoing appropriateness and relevance of the Company's remuneration policy;
- oversee any major changes in employee benefits or remuneration structures;
- review the design of all long-term and short-term incentive plans for approval by the Board and shareholders;
- ensure that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;
- set performance measures and determine targets for any performance-related pay schemes operated by the Company;
- oversee the talent management and succession planning matters for executives; and
- work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration.

# CORPORATE GOVERNANCE REPORT

**Provision 6.2** The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

As at the end of FP2022, the RC consisted of three (3) Independent Directors and the Non-Executive Non-Independent Chairman, namely:

Mr Peter Lim King Soon	Chairman of RC and Independent Director
Mr William Teo Choon Kow	Member and Lead Independent Director
Mr Ang Lian Kiat	Member and Independent Director
Mr Lau Kay Heng	Member and Non-Executive Non-Independent Chairman

As at the date of this Report, the RC consists of three (3) Independent Directors, namely:

Mr Cheung Wai Man Raymond	Chairman of RC and Independent Director
Mr Lam Kwong Fai	Member and Lead Independent Director
Mr Tan Meng Shern	Member and Independent Director

**Provision 6.3** The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC reviews all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

The RC also reviews the Company's obligations arising from termination clauses and termination processes in relation to the then Executive Chairman and CEO, and the Interim CEO, and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Each member of the RC will abstain from voting on any resolutions in respect of his own remuneration and the remuneration of employees related to him.

**Provision 6.4** The company discloses the engagement of any remuneration consultants and their independence in the company's annual report for FP2022.

The RC did not seek any external professional advice on remuneration of the Directors in FP2022. Where necessary, the RC will seek independent professional advice on remuneration matters at the expense of the Company, and shall ensure that any relationship between the appointed consultant and the Company or any of its Directors will not affect the independence and objectivity of the remuneration consultant.

## Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

**Provision 7.1** A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

The Company has a remuneration policy for the Executive Directors, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, which take into account the performance of the Group and the performance of the Executive Directors, as well as market rates. The performance-related elements of remuneration are designed to align the Executive Directors' interest with those of the Company's shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.



# CORPORATE GOVERNANCE REPORT

In FP2022, Mr Lim Wee Li (then Executive Chairman and CEO) was paid based on his service agreement with the Company. Under the service agreement, Mr Lim Wee Li was to be paid an annual fixed bonus of one (1) month of his last drawn salary. He was also entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it exceeds S\$1,000,000 for the financial year. The service agreement provided that the Company shall be entitled to recover from Mr Lim Wee Li the relevant portion of the bonus and any sum paid under the service agreement in the event that there was a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Lim Wee Li resulting in financial loss to the Company. The service agreement was also provided for automatic renewal upon expiry on such terms and conditions as the parties may agree, and provided for, *inter alia*, termination by either party upon giving not less than six (6) months' notice in writing.

As announced on 8 July 2021, Mr Lim Wee Li's service agreement in respect of his employment as CEO has been terminated with effect from 7 July 2021.

Mr Lincoln Teo (then Executive Director and Interim CEO) was paid based on his letter of employment with the Company in his capacity as an Executive Director and Interim CEO for FP2022. The letter of appointment may be terminated by either party upon giving not less than one (1) month's notice in writing.

Since 26 June 2023 and as at the date of this Report, Mr Yip Kean Mun was paid based on his letter of employment with the Company in his capacity as an Executive Director. Bonus will be paid at the Company's discretion. The letter of appointment may be terminated by either party upon giving not less than three (3) month's notice in writing.

Since 1 September 2023 and as at the date of this Report, Mdm Hao Dongting is paid based on her service agreement with the Company in her capacity as the Executive Chairperson. Bonus will be paid at the Company's discretion. The service agreement may be terminated by either party upon giving not less than three (3) months' notice in writing or a sum equivalent to three (3) months' salary based on her last drawn monthly salary in lieu of the notice.

**Provision 7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.**

The Non-Executive Director and Independent Directors do not have service agreements with the Company. They are paid fixed directors' fees, which are recommended by the RC and determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Director. The Directors' fees are subject to approval by shareholders at each AGM. The Non-Executive Director and Independent Directors do not receive any other remuneration from the Company.

**Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.**

The Board ensures that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

The Company does not currently have any employee share option scheme or long-term incentive scheme. The RC will consider recommending the implementation of such scheme for the Directors as well as key management personnel as and when it considers appropriate.

The RC is of the view that it is currently not necessary for the Company to use contractual provisions to allow the Company to reclaim incentive components of remuneration from its executive directors in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the key management personnel. The RC will review such contractual provisions as and when necessary.

# CORPORATE GOVERNANCE REPORT

## Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

**Provision 8.1** The company discloses in its annual report for FP2022 the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.

**Provision 8.3** The company discloses in its annual report for FP2022 all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

The Company has a remuneration policy for the Executive Directors and key management personnel, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus respectively, which take into account the performance of the Group and the performance of the Executive Directors and key management personnel, as well as market rates. The performance-related elements of remuneration are designed to align the Executive Directors' interests with those of the Company's shareholders and link rewards to corporate and individual performance. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO, and key management personnel of the Group except in the case of termination due to medical reasons in which the relevant employee will be entitled to normal termination benefits and reasonable medical expenses. Currently, the Company has not implemented any employee share schemes.

A breakdown, showing the level and mix of each Director's remuneration for FP2022 is as follows:

Remuneration band and Name of Director	Fee	Salary	Bonus	Benefits	Total
	%	%	%	%	%
Below S\$250,000					
Mdm Hao Dongting	100	-	-	-	100
Mr Lim Wee Li	100	-	-	-	100
Mr Lincoln Teo	-	100	-	-	100
Mr Ang Lian Kiat	100	-	-	-	100
Mr William Teo Choon Kow	100	-	-	-	100
Mr Yap Sze Hon	100	-	-	-	100
Mr Lau Kay Heng	100	-	-	-	100
Mr Peter Lim King Soon	100	-	-	-	100

A breakdown showing the remuneration amount and mix of the only key management personnel (who is not a Director or CEO of the Company) for FP2022 is as follows:

Remuneration band and Name of key management personnel	Salary	Bonus	Benefits	Total
	%	%	%	%
Below S\$250,000				
Mr Lee Fu Tuck	100	-	-	100

# CORPORATE GOVERNANCE REPORT

The RC has reviewed and approved the remuneration packages of the Executive Chairperson and Executive Director and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Directors and key management personnel are adequately but not excessively remunerated. The RC also ensured that the Independent Directors are also not over-compensated to the extent that their independence may be compromised. Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing in full the remuneration of each Director and key management personnel of the Group. However, the Company adopts the disclosure of remuneration in bands of S\$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel. The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices.

There is only one key management personnel (who is not a Director or CEO of the Company) in FP2022 and as disclosed above, the Company is not disclosing in full the remuneration of the key management personnel of the Group. Accordingly, the aggregate total remuneration paid to the key management personnel (who is not a Director or CEO of the Company) for FP2022 will not be disclosed.

**Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report for FP2022. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.**

There was no employee of the Group who is an immediate family member of the Directors, the Executive Chairperson and CEO or substantial shareholders of the Company, and whose remuneration exceeded S\$100,000 for FP2022.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance and risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

**Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.**

The Board is responsible for the governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults the independent auditor and internal auditor to determine the risk tolerance level and sets the corresponding risk policies which are implemented by the Management. The Board oversees the management in implementing and monitoring the risk management and internal control systems.

The current BRC comprises Mr Raymond Cheung (Chairman), Mr Tan Meng Shern and Mr Lam Kwong Fai. The Management regularly reviews and improves the Group's business and operational measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the BRC.

The BRC has written terms of reference that describe the responsibilities of its members.

The principal functions of the BRC are as follows:

- review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for the Board's approval to safeguard shareholders' investments and the Company's assets;

# CORPORATE GOVERNANCE REPORT

- review and recommend new investment projects to the Board;
- discuss with the Management on improvements to risk management and controls;
- ensure the implementation of risk management and control measures through the scope and quality of management's ongoing monitoring of risks and robustness of the risk management process;
- provide the Board with reasonable assurance that adverse impacts arising from foreseeable uncertainties is mitigated and managed;
- ensure the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment;
- ensure active process to identify, assess, manage and monitor principal risks to safeguard shareholder's investment and Group's asset and give timely input to both the Board and the Management;
- ensure that risk management and internal control systems are available to manage the risk and corrective measures undertaken to address failings and/or weaknesses;
- ensure the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks);
- obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects;
- consider and evaluate other matters as judged appropriate by the BRC or as authorised by the Board;
- participate in the appointment, replacement or dismissal of the Chief Risk Officer (or equivalent);
- submit all findings and recommendations of the BRC to the Board for approval and notation; and
- promote healthy risk culture and observe dysfunctional trends that could undermine the performance of risk management process.

On 22 March 2021, the then-ARC appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") to undertake an internal control review of the Company ("**Review**") in the area of cash management by the Management for the Company and its principal wholly-owned subsidiary, KHL Marketing Asia-Pacific Pte Ltd, following the fundraising exercises completed in 2020 and related matters. Baker Tilly presented a draft interim report on the Review on 18 June 2021 ("**Interim Report**") to the ARC based on its findings to such date (including Management's responses). The then-ARC reviewed the findings of Baker Tilly in the Interim Report and the recommendations of Baker Tilly for remedial works to be done by the Company and in turn has recommended that the Board adopt the same. The Board has reviewed the recommendations of Baker Tilly in the Interim Report for remedial works to be done by the Company ("**Remedial Works**") and has adopted the same as recommended by the then-ARC.

Baker Tilly was also engaged by the then-ARC to review the implementation status of the Remedial Works, as well as the above additional remedial steps by the Management ("**Follow-up Review**"). Baker Tilly presented its report of findings on the Follow-up Review on 23 March 2022, which was subsequently shared with Deloitte & Touche Financial Advisory Services Pte. Ltd., the Special Auditor, on 31 March 2022.

In addition, to ensure the accuracy of (i) the allocated amounts, the utilised amounts and the remaining balance of the proceeds and (ii) the breakdown of the use of proceeds from the past three (3) fund-raising exercises since 2020, the then-ARC appointed Baker Tilly to perform certain agreed upon procedures ("**AUP**") for the utilisation of proceeds up to 30 November 2021. Baker Tilly presented its report of findings on its performance of AUP on 23 March 2022, which was subsequently shared with the Special Auditor on 31 March 2022.

# CORPORATE GOVERNANCE REPORT

The Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) has in the Notice of Compliance dated 14 July 2021 required that the then-ARC commissioned Baker Tilly to expand its scope of work (the “**Additional Scope**”) to: (a) look into the circumstances that led to breaches and/or potential breaches of the Catalist Rules as well as internal control weaknesses as stated in the Interim Report, and (b) identify the parties responsible for such breaches. The Additional Scope must be cleared with the SGX RegCo, and Baker Tilly must report concurrently to the then-ARC (which is the current AC), SGX RegCo and the Sponsor.

Subsequently, the SGX RegCo, in the Notice of Compliance dated 19 August 2021, directed the Company to appoint a suitable independent special auditor as recommended by the Sponsor and approved by the SGX RegCo. Accordingly, the Board has, as recommended by the Sponsor and approved by the SGX RegCo, appointed Deloitte & Touche Financial Advisory Services Pte. Ltd. as the Special Auditor in relation to the special audit. The Special Auditor reports only and directly to the SGX RegCo and the Sponsor. Where warranted, the SGX RegCo may direct the Special Auditor to look further into material findings, if any, from the special audit.

Further details on the scope of the special audit are set out in the Company’s announcement dated 20 September 2021. Further details in relation to the abovementioned Follow-up Review and AUP by Baker Tilly and the special audit are set out in the Company’s announcements dated 23 June 2021 (Responses to Queries Regarding Trading Activity), 12 July 2021 (Response to Queries from SGX), 14 July 2021 (Response to Statements from Mr Lim Wee Li), 20 September 2021 (Appointment of Special Auditor pursuant to the Notice of Compliance issued by SGX RegCo), 14 January 2022 (Update on Special Audit pursuant to the Notice of Compliance issued by SGX RegCo), 18 January 2022 (Responses to SGX’s Queries Received on 20 October 2021), 4 March 2022 (Annual Report 2021), 7 March 2022 (Change in and Use of Proceeds), 21 April 2022 (Update on Review by Baker Tilly Consultancy (Singapore) Pte. Ltd.) and 21 July 2023 (Receipt of Executive Summary of Special Audit Report from Deloitte & Touche Financial Advisory Services Pte. Ltd.).

The Company will make further announcements on any material updates in relation to the Review, the Follow-up Review and the AUP by Baker Tilly and the special audit, including key findings of Baker Tilly and the Special Auditor, to update the shareholders of the Company, as and when appropriate.

**Provision 9.2 The Board requires and discloses in the company’s annual report for FP2022 that it has received assurance from:**

- (a) the CEO and the Chief Financial Officer (“CFO”) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and**
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company’s risk management and internal control systems.**

The Board has received assurances from the current Executive Directors and the current Senior Finance Manager, being the finance personnel with the highest seniority in the Company on the integrity of the financial statements of the Group, that:

- (a) the financial records have been properly maintained and the financial statements for FP2022 give a true and fair view of the Group’s operations and finances; and
- (b) the Company has in place an adequate and effective system of risk management and internal controls in addressing the financial, operational, compliance and information technology risks of the Group as at 30 June 2022.

The Senior Finance Manager, being the finance personnel with the highest seniority in the Company on the integrity of the financial statements of the Group, highlighted that the assurance is limited to the areas under her direct control, being the areas of accounting and finance.

In addition, the Board has received assurances from the current Executive Directors that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls in respect of their areas of responsibilities where they had influence or control over, which is primarily the Singapore project operations.

# CORPORATE GOVERNANCE REPORT

## Opinion on adequacy and effectiveness of the Group's internal controls and risk management system

Based on the Review and Follow-up Review by Baker Tilly, work performed by the Independent Auditor (as defined below), internal reviews performed by the Management and the findings by the Special Auditor, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal controls systems maintained by the Group, addressing the financial, operational, compliance and information technology controls of the Group, indicate that the Company's internal controls in FP2022 need to be strengthened.

Pursuant to findings by the Special Auditor, in relation to the Payroll Matter (as defined in the Notice of Compliance issued by the SGX RegCo on 19 August 2021), the Company has written to BDO Advisory Pte. Ltd. ("**BDO**"), the liquidators of KHL Marketing Asia-Pacific Pte. Ltd. ("**KHLM**"), with the following enquiries:

- (a) in light of the Executive Summary of the Special Audit Report from the Special Auditor, whether BDO intends to take further steps on the Payroll Matter;
- (b) if KHLM is deemed to have contravened the Employment of Foreign Manpower Act 1990, and is exposed to a monetary fine, whether BDO intends to seek an indemnity from persons that BDO deem responsible for any such fines; and
- (c) whether the Company is entitled to monetary recovery as KHLM's shareholder and creditor.

To date, there are no further updates from the Special Auditor nor BDO to update shareholders. The Board continues to monitor the situation and has put in place new policies and procedures in relation to the Payroll Matter.

Pursuant to findings by the Special Auditor, in relation to the Unauthorised Transactions (as defined in the Notice of Compliance issued by the SGX RegCo on 19 August 2021), the Company has written to Mr Lincoln Teo to:

- (a) reprimand him for his role in the lapses in corporate governance for any and all claims that might be brought or threatened against the Company and/or KC Technologies Pte. Ltd. by any of the counterparties, namely Sino Allied (HK) Limited, Wisechain Fintech (HK) Limited and/or Chengxin arising out of or in connection with the investment opportunity agreements; and
- (b) ask for further information from Mr Lincoln Teo as to whether there are other occasions where Mr Lincoln Teo entered into transactions and/or agreements on behalf of the Company or its subsidiaries without full Board approval from the Directors.

To date, there are no further updates from the Special Auditor nor Mr Lincoln Teo to update shareholders. The Board continues to monitor the situation and has put in place new policies and procedures in relation to the Unauthorised Transactions.

Pursuant to work performed by the Independent Auditor, the AC understands that during FP2022, there were issues relating to:

- (a) the adequacy of documentation relating to meeting minutes and resolutions;
- (b) the lack of objective evidence of segregation of duty between preparation and approval of journal entries;
- (c) the lack of completeness of payment vouchers;
- (d) the lack of completeness of payables;
- (e) the lack of certain banking documents; and
- (f) miscellaneous multiple accounting errors.

# CORPORATE GOVERNANCE REPORT

Since the issues have been brought to the attention of the AC in April 2024 as part of the audit completion for FP2022, the Board has taken note and is in the process of working with the Management on the issues identified and all the recommendations from the Independent Auditor, to address these issues and monitor these issues. Recommendations have included establishment of robust internal controls over the financial reporting process. The Board is also in the process of implementing the Remedial Works and other recommendations of Baker Tilly and the Special Auditor in the course of the Review, the Follow-up Review and the special audit, and will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal controls system.

The Board and the AC note that all internal controls systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

## Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

### **Provision 10.1** The duties of the AC include:

- (a) **reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;**
- (b) **reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;**
- (c) **reviewing the assurance from the CEO and the CFO on the financial records and financial statements;**
- (d) **making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;**
- (e) **reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and**
- (f) **reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.**

The AC has written terms of reference that describe the responsibilities of its members.

The AC shall meet periodically to perform, *inter alia*, the following functions:

- to review and recommend to the Board the appointment or re-appointment of the external auditors for the forthcoming year and their fees;
- to review, with the external auditors, the audit plan and their evaluation of the system of internal accounting controls and monitor management's response and actions to correct any noted deficiencies;
- to review the external auditors' reports;
- to review the assistance given by the Company's officers to the internal and external auditors;

# CORPORATE GOVERNANCE REPORT

- to approve the actual internal audit plan and recommend the appointment or-reappointment of the internal auditors and fees;
- to review, with the internal auditors, the scope and results of the internal audit and monitor management's response to their findings to ensure that appropriate follow-up measures are taken;
- to review and evaluate the adequacy, effectiveness, independence, scope and results of both the internal and external audit function and efforts through regular meetings;
- to determine whether any unwarranted management restrictions are being placed upon either the internal or external auditors;
- to review the financial statements of the Company and of the Group with management and external auditors (where applicable) before submission to the Board;
- to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- to review the assurance from the CEO and CFO on the financial records and financial statements;
- to summarise and report to the Board the work performed by the AC in carrying out its functions;
- to review interested person transactions (if any);
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and SGX-ST;
- to have explicit authority to investigate any matter within its term of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- to review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money; and
- to meet with the external auditors (without the presence of the Company's management and the internal auditors) and with the internal auditors (without the presence of the Company's management and the external auditors), at least annually.

Apart from the duties listed above, the AC is given the task to serve as an independent and objective party to review the financial information presented by Management to shareholders, regulators and the general public. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has the authority to investigate into any activities within its terms of reference. It is authorised to seek any information it requires and/or meeting (without any Executive Director present, if necessary) with any employee and all employees are directed to cooperate on any request made by the AC.



# CORPORATE GOVERNANCE REPORT

The Board has, on the recommendation of the AC, implemented a whistle-blowing policy for the Group, with the objective of providing an avenue for the staff of the Group to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware. Details of the whistle-blowing policies and arrangements have been made available to the staff of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal.

To the best of the knowledge of the current Directors, during FP2022, the Company did not receive any whistle-blowing reports.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. CLA Global TS Public Accounting Corporation (the “**Previous Auditor**”) had been the Company’s statutory auditor until the Company’s annual general meeting on 18 March 2022 (the “**FY2021 AGM**”). The Previous Auditor had expressed that it would not be seeking re-appointment and retired at the conclusion of the FY2021 AGM. On 29 August 2023, the Company received a formal notice from the Previous Auditor to resign as auditor of the Company.

Following the Company’s extraordinary general meeting on 17 November 2023, the shareholders of the Company approved the appointment of Foo Kon Tan LLP (the “**Independent Auditor**”) as the statutory auditor of the Company, to hold office until the conclusion of the upcoming annual general meeting. The aggregate amount of fees paid or payable to the Independent Auditor for the audit services is reflected in Note 23 to the audited financial statements of the Group for FP2022. There are no non-audit fees paid or payable to the Independent Auditor for non-audit services for FP2022.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group for FP2022.

**Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.**

As at the end of FP2022, the ARC consisted of three (3) Independent Directors and the Non-Executive Non-Independent Chairman, namely:

Mr William Teo Choon Kow	Chairman of ARC and Lead Independent Director
Mr Ang Lian Kiat	Member and Independent Director
Mr Peter Lim King Soon	Member and Independent Director
Mr Lau Kay Heng	Member and Non-Executive Non-Independent Chairman

As at the date of this Report, the AC consists of three (3) Independent Directors, namely:

Mr Lam Kwong Fai	Chairman of AC and Lead Independent Director
Mr Tan Meng Shern	Member and Independent Director
Mr Cheung Wai Man Raymond	Member and Independent Director

As both Mr Lam Kwong Fai and Mr Tan Meng Shern are trained in accounting, the Board is of the view that the current AC has the necessary experience and expertise required to discharge its duties.

# CORPORATE GOVERNANCE REPORT

**Provision 10.3** The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

In FP2022 and as of the date of this Report, none of the AC members was a former partner or director of, or had any financial interest in, the Independent Auditor.

**Provision 10.4** The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Baker Tilly ("**Internal Auditor**") to undertake the functions of an internal auditor for the Group. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and administratively to the Executive Chairperson. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

Baker Tilly is part of the 10th largest accounting global network providing a comprehensive range of services in the areas of assurance, tax, governance and risk, deal advisory, restructuring and recovery, outsourcing, corporate secretarial services and digital solutions, including blockchain, AI and cybersecurity. Baker Tilly's engagement team for the internal audit comprises an engagement partner, a manager, supported by a number of internal auditors. The engagement team is staffed by members with relevant experiences and possesses professional qualifications such as Chartered Accountant and Certified Internal Auditor designations. Baker Tilly is also a corporate member of the Institute of Internal Auditors of Singapore and the internal audit engagement is carried out in line with the standards as stipulated by the International Professional Practices Framework (IPPF) as set out by the Institute. The AC has reviewed the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the Group's internal audit function is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience.

**Provision 10.5** The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

The AC had held discussions with the Independent Auditor and Internal Auditor, without the presence of the Management, to review the adequacy of audit arrangements for FP2022, with emphasis on the scope and quality of their audits, and to discuss the observations of the Independent Auditor and Internal Auditor on the Management or on processes and procedures of the Group.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meeting

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

**Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.**

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after any general meetings.

Shareholders are informed of general meetings through the announcements released to the SGXNet and the Company's website and notices contained in the annual report for FP2022 or circulars sent to all members. For the forthcoming AGM, the notice of AGM will be advertised in newspapers in Singapore and announced via the SGXNet.

**Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.**

The Company has separate resolutions at general meetings on each substantially separate issue. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. Where the resolutions are "bundled", the reasons and material implications for doing so will be provided in the annual report for FP2022 and related documents, including the notice of general meeting.

**Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report for FP2022.**

All Directors are required to attend general meetings. The external auditor will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Please refer to Provision 1.5 above for details on the Directors' attendance at general meetings held during FP2022.

**Provision 11.4 The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.**

The Constitution of the Company allows any shareholder of the Company, if he is unable to attend a general meeting, to appoint not more than two (2) proxies to attend and vote on his behalf at the meeting through proxy form sent in advance. A proxy need not be a member of the Company. Pursuant to the provisions of the Companies Act, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

As the authentication of members' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

# CORPORATE GOVERNANCE REPORT

**Provision 11.5** The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company Secretary prepares minutes of the general meetings, which capture the essence of the comments or queries from shareholders and responses from the Board and the Management. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management will be published on the SGXNet and the Company's website.

**Provision 11.6** The Company has a dividend policy and communicates it to shareholders.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FP2022 as the Group was making a loss in FP2022 and had accumulated losses as at 31 December 2022.

Any dividend payments will be clearly communicated to shareholders via announcements on SGXNet.

## Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

**Provision 12.1** The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report for FP2022 the steps taken to solicit and understand the views of shareholders.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group. Such information is disclosed in an accurate and comprehensive manner via the SGXNet. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practise selective disclosure. Results and annual report for FP2022s are announced or issued within the mandatory period.

For the forthcoming AGM, shareholders may submit their questions relating to the resolutions set out in the notice of the AGM in advance. The detailed information on the submission of questions has been specified in the notice of AGM.

**Provision 12.2** The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

**Provision 12.3** The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be price-sensitive is disseminated without delay via announcements on the SGXNet;
- (b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

# CORPORATE GOVERNANCE REPORT

- (c) Operate an open policy with regard to investors' enquiries, such as through encouraging the active participation of shareholders during AGMs or any other general meetings of the Company.

The Company provides its phone number and contact form on the Company's corporate website at [www.sdai.com.sg](http://www.sdai.com.sg), through which the shareholders may contact the Company with questions and the Company may respond to such questions.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

**Provision 13.1** The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, and customers, in order to achieve sustainable business goals. The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicate with them to align the Company's expectation and goals. Where possible, both Executive and Independent Directors meet or speak with shareholders at general meetings to gather their views and address concerns.

**Provision 13.2** The company discloses in its annual report for FP2022 its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised through stakeholder engagement and can be found in the sustainability report included in its annual report for FP2022.

**Provision 13.3** The company maintains a current corporate website to communicate and engage with stakeholders.

The Company's corporate website ([www.sdai.com.sg](http://www.sdai.com.sg)) is currently under development. The Company's corporate website aims to provide information about the Company such as the Board of Directors and Management team, products or services, as well as all disclosures and announcements of the Company submitted via the SGXNet. Shareholders can submit substantial and relevant questions relating to the ordinary resolutions to be tabled for the upcoming AGM, details of which can be found in the notes to the Notice of AGM at page 149 of this Annual Report for FP2022.

## ADDITIONAL INFORMATION

### Dealing in Securities

The Company has adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities. The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished trade-sensitive or price-sensitive information. They are not allowed to deal in the Company's shares during the periods commencing two (2) weeks before the date of the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, or one (1) month before the date of the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

# CORPORATE GOVERNANCE REPORT

## **Interested Person Transaction**

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for its review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any interested person transactions (excluding less than S\$100,000) in FP2022 that is discloseable under Rule 920(1)(a)(ii) of the Catalist Rules.

## **Non-Sponsor Fees**

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid/payable to the previous Sponsor, SAC Capital Private Limited, for FP2022.

## **Material Contracts and Loans**

With reference to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "**Interested Person Transaction**" section above (if any), the audited financial statements and the service agreements between the Company and the Executive Directors, there were no material contracts and loans of the Company and its subsidiaries involving the interests of any Director or substantial shareholders of the Company, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE REPORT

## Information on Directors Seeking Re-Election

Mdm Hao Dongting, Mr Yip Kean Mun, Mr James Beeland Rogers, Jr., Mr Lam Kwong Fai, Mr Tan Meng Shern and Mr Raymond Cheung are the Directors seeking Re-Election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors seeking Re-Election in accordance with Appendix 7F of the Catalist Rules is set out below:

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
<b>Date of appointment</b>	14 April 2021	26 June 2023	26 June 2023	26 June 2023	26 June 2023	26 June 2023
<b>Date of last re-appointment (if applicable)</b>	18 March 2022	-	-	-	-	-
<b>Age</b>	67	61	81	45	53	47
<b>Country of principal residence</b>	China	Singapore	Singapore	Singapore	Singapore	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</b>	The Board, having considered the recommendation of the NC and assessed Mdm Hao Dongting's overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Diversity Policy of the Company, is of the view that she is suitable for re-appointment as Executive Chairperson of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Yip Kean Mun's overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Board Diversity Policy of the Company, is of the view that he is suitable for re-appointment as Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr James Beeland Rogers, Jr.'s overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Board Diversity Policy of the Company, is of the view that he is suitable for re-appointment as Non-Executive Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Lam Kwong Fai's overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Board Diversity Policy of the Company, is of the view that he is suitable for re-appointment as Lead Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Tan Meng Shern's overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Board Diversity Policy of the Company, is of the view that he is suitable for re-appointment as Independent Director of the Company.	The Board, having considered the recommendation of the NC and assessed Mr Raymond Cheung's overall contributions and performance, as well as the diversity of the Board regarding the objectives of the Board Diversity Policy of the Company, is of the view that he is suitable for re-appointment as Independent Director of the Company.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Executive. As Executive Chairperson, Mdm Hao Dongting is responsible for providing leadership and direction to the Board, facilitating the operations, focusing efforts on corporate strategy, strategic customer and partner relationships, and corporate development.	Executive. As Executive Director, Mr Yip Kean Mun is responsible for the general management of the Company including initiating and completing business strategies of the Company and to ensure compliance of the Company with relevant laws and regulations.	Non-Executive	Non-Executive	Non-Executive	Non-Executive
<b>Job title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Executive Chairperson.	Executive Director.	Non-Executive and Non-Independent Director.	Lead Independent Director, Chairman of the AC, and a member of the RC, NC and BRC.	Independent Director, Chairman of the NC, and a member of the AC, RC and BRC.	Independent Director, Chairman of the RC and BRC, and a member of the NC and AC.

# CORPORATE GOVERNANCE REPORT

<p><b>Professional qualifications</b></p>	<p><b>HAO DONGTING</b></p> <ul style="list-style-type: none"> <li>- Certificate of Senior International Finance Manager, International Finance Management Association</li> <li>- Master of Business Administration, National University of Singapore</li> <li>- Master of Economic Law, Chinese Academy of Social Sciences</li> <li>- Bachelor of Laws, Beijing Institute of Political Science and Law</li> </ul>	<p><b>YIP KEAN MUN</b></p> <p>Bachelor of Science (2<sup>nd</sup> Upper Honours) (Estate Management), National University of Singapore</p>	<p><b>JAMES BEELAND ROGERS, JR.</b></p> <ul style="list-style-type: none"> <li>- Bachelor of Arts (Honours) and Master of Arts (Philosophy, Politics and Economics), Balliol College, Oxford University</li> <li>- Bachelor of Arts (Cum Laude) (History), Yale University, New Haven, Connecticut</li> </ul>	<p><b>LAM KWONG FAI</b></p> <p>Bachelor of Accountancy, Nanyang Technological University</p>	<p><b>TAN MENG SHERN</b></p> <p>Bachelor of Accountancy, Nanyang Technological University</p>	<p><b>RAYMOND CHEUNG</b></p> <ul style="list-style-type: none"> <li>- Associate of Institute &amp; Faculty of Actuaries, United Kingdom</li> <li>- Associate of Singapore Actuarial Society</li> <li>- Bachelor of Business (Actual Science Major), Nanyang Technological University</li> </ul>
<p><b>Working experience and occupation(s) during the past 10 years</b></p>	<p>2020 to present: OOWAY Group Ltd. - Executive Director</p> <p>2007 to present: CEE Tech and Management Pte. Ltd. - Executive Director</p>	<p>2020 to present: ACH Investments Pte. Ltd. - Director</p> <p>2017 to 2020: Fullgolden Asset Management LLP Beijing - Managing Partner</p> <p>2005 to 2017: Genesis Capital Pte. Ltd. - Managing Director</p>	<p>2007 to present: Beeland Enterprises, Inc. - Director</p> <p>2007 to present: Beeland Holdings Pte Ltd - Director</p> <p>1990 to present: Beeland Interests, Inc. - Director</p>	<p>2020 to present: Alder Corporate Services Pte Ltd - Founder and Director</p> <p>2017 to present: 3Peaks Capital Private Limited - Founder and Chief Executive Officer</p> <p>2019 to 2020: Crowe Horwath Capital Pte Ltd - Chief Executive Officer</p> <p>2014 to 2017: PrimePartners Corporate Finance Pte Ltd - Associate Director, Continuing Sponsorship</p> <p>2012 to 2014: CNP Compliance Pte Ltd - Director</p>	<p>2011 to present: Consultant</p>	<p>2023 to present: CER Consultancy Pte Ltd - Chief Executive Officer</p> <p>2023 to present: Delta Underwriting Pte Ltd - Growth Officer (part-time)</p> <p>2023 to present: ECXX Global Pte Ltd - Risk Consultant (part-time)</p> <p>2022 to present: Lucerne Asset Management Pte Ltd - Portfolio Manager</p> <p>2021 to present: Alpha Consultant Pte Ltd - Founder and Managing Director</p> <p>2021 to present: Alpha Millenia Technology Pte Ltd - Chief Executive Officer</p> <p>2022: Nanyang Technological University, Singapore - Part-time Lecturer</p>



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	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
						<p>2021 to 2022: ESSEC Business School, Asia-Pacific - Part-time Lecturer</p> <p>2021 to 2022: EXCC Global Pte Ltd - Chief Risk Officer (part-time)</p> <p>2019: Aetna Insurance Brokers Pte Ltd - Business Consultant (part-time)</p> <p>2019: Kredens Capital Management Pte Ltd - Portfolio Manager</p> <p>2019 to 2020: Allcars Pte Ltd - Co-Founder and Chief Executive officer</p> <p>2018 to 2019: BMFA Wealth Management Pte Ltd - Compliance Consultant (part-time)</p> <p>2018: Symbo Platform Holdings Pte Ltd - Chief Strategy Officer</p> <p>2017 to 2019: OneDegree Hong Kong Limited - Head of Risk Management</p> <p>2016 to 2018: Grab Taxi Holdings Pte Ltd - Regional Insurance Lead</p> <p>2013 to 2014: Asia Capital Reinsurance Group - Group Chief Risk Officer</p>

# CORPORATE GOVERNANCE REPORT

Shareholding interest in the listed issuer and its subsidiaries	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
	<p>Mdm Hao Dongting is deemed interested in 90,000,000 ordinary shares in the Company ("Shares"), being 21.19% of the total shareholding in the Company, held by OOWAY Group Ltd..</p> <p>OOWAY Holding Ltd. is deemed to be interested in all the Shares held by OOWAY Group Ltd. under section 7 of the Companies Act 1967 of Singapore ("Companies Act") and section 4 of the Securities and Futures Act 2001 of Singapore ("SFA"), as it holds 70.08% shareholding in OOWAY Group Ltd..</p> <p>Mdm Hao Dongting is also deemed to be interested in all the Shares held by OOWAY Group Ltd. under section 7 of the Companies Act and section 4 of the SFA, as she holds 100% shareholding in OOWAY Holding Ltd.</p> <p>Mdm Hao Dongting is a deemed controlling shareholder of the Company. In addition, Mdm Hao Dongting is a director of OOWAY Holding Ltd. and OOWAY Group Ltd., the controlling shareholders of the Company. Mr James Beeland Rogers, Jr. (the Non-Executive and Non-Independent Director) is also a shareholder holding 8.55% interest in OOWAY Group Ltd..</p>	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm Hao Dongting is also a director of OOWAY Technology Pte. Ltd., an associated company of the Group, and a director of OOWAY Data Technology (Beijing) Co., Ltd. (Dalu Shujukaji (Beijing) Youxiangongsi). Mr James Beeland Rogers, Jr. is a co-founder and Chief Strategy architect of OOWAY Technology Pte. Ltd. and its subsidiaries. Mdm Hao Dongting is a shareholder and a director of Asia Brand Capital Pte. Ltd. where Mr Yip Kean Mun (the Executive Director of the Company) is also a director of the said company. Save as disclosed above, Mdm Hao Dongting is not related to any existing director, executive officer, the Company and/or its substantial shareholders or any of the Company's principal subsidiaries.	Mr Yip Kean Mun is presently Executive Director of the Group and is sitting on the board of directors (outside of the Group) of Asia Brand Capital Pte Ltd, where Mdm Hao Dongting is also a director and shareholder. Save as disclosed above, Mr Yip Kean Mun is not related to any existing Director, executive officer, the Company and/or its substantial shareholders or any of the Company's principal subsidiaries.	Mr James Beeland Rogers, Jr. is a shareholder of OOWAY Group Ltd, holding 10 shares, representing 8.55% of its equity in OOWAY Group Ltd. Mr James Beeland Rogers, Jr.'s indirect interest in the Company arises from OOWAY Group Ltd's 21.19% shareholding in the Company. Mr James Beeland Rogers, Jr. is co-founder and Chief Strategy Architect of OOWAY Technologies Pte. Ltd. and its subsidiaries. Save as disclosed above, Mr James Beeland Rogers, Jr. is not related to any existing Director, executive officer, the Company and/or its substantial shareholders or any of the Company's principal subsidiaries.	No For completeness, Mr Lam Kwong Fai was a director of ACH Investments Pte Ltd from 1 October 2020 to 10 August 2021 while Mr Yip Kean Mun is a director and shareholder since 1 October 2020. Mr Lam Kwong Fai confirms that such past professional relationship does not and will not interfere with the exercise of his independent judgment in the best interests of the Company.	No	No
Conflict of interest (including any competing business)	No	No	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Catalyst Rule 704(6) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes	Yes

# CORPORATE GOVERNANCE REPORT

Other principal commitments including directorships	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
	<p>Past (for the last 5 years):</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Asia Brand Management Pte. Ltd. (struck off)</li> <li>- Asia Brand Group Pte. Ltd. (struck off)</li> <li>- Asian Unicorn Club Pte. Ltd. (in liquidation)</li> <li>- Billion Celestial Capital Pte. Ltd. (struck off)</li> <li>- OOWAY International Pte. Ltd. (struck off)</li> <li>- KHL Marketing Asia-Pacific Pte Ltd (in liquidation)</li> <li>- Beijing Wanhua Tongxin'er Technology Co., Ltd. (Beijing Wanhua Tongxin'er Keji Youxiangongsi) (struck off)</li> <li>- Firefly Technology Pte. Ltd. (associated company)(struck off)</li> <li>- Heji Cultural Development (Beijing) Co., Ltd. (Heji Wenhua Fazhan (Beijing) Youxiangongsi)</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p> <p>Present:</p> <p>Directorships Within the Group:</p> <ul style="list-style-type: none"> <li>- OOWAY Technology Pte. Ltd. (associated company)</li> <li>- OOWAY Data Technology (Beijing) Co., Ltd. (Dalushujukeji (Beijing) Youxiangongsi) (associated company)</li> </ul>	<p>Past (for the last 5 years):</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Capital Partners Investment Pte Ltd</li> <li>- Genesis Capital Pte Ltd</li> <li>- Addery Investments Pte Ltd (struck off)</li> <li>- Asia Advisory Pte Ltd (struck off)</li> <li>- Asia Brand Management Pte Ltd (struck off)</li> <li>- TOPPS Energy Pte Ltd</li> <li>- TOPPS Capital Pte Ltd</li> <li>- TOPPS Securefood Pte Ltd</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p> <p>Present:</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Bloom Ocean Investments Limited</li> <li>- ACH Investments Pte Ltd</li> <li>- Fiscal Holding Pte Ltd</li> <li>- Asia Brand Capital Pte Ltd</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p>	<p>Past (for the last 5 years):</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- 2009 Holdings Pte Ltd</li> <li>- Virtus Total Return Fund Inc. (formerly known as The Zweig Fund Inc.)</li> <li>- Virtus Global Dividend &amp; Income Fund Inc. (formerly known as The Zweig Total Return Fund Inc.)</li> <li>- Duff &amp; Phelps Select Energy MLP Fund Inc.</li> <li>- Geo Energy Resources Limited</li> <li>- Virtus Global Multi-Sector Income Fund</li> <li>- Spanish Mountain Gold Limited</li> <li>- PJSC PhosAgro Holdings Limited (formerly known as First China Financial Network Holdings Limited)</li> <li>- JSC AgroGard-Finance Ocean Capital Advisors LLC</li> <li>- Quantum Digital Asset Management Pte Ltd</li> <li>- Sirius International Insurance Group Ltd</li> <li>- ENPlus Co. Ltd. (fka Nanomedics Co. Ltd)</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p>	<p>Past (for the last 5 years):</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Medfecs International Corporation Limited</li> <li>- Medfecs (Asia-Pacific) Pte Ltd</li> <li>- OEL (Holdings) Limited</li> <li>- D/Nonce Technology Bhd</li> <li>- ACH Investments Pte Ltd</li> <li>- Auspac Management Services Pte Ltd</li> <li>- Sevens Atelier Limited</li> <li>- Maxi Vault Private Limited</li> <li>- Symbiot Private Limited</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p> <p>Present:</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Katrina Group Ltd.</li> <li>- Capital World Limited</li> <li>- Soon Lian Holdings Limited</li> <li>- China Kunda Technology Holdings Limited</li> <li>- Alder Corporate Services Pte Ltd</li> <li>- 3Peaks Capital Private Limited (dormant)</li> <li>- Cashmallow Singapore Pte Ltd (inactive)</li> <li>- Exa Discoveries Pte. Ltd. (inactive)</li> <li>- Zenith Distribution LLP (dormant)</li> </ul>	<p>Past (for the last 5 years):</p> <p>Directorships</p> <p>Nil</p> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p> <p>Present:</p> <p>Directorships</p> <p>Nil</p> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p>	<p>Past (for the last 5 years):</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- Brickstone Pte Ltd</li> <li>- Baystech Solution Pte Ltd</li> <li>- WTSG Pte Ltd</li> <li>- AP Capital Fund I Pte Ltd</li> <li>- Salvare Holdings Pte Ltd</li> <li>- JCG Health Pte Ltd</li> <li>- CMIC Hemodialysis Pte Ltd</li> <li>- China Imyth Company Pte Ltd</li> <li>- CFHQ Pte Ltd</li> <li>- Allcars Pte Ltd</li> <li>- SwiftAgro Pte Ltd</li> <li>- Fandom Community Foundation Ltd</li> <li>- Fandom Networks Singapore Pte Ltd</li> <li>- AskPanda Pte Ltd</li> <li>- BRCK Asia Partners Pte Ltd</li> </ul> <p>Other Principal Commitments: Please refer to "Working experience and occupation(s) during the past 10 years" section above.</p> <p>Present:</p> <p>Directorships</p> <ul style="list-style-type: none"> <li>- CER Consultancy Pte Ltd</li> <li>- Atlantic Partners Asia (SG) Pte Ltd</li> <li>- Gathercare Pte Ltd</li> <li>- PT Alpha Millennia Indonesia</li> <li>- Alpha Consultant Pte Ltd</li> <li>- Alpha Millennia Technology Pte Ltd</li> </ul>

# CORPORATE GOVERNANCE REPORT

	<p><b>HAO DONGTING</b></p> <p>Directorships Outside the Group:</p> <ul style="list-style-type: none"> <li>- OOWAY Group Ltd.</li> <li>- OOWAY Holding Ltd.</li> <li>- OOWAY Group Asia Pte. Ltd. (f.k.a. OOWAY Big Data Pte. Ltd.)</li> <li>- CEE Tech and Management Pte. Ltd.</li> <li>- CEE (China) Technology Co., Ltd. (Shidajiahua (Zhongguo) Gongyejishu Youxiangongsi)</li> <li>- Beijing CEE Technology Co., Ltd. (Beijing Shidajiahua Gongyejishu Youxiangongsi)</li> <li>- Asian Enterprise Research Center Pte. Ltd.</li> <li>- Global Energy Environment Holdings Pte. Ltd.</li> <li>- Asia Brand Capital Pte. Ltd.</li> <li>- OOLIFE Holding Pte. Ltd.</li> </ul> <p>Other Principal Commitments: Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>		<p><b>YIP KEAN MUN</b></p>	<p><b>JAMES BEELAND ROGERS, JR.</b></p> <p>Present: Directorships</p> <ul style="list-style-type: none"> <li>- Beeland Interests, Inc.</li> <li>- Beeland Enterprises, Inc.</li> <li>- Beeland Holdings Pte Ltd</li> <li>- Ananti Inc.</li> </ul> <p>Other Principal Commitments: Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>	<p><b>LAM KWONG FAI</b></p> <p>Other Principal Commitments: Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>	<p><b>TAN MENG SHERN</b></p>	<p><b>RAYMOND CHEUNG</b></p> <ul style="list-style-type: none"> <li>- Alpha Millennia Consulting Pte Ltd</li> <li>- Beverly JCG Ltd</li> <li>- Two Acturial Solutions Pte Ltd (dormant)</li> <li>- URock Asset Pte Ltd (dormant)</li> <li>- JPL Advisory LLP (dormant)</li> <li>- BRCA Pte Ltd (dormant)</li> </ul> <p>Other Principal Commitments: Please refer to <b>"Working experience and occupation(s) during the past 10 years"</b> section above.</p>
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# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or in a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No	No



# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling or any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:						

# CORPORATE GOVERNANCE REPORT

<p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p>	<p>No</p>	<p><b>HAO DONGTING</b></p>	<p><b>YIP KEAN MUN</b></p> <p>Yes Mr Yip Kean Mun was appointed as an independent director of Xpress Holdings Limited ("Xpress") on 29 November 2013 and resigned on 9 July 2015. Xpress and its former Executive Chairman and CEO, Fong Kah Kuen @ Foong Kah Kuen ("Mr Fong") have been issued a public warning by SGX on 21 May 2015 for breaches of Listing Rule 704(20) which requires a company to immediately disclose winding-up applications filed against it or its subsidiaries. Xpress did not make immediate disclosure of two winding-up applications filed against the company and its subsidiary, Xpress Print Pte Ltd as Mr Fong delayed in informing the board of Xpress (including Mr Yip Kean Mun) on the receipts of the winding up applications.</p> <p>Mr Yip Kean Mun confirms that other than the SGX's public warning against Xpress and Mr Fong, he is not aware of any other action taken by the regulator/authority.</p> <p>Mr Yip Kean Mun was appointed as an executive director and joint-chairman of Natural Dairy (NZ) Holdings Limited ("NZH") on 4 January 2010. Mr Yip Kean Mun stepped down from the position and was re-designated as an adviser to the board of NZH effective from 24 September 2010.</p>	<p><b>JAMES BEELAND ROGERS, JR.</b></p> <p>No</p>	<p><b>LAM KWONG FAI</b></p> <p>Yes Mr Lam Kwong Fai is an independent director of Katrina Group Ltd. since 4 May 2022. On 22 and 25 June 2022, Katrina Group Ltd. announced that the Chief Executive Officer and 2 employees of ST Hospitality Pte. Ltd. received a notice to assist with an investigation being conducted by the Urban Redevelopment Authority into possible breaches of the minimum stay requirement in respect of the provision of short-term accommodation provided by ST Hospitality Pte. Ltd. and/or its subsidiaries. As at the date of this Report and to the best of the knowledge of Mr Lam Kwong Fai, the investigations are still on-going.</p>	<p><b>TAN MENG SHERN</b></p> <p>No</p>	<p><b>RAYMOND CHEUNG</b></p> <p>No</p>
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# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
		<p>a. In September 2010, the Serious Fraud Office (“SFO”) of New Zealand commenced an investigation into transactions between NZH and UBNZ Trustee Ltd, UBNZ Assets Holdings Ltd (“UBAH”), UBNZ Funds Management Ltd, when NZH bid to purchase dairy farms in New Zealand (Crafar farms) in 2010 was being assessed by the Overseas Investment Office (OIO). Independent Commission Against Corruption (“ICAC”) of Hong Kong opened a separate investigation into NZH after receiving an allegation of corruption. SFO and ICAC jointly investigated the case thereafter. Subsequently, charges were brought by ICAC against 3 individuals, namely, Chen Keen (a former executive director and joint chairman of NZH), Hao May (formerly known as Wang May-yan, operator of UBAH) and Yee Wenyiye (former vice-president of NZH) between October 2011 and January 2012. In June 2016, these 3 individuals were sentenced to jail terms up to 8 years and 3 months for conspiracy to defraud in relation to the acquisition of dairy farms in New Zealand at NZ\$500 million and taunting over HK\$85 million being proceeds of the fraud scams.</p>				

# CORPORATE GOVERNANCE REPORT

		<b>HAO DONGTING</b>		<b>YIP KEAN MUN</b>  b. On 13 January 2017, NZH was censured by the Stock Exchange of Hong Kong Limited ("HKEX") for listing rules breaches from December 2009 to September 2013 for, <i>inter alia</i> , (i) failing to announce and obtain shareholders' approval in respect of a material change in the terms of a very substantial acquisition; and (ii) failing to ensure that certain announcements were accurate, complete, and not misleading. 5 former executive directors of NZH were also being censured and 1 other executive director being criticized. It is noted that the HKEX confirms that the above sanctions and directions apply only to NZH and the abovementioned directors and not to any other past or present members of the board of NZH. Mr Yip Kean Mun confirms the matter of the above investigations. Save as disclosed above, Mr Yip Kean Mun is not aware of any other action taken by the regulators/ authorities.	<b>JAMES BEELAND ROGERS, JR.</b>	<b>LAM KWONG FAI</b>	<b>TAN MENG SHERN</b>	<b>RAYMOND CHEUNG</b>
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# CORPORATE GOVERNANCE REPORT

	HAO DONGTING	YIP KEAN MUN	JAMES BEELAND ROGERS, JR.	LAM KWONG FAI	TAN MENG SHERN	RAYMOND CHEUNG
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No	No

# CORPORATE GOVERNANCE REPORT

<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No</p>	<p>HAO DONGTING</p>	<p>No</p>	<p>YIP KEAN MUN</p>	<p>No</p>	<p>JAMES BEELAND ROGERS, JR.</p>	<p>No</p>	<p>LAM KWONG FAI</p>	<p>No</p>	<p>TAN MENG SHERN</p>	<p>No</p>	<p>RAYMOND CHEUNG</p>
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# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group and statement of changes in equity of the Company for the financial period from 1 July 2021 to 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the director:

- (a) the consolidated financial statements of the Group and the statement of financial position and changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from 1 July 2021 to 31 December 2022 in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, and as disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

The directors in office at the date of this statement are:

Hao Dongting	
Yip Kean Mun	(appointed on 26 June 2023)
James Beeland Rogers, Jr.	(appointed on 26 June 2023)
Lam Kwong Fai	(appointed on 26 June 2023)
Tan Meng Shern	(appointed on 26 June 2023)
Cheung Wai Man, Raymond	(appointed on 26 June 2023)

## Change of financial year end

The Company changed its financial year end from 30 June to 31 December.

## Change of company name

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

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' STATEMENT

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	As at	As at	As at	As at
	1.7.2021	31.12.2022	1.7.2021	31.12.2022
<b>The Company</b>				
<b>Ordinary shares</b>				
Hao Dongting	-	-	90,000,000	90,000,000
Lim Wee Li (resigned on 26 June 2023)	66,148,657	66,148,657	-	-
Lincoln Teo Choong Han (resigned on 15 July 2022)	422,000	-	1,578,000	-
<b>Kitchen Culture (Hong Kong) Limited</b>				
<b>Ordinary shares</b>				
Hao Dongting	-	-	7,000,000	7,000,000
<b>Kitchen Culture (Macau) Limited</b>				
<b>Ordinary shares</b>				
Hao Dongting	-	-	17,500	17,500

As at 31 December 2022, Madam Hao Dongting is deemed to be interested in 90,000,000 ordinary shares or 21.2% shareholding in the Company held by OOWAY Group Ltd. OOWAY Holding Ltd. is deemed to be interested in all the ordinary shares in the capital of the Company held by OOWAY Group Ltd. as it holds 57.26% shareholding in OOWAY Group Ltd. Madam Hao Dongting is also deemed to be interested in all the ordinary shares in the capital of the Company held by OOWAY Group Ltd. as she holds 100% shareholding in OOWAY Holding Ltd.. Madam Hao Dongting, who by virtue of her deemed interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiaries of the Company.

The directors' interest in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

## Share options

There were no options granted during the financial period to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries.

As at the end of financial period, there were no unissued shares of the Company under option.



# DIRECTORS' STATEMENT

## Audit and Risk Committee

The members of the Audit and Risk Committee ("**ARC**") in FP2022 were as follows:

Mr William Teo Choon Kow (Chairman)  
Mr Ang Lian Kiat  
Mr Peter Lim King Soon

The members of the Audit Committee ("**AC**") as at the date of the Report were as follows:

Mr Lam Kwong Fai (Chairman)  
Mr Tan Meng Shern  
Mr Cheung Wai Man, Raymond

All members of the ARC and AC were independent and non-executive directors.

The ARC/AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The ARC have met five (5) times during the financial period from 1 July 2021 to 31 December 2022 and the ARC/AC have reviewed the following, where relevant, with the executive director and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the financial statements of the Group and external auditor's report on those financial statements before their submission to the directors of the Company;
- (d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Group's internal and external auditors; and
- (f) the re-appointment of the external auditors of the Group.

## Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....  
**Hao Dongting**  
Executive Chairperson

.....  
**Yip Kean Mun**  
Director

25 April 2024

# INDEPENDENT AUDITOR'S REPORT

To the members of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.)

## Report on the Audit of the Financial Statements

### Disclaimer of Opinion

We were engaged to audit the financial statements of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the financial period from 1 July 2021 to 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

#### Use of going concern assumption

We draw attention to Note 2 to the financial statements which indicates that the current liabilities of the Group and the Company exceeded their current assets by \$2,799,485 and \$4,316,109, and a deficit in equity of the Group and of the Company of \$151,198 and \$1,798,451, respectively, as at 31 December 2022. The Group also incurred a net loss of \$28,715,427; and net cash used in operating activities of \$4,256,172 for the financial period from 1 July 2021 to 31 December 2022. These conditions together with other material uncertainties faced by the Group and the Company as disclosed in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As disclosed in Note 2 to the financial statements, the management has prepared the financial statements on the basis that the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the 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 Notice of Compliance ("NOC"), and (b) successfully complete the corporate turnaround plans and restructuring.

The conditions set out in the preceding paragraphs reflect the presence of multiple material uncertainties that are significant to the financial statements as a whole. We were unable to obtain sufficient appropriate evidence that the use of going assumption in preparation of the financial statements is appropriate in connection with the ability of the Group and the Company to (a) address all matters raised in the NOC as disclosed in Note 30(b), (l) and (p) to the financial statements, and (b) successfully complete the corporate turnaround plans and restructuring. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

#### NOC issued by Singapore Exchange Regulation ("SGX RegCo")

As disclosed in Note 30 to the financial statements, specifically relating to matters under Note 30(b), (l) and (p), SGX RegCo had issued two separate NOCs to the Company in connection with the Additional Scope of Internal Auditor ("IA") and scope of Special Audit of independent Special Auditor.

On 23 March 2022, the IA issued the Follow-up Review report and AUP Report in connection with the utilisation of proceeds up to 30 November 2021. These Follow-up Review report and AUP report had been shared by the management with the Special Auditor on 31 March 2022 for their information. As at the date of this report, the Special Auditor has yet to complete its audit in connection with the internal control weaknesses identified by the IA in its Interim Report, Follow-Up Report and AUP Report.

# INDEPENDENT AUDITOR'S REPORT

To the members of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.)

On 21 July 2023, the Special Auditor issued the first phase of the special audit which covered (a) Payroll Matter - whether two former employees were meaningfully employed by KHL Marketing Asia-Pacific Pte. Ltd. or in exchange for monetary benefits; and (b) Unauthorised Transaction – where five agreements were entered into by KC Technologies Pte Ltd without the approval of the Board to invest in/co fund Amazon's e-commerce merchant business. The Special Auditor highlighted potential breaches of laws and regulations.

As at the date of this report, the Special Auditor's works is still ongoing and has not been concluded, and the outcome of the Special Audit, mentioned under Note 30(b)(ii) to the financial statements, could provide new information or findings. This reflects the presence of uncertainties, potential breaches of laws and regulations and may have a consequential impact on the Group's and the Company's financial statements and the use of going concern assumption, which are presently unknown. Accordingly, we are unable to ascertain the extent of pervasiveness and/or significance of any adjustments that may arise from the Special Audit, if any, on the financial statements of the Group and the Company.

## Impairment of property, plant and equipment

As disclosed in Note 5 to the financial statements, the carrying amounts of property, plant and equipment of the Group and the Company amounted to \$354,287, \$223,658, \$3,580,922 and \$1,330,849, respectively, as at 31 December 2022 and 30 June 2021.

We were unable to obtain sufficient appropriate audit evidence on the recoverable amount of impairment assessment of the property, plant and equipment in accordance with SFRS(I)1-36 Impairment of Assets as at 31 December 2022 and 30 June 2021. Since the opening balance as at 1 July 2021 affects the results, changes in equity and cash flows for the current financial period, we were unable to determine whether any adjustments to the results, changes in equity and cash flows in relation to the appropriateness of the impairment loss recognised for the current financial period and the previous financial year, respectively, and the carrying amounts of property, plant and equipment as at 31 December 2022 and 1 July 2021, respectively might be necessary. In addition, we were unable to ascertain the appropriateness and adequacy of the related disclosures, and presentations in the financial statements.

## Opening balances and comparative information (including Note 31 to the financial statements) and the financial effect on the current period's figures

### (a) Investment in an associate

As disclosed in Note 8 to the financial statements, the Company acquired an associate, OOWAY Technology Pte. Ltd. ("OOWAY") for a consideration of \$23,922,000 on 12 October 2020. The Company engaged an independent professional firm to undertake the following:

- purchase price allocation (the "PPA") exercise in respect of fair values assigned to OOWAY's identifiable assets, liabilities and contingent liabilities in accordance with SFRS(I) 3 Business Combinations as at the date of acquisition on 12 October 2020; and
- impairment assessments on the carrying value of the investment in OOWAY as at 30 June 2021 and 31 December 2022, respectively.

As disclosed in Note 8 to the financial statements, the Group's the Company's carrying amount for investment in OOWAY was \$2,294,000, \$2,294,000, \$20,812,358 and \$21,722,000 as at 31 December 2022 and 30 June 2021, respectively and the Group accounted for investment in OOWAY using the equity method with the Group's share of OOWAY's net loss of \$1,396,454 and \$909,642 for the current financial period and previous financial year, respectively. The Group and the Company also recognised an impairment loss of \$17,121,904, \$19,428,000, \$2,200,000 and \$2,200,000 for the current financial period and previous financial year, respectively.

We were unable to obtain sufficient appropriate audit evidence on certain key inputs and assumptions used in the discounted cash flow projection covering a 5-year period by management in the PPA exercise and impairment assessment as at 12 October 2020 and 30 June 2021, respectively, primarily management's assumptions over the projected revenue and its revenue growth rate over the projected periods.

# INDEPENDENT AUDITOR'S REPORT

To the members of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.)

In addition, we did not receive the audited financial information of OOWAY prepared in accordance with SFRS(I)s or its equivalent as at the acquisition date on 12 October 2020 and for the financial periods from 12 October 2020 to 30 June 2021 and from 1 July 2021 to 31 December 2022 and were unable to obtain sufficient appropriate audit evidence on the financial information of OOWAY.

(b) Discontinued operations

As disclosed in Note 25 to the financial statements, KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM") entered into compulsory liquidation on 5 April 2022. KHLM and its subsidiaries/associate represented separate major geographic area of operations and met the definition of discontinued operations in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. Accordingly, they are deconsolidated from the consolidated financial statements of the Group in the current financial period and the comparative information of the consolidated statement of profit or loss are re-presented to reflect the presentation of discontinued operations.

We were unable to obtain sufficient appropriate audit evidence on the financial information of KHLM and its subsidiaries/associate for the current financial period and previous financial year because these accounting records were handed over to the independent liquidator.

In addition, we were also unable to obtain sufficient appropriate audit evidence on the completeness, existence and accuracy of the amounts due from subsidiaries and associate as at 1 July 2021 as disclosed in Note 12 to the financial statements.

(c) Significant subsidiary

The Group has a significant subsidiary, Kitchen Culture (Hong Kong) Limited ("KC (HK) Ltd"), which contributed total assets of \$3,330,199 and total liabilities of \$1,686,813 to the consolidated statement of financial position of the Group as at 30 June 2021, and revenue and total comprehensive income of \$5,628,778 and \$54,707, respectively, to the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021.

We were unable to obtain sufficient appropriate audit evidence on the financial information of KC (HK) Ltd in relation to the opening balance and comparative information as at and for the year ended 30 June 2021.

(d) Investments in subsidiaries and amounts due from subsidiaries and associate

As disclosed in Notes 7 and 12 to the financial statements, the gross carrying amount of the Company's investments in subsidiaries and amounts due from subsidiaries and the Group's and the Company's amounts due from associate amounted to \$2,200,002, \$21,243,992 and \$233,256, respectively, as at 30 June 2021. As at 31 December 2022, management of the Company provided full impairment loss and allowance for ECLs on investments in subsidiaries and amounts due from subsidiaries and associate.

We were unable to obtain sufficient appropriate audit evidence on the recoverable amount of investments in subsidiaries and the recoverability of amounts due from subsidiaries and associate in accordance with SFRS(I) 1-36 Impairment of Assets and SFRS(I) 9 Financial Instruments, respectively, as at 30 June 2021.

(e) Completeness, existence and accuracy of bank balances

As disclosed in Note 13 to the financial statements, the cash and bank balances of the Group and the Company amounted to \$5,535,483 and \$4,269,106, respectively at 30 June 2021.

We were unable to obtain sufficient appropriate audit evidence on the completeness, existence and accuracy of the bank balances of \$4,172,531 and other banking facilities, if any, as at 30 June 2021 because we were unable to receive bank confirmation replies as a result of closure of the bank accounts during the current financial period by the previous management team of the Company, who were the authorised signatories of the bank accounts upon closure of the bank accounts.

# INDEPENDENT AUDITOR'S REPORT

To the members of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.)

(f) Completeness, existence and accuracy of other payables

As disclosed in Note 19 to the financial statements, the carrying amounts of other payables of the Group and the Company amounted to \$2,462,292 and \$449,174, respectively, as at 30 June 2021.

We were unable to obtain sufficient appropriate audit evidence on the completeness, existence and accuracy of other payables due to absence of supporting schedules for these amounts as at 30 June 2021.

Since the above opening balances as at 1 July 2021 affect the results, changes in equity and cash flows for the current financial period, we were unable to determine whether any adjustments to the results, changes in equity and cash flows for the current financial period and the previous financial year, respectively, and the financial positions as at 1 July 2021 might be necessary. In addition, we were unable to ascertain the appropriateness and adequacy of the related disclosures, and presentations in the financial statements.

## Other Matter

The financial statements of the Group for the financial year ended 30 June 2021 were audited by another auditor who expressed a disclaimer opinion on those financial statements on 3 March 2022 in relation to NOC issued by SGX RegCo, investment in an associate, OOWAY, receipt of bank confirmation in respect of bank balances and the use of going concern assumption.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

To the members of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.)

## Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Teik Tiong.

Foo Kon Tan LLP  
*Public Accountants and  
Chartered Accountants*

**Singapore**

25 April 2024

# STATEMENTS OF FINANCIAL POSITION

At 31 December 2022

	Note	The Group		The Company	
		31 December 2022 \$	30 June 2021 \$ Restated	31 December 2022 \$	30 June 2021 \$ Restated
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	354,287	3,580,922	223,658	1,330,849
Investment property	6	-	207,671	-	-
Investments in subsidiaries	7	-	-	-	2,200,002
Investment in associated companies	8	2,294,000	20,812,358	2,294,000	21,722,000
Deferred tax assets	9	-	79,486	-	-
Trade receivables	11	-	857,486	-	-
<b>Total non-current assets</b>		<b>2,648,287</b>	<b>25,537,923</b>	<b>2,517,658</b>	<b>25,252,851</b>
<b>Current assets</b>					
Inventories	10	245,731	2,104,291	-	-
Trade receivables	11	563,941	5,223,650	-	-
Other receivables	12	1,033,721	2,911,108	486,881	4,518,895
Contract assets	20	13,649	569,756	-	-
Cash and bank balances	13	185,538	5,535,483	123,251	4,269,106
<b>Total current assets</b>		<b>2,042,580</b>	<b>16,344,288</b>	<b>610,132</b>	<b>8,788,001</b>
<b>Total Assets</b>		<b>4,690,867</b>	<b>41,882,211</b>	<b>3,127,790</b>	<b>34,040,852</b>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Share capital	14	58,948,250	58,948,250	58,948,250	58,948,250
Foreign currency translation reserves	15	123,093	291,066	-	-
Accumulated losses		(58,373,842)	(30,231,512)	(60,746,701)	(28,675,056)
<b>Equity attributable to owners of the Company</b>		<b>697,501</b>	<b>29,007,804</b>	<b>(1,798,451)</b>	<b>30,273,194</b>
Non-controlling interests	7	(848,699)	(274,552)	-	-
<b>Total equity</b>		<b>(151,198)</b>	<b>28,733,252</b>	<b>(1,798,451)</b>	<b>30,273,194</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	16	-	1,726,630	-	539,246
<b>Total non-current liabilities</b>		<b>-</b>	<b>1,726,630</b>	<b>-</b>	<b>539,246</b>
<b>Current liabilities</b>					
Lease liabilities	16	330,834	1,447,697	217,394	628,738
Borrowings	17	1,398,219	-	1,398,219	-
Trade payables	18	430,383	2,300,602	-	-
Other payables	19	1,686,992	3,281,737	3,310,628	2,599,674
Contract liabilities	20	995,637	4,392,293	-	-
<b>Total current liabilities</b>		<b>4,842,065</b>	<b>11,422,329</b>	<b>4,926,241</b>	<b>3,228,412</b>
<b>Total Liabilities</b>		<b>4,842,065</b>	<b>13,148,959</b>	<b>4,926,241</b>	<b>3,767,658</b>
<b>Total Liabilities and Equity</b>		<b>4,690,867</b>	<b>41,882,211</b>	<b>3,127,790</b>	<b>34,040,852</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial period from 1 July 2021 to 31 December 2022

		Period from 1 July 2021 to 31 December 2022	Year ended 30 June 2021*
	Note	\$	\$
<b>Continuing operations</b>			
Revenue	20	5,804,491	5,628,777
Cost of sales		(4,236,857)	(3,684,657)
<b>Gross profit</b>		<u>1,567,634</u>	<u>1,944,120</u>
Other income	21	87,951	256,870
Selling and distribution expenses		(1,756,498)	(1,294,404)
Other operating expenses		(1,531,058)	(104,755)
General and administrative expenses		(5,359,546)	(3,826,918)
<b>Loss from operations</b>		<u>(6,991,517)</u>	<u>(3,025,087)</u>
Finance costs	22	(116,421)	(28,787)
Share of results of associated companies	8	(1,396,454)	(909,642)
Impairment loss on investment in associate	8	(17,121,904)	(2,200,000)
<b>Loss before tax</b>	23	<u>(25,626,296)</u>	<u>(6,163,516)</u>
Tax expense	24	(80,590)	-
<b>Loss from continuing operations</b>		<u>(25,706,886)</u>	<u>(6,163,516)</u>
Loss from discontinued operations, net of tax	25	(3,008,541)	(5,345,917)
<b>Loss for the period/year</b>		<u>(28,715,427)</u>	<u>(11,509,433)</u>
<b>Net loss attributable to:</b>			
<b>Owners of the Company</b>			
- Loss from continuing operations		(25,133,789)	(6,168,200)
- Loss from discontinued operation	25	(3,008,541)	(5,345,917)
		<u>(28,142,330)</u>	<u>(11,514,117)</u>
<b>Non-controlling interests</b>			
- Loss from continuing operations	7	(573,097)	4,684
- Loss from discontinued operation		-	-
		<u>(573,097)</u>	<u>4,684</u>
<b>Loss for the period/year</b>		<u>(28,715,427)</u>	<u>(11,509,433)</u>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share:</b>			
<b>From continuing and discontinued operations</b>			
- Basic	26	(6.6)	(3.0)
- Diluted	26	(6.6)	(3.0)
<b>From continuing operations</b>			
- Basic	26	(5.9)	(1.6)
- Diluted	26	(5.9)	(1.6)

\* The comparative information is re-presented due to discontinued operations as disclosed in Note 25.

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 July 2021 to 31 December 2022

	Period from 1 July 2021 to 31 December 2022	Year ended 30 June 2021
Note	\$	\$
<b>Loss for the period/year</b>	(28,715,427)	(11,509,433)
<b>Other comprehensive income, after tax:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences relating to foreign operations	28,137	90,999
Foreign currency translation differences of subsidiaries reclassified to profit or loss upon derecognition	(196,110)	-
	<u>(167,973)</u>	<u>90,999</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences relating to foreign operations	(1,050)	10,625
	<u>(1,050)</u>	<u>10,625</u>
<b>Other comprehensive (loss)/income for the period/year (nil tax)</b>	<u>(169,023)</u>	<u>101,624</u>
<b>Total comprehensive loss for the period/year</b>	<u>(28,884,450)</u>	<u>(11,407,809)</u>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(28,310,303)	(11,423,118)
Non-controlling interests	7 (574,147)	15,309
<b>Total comprehensive loss for the period/year</b>	<u>(28,884,450)</u>	<u>(11,407,809)</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 July 2021 to 31 December 2022

The Group	-----Attributable to owners of the Company-----					Total equity \$
	Share capital \$	Foreign currency translation reserves \$	Accumulated losses \$	Attributable to equity holders of the Company \$	Non-controlling interests \$	
<b>At 1 July 2021</b>	58,948,250	291,066	(30,231,512)	29,007,804	(274,552)	28,733,252
<b>Loss for the period</b>	-	-	(28,142,330)	(28,142,330)	(573,097)	(28,715,427)
<b>Other comprehensive income</b>						
Foreign currency translation differences relating to foreign operations	-	28,137	-	28,137	(1,050)	27,087
Foreign currency translation differences of subsidiaries reclassified to profit or loss upon derecognition	-	(196,110)	-	(196,110)	-	(196,110)
<b>Total comprehensive loss for the period</b>	-	(167,973)	(28,142,330)	(28,310,303)	(574,147)	(28,884,450)
<b>At 31 December 2022</b>	58,948,250	123,093	(58,373,842)	697,501	(848,699)	(151,198)
<b>At 1 July 2020</b>	12,707,823	200,067	(18,717,395)	(5,809,505)	(289,861)	(6,099,366)
<b>Loss for the year</b>	-	-	(11,514,117)	(11,514,117)	4,684	(11,509,433)
<b>Other comprehensive income</b>						
Foreign currency translation differences relating to foreign operations	-	90,999	-	90,999	10,625	101,624
<b>Total comprehensive profit/(loss) for the year</b>	-	90,999	(11,514,117)	(11,423,118)	15,309	(11,407,809)
Issuance of new ordinary shares (Note 14)	46,240,427	-	-	46,240,427	-	46,240,427
<b>At 30 June 2021</b>	58,948,250	291,066	(30,231,512)	29,007,804	(274,552)	28,733,252

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 July 2021 to 31 December 2022

The Company	Share capital \$	Accumulated losses \$	Total equity \$
<b>At 1 July 2021</b>	58,948,250	(28,675,056)	30,273,194
Loss and total comprehensive loss for the period	-	(32,071,645)	(32,071,645)
<b>At 31 December 2022</b>	<u>58,948,250</u>	<u>(60,746,701)</u>	<u>(1,798,451)</u>
<b>At 1 July 2020</b>	12,707,823	(15,660,720)	(2,952,897)
Loss and total comprehensive loss for the year	-	(13,014,336)	(13,014,336)
Issuance of new ordinary shares (Note 14)	<u>46,240,427</u>	-	<u>46,240,427</u>
<b>At 30 June 2021</b>	<u>58,948,250</u>	<u>(28,675,056)</u>	<u>30,273,194</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 July 2021 to 31 December 2022

	Note	Period from 1 July 2021 to 31 December 2022 \$	Year ended 30 June 2021 \$ Restated
<b>Cash flows from operating activities</b>			
Loss for the period/year		(28,715,427)	(11,509,433)
Adjustments for:			
Amortisation of investment property	6, 25	10,658	12,777
Bad debts written off	23, 25	7,273	28,741
Depreciation of property, plant and equipment	5	1,997,487	1,634,574
Gain on derecognition of subsidiaries	25	(1,630,383)	-
Gain on modification of leases	25	-	(10,775)
Impairment loss on trade receivables	28	256,632	41,535
Impairment loss on other receivables	28	233,256	-
Impairment loss on investment in associate	8, 23	17,121,904	2,200,000
Interest expense	22, 25	142,727	72,894
Interest income	21, 25	(1,022)	(30,068)
(Gain)/Loss on disposal of property, plant and equipment	21, 25	(149,770)	1,021
Property, plant and equipment written off	25	20,029	26,888
Reversal of impairment loss on trade receivables	28	-	(6,669)
Share of results of associated companies	8	1,396,454	909,642
Tax expense	24	82,663	-
Unrealised foreign exchange differences, net		485	154,562
<b>Operating cash flows before working capital changes</b>		<u>(9,227,034)</u>	<u>(6,474,311)</u>
<b>Changes in working capital:</b>			
- Inventories		874,355	2,749,665
- Trade and other receivables		695,620	345,633
- Contract assets		563,993	(216,824)
- Trade and other payables		3,291,547	(1,566,859)
- Contract liabilities		(452,580)	1,206,059
<b>Cash used in operations</b>		<u>(4,254,099)</u>	<u>(3,956,637)</u>
Income tax paid		(2,073)	(1,113)
<b>Net cash used in operating activities</b>		<u>(4,256,172)</u>	<u>(3,957,750)</u>
<b>Cash Flows from Investing Activities</b>			
Interest received		1,022	30,068
Additions to property, plant and equipment		(177,305)	(473,029)
Proceeds from disposal of property, plant and equipment		809,597	-
Derecognition of subsidiaries, net of cash disposed	25	(383,248)	-
<b>Net cash from/(used in) investing activities</b>		<u>250,066</u>	<u>(442,961)</u>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 July 2021 to 31 December 2022

	Note	Period from 1 July 2021 to 31 December 2022 \$	Year ended 30 June 2021 \$ Restated
<b>Cash flows from financing activities</b>			
Interest paid		(244,508)	(72,894)
Principal payment of lease liabilities		(2,185,832)	(1,447,157)
Proceeds from issue of new shares		-	9,534,420
(Repayment)/Proceeds from loan from a shareholder of a subsidiary		(413,874)	39,755
Proceeds from loan from a third party		1,500,000	-
Repayment of loan from a third party		-	(2,667,239)
Repayment of loan from shareholder		-	(195,229)
Repayment of loan from third parties		-	(1,650,000)
<b>Net cash (used in)/from financing activities</b>		<b>(1,344,214)</b>	<b>3,541,656</b>
<b>Net decrease in cash and cash equivalents</b>			
		(5,350,320)	(859,055)
Cash and cash equivalents at beginning of the financial period/year		5,535,483	6,403,022
Effects of foreign exchange rate changes on cash and cash equivalents		375	(8,484)
<b>Cash and cash equivalents at end of the financial period/year</b>	13	<b>185,538</b>	<b>5,535,483</b>

Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

	1 July 2021 \$	Receipts/ (Principal paid) \$	Interest paid \$	Non-cash changes			Effect of derecognition of subsidiaries (Note 25) \$	Exchange differences on translation \$	31 December 2022 \$
				Additions \$	Interest expense \$	Debt conversion \$			
Lease liabilities	3,174,327	(2,185,832)	(94,508)	289,113	94,508	-	(954,512)	7,738	330,834
Loan from a third party	-	1,500,000	(150,000)	-	48,219	-	-	-	1,398,219
Loan from a director	866	-	-	-	-	-	-	10	876
Loan from a shareholder of a subsidiary	408,205	(413,874)	-	-	-	-	-	5,669	-

	1 July 2020 \$	Receipts/ (Principal paid) \$	Interest paid \$	Non-cash changes			Modification of leases \$	Exchange differences on translation \$	30 June 2021 \$
				Additions \$	Interest expense \$	Debt conversion (Note 14) \$			
Lease liabilities	1,429,549	(1,447,157)	(64,894)	3,435,001	64,894	-	(264,578)	21,512	3,174,327
Loan from shareholder	195,229	(195,229)	-	-	-	-	-	-	-
Loan from third parties	1,650,000	(1,650,000)	(8,000)	-	8,000	-	-	-	-
Convertible loan	6,957,500	-	-	-	-	(6,957,500)	-	-	-
Loan from a director	4,631,305	-	-	-	-	(4,630,407)	-	(32)	866
Loan from a shareholder of a subsidiary	382,447	39,755	-	-	-	-	-	(13,997)	408,205
Loan from a third party	2,765,428	(2,667,239)	-	-	-	-	-	(98,189)	-

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 1. General information

The Company is a limited liability company, incorporated and domiciled in Singapore, and listed on the Catalist of Singapore Exchange Securities Trading Limited. The address of its registered office is Level 39 Marina Bay Financial Centre, Tower 2, 10 Marina Boulevard, Singapore 018983.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. 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.

The Company changed its financial year end from 30 June to 31 December. The financial statements for the current financial period cover a period of 18 months from 1 July 2021 to 31 December 2022. The comparative information and their related disclosure notes presented are, therefore, not comparable.

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

The financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as at and for the financial period from 1 July 2021 to 31 December 2022 were authorised for issue in accordance with resolution of the Board of Directors on the date of the directors' statement.

## 2. Going concern

As at 31 December 2022, the current liabilities of the Group and the Company exceeded their current assets by \$2,799,485 (30 June 2021: current assets exceeded their current liabilities by \$4,921,959) and \$4,316,109 (30 June 2021: current assets exceeded their current liabilities by \$5,559,589), and a deficit in equity of the Group and of the Company of \$151,198 (30 June 2021: total assets exceeded their total liabilities by \$28,733,252) and \$1,798,451 (30 June 2021: total assets exceeded their total liabilities by \$30,273,194), respectively. The Group also incurred a net loss of \$28,715,427 (30 June 2021: \$11,509,433); and net cash used in operating activities of \$4,256,172 (30 June 2021: \$3,957,750) for the financial period from 1 July 2021 to 31 December 2022.

As at the date of the financial statements, the Group has the following material uncertainties:

- Completion of the special audit by the Special Auditors in connection with the internal control weaknesses identified by the Internal Auditor in its Interim Report, Follow-up Report and AUP Report pursuant to the Notice of Compliance ("NOC") issued by the Singapore Exchange Regulation as disclosed in Note 30(p).
- Ability of the Group and the Company to realise their assets and discharge their liabilities in the normal course of business.
- Ability of the Group and the Company to complete the corporate turnaround plans and restructuring.

The above matters represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the Board of Directors has considered the following significant assumptions in its going concern assumptions:

- The Group and the Company are able to address all matters raised in the NOC.
- The Group and the Company are able to successfully complete the corporate turnaround plans and restructuring.

Management acknowledges that the above uncertainties remain over the ability of the Group and the Company to realise their assets and discharge their liabilities in the normal course of business. However, the Board of Directors are confident that the Group and the Company are able to (a) address all matters raised in the NOC, and (b) successfully complete the corporate turnaround plans and restructuring, and therefore, the Group and the Company will be able to meet its obligations as and when they fall due, and that the preparation of the financial statements on a going concern basis remains appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 3. Critical judgements and key sources of estimation

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, except for going concern assumptions used by management as disclosed in Note 2.

### *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 next financial year, are discussed below.

#### Impairment of investment in subsidiaries

As at 31 December 2022, the Company's investment in subsidiaries amounted to \$Nil (30 June 2021: \$2,200,002) as disclosed in Note 7.

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 (30 June 2021: value in use). An impairment loss of \$2,250,000 (30 June 2021: \$Nil) for investment in subsidiaries was recognised during the financial period/year.

As at 31 December 2022, sensitivity analysis is not prepared as these subsidiaries are dormant and do not generate any revenue. As at 30 June 2021, the Company did not identify any possible change in the key assumptions in the estimation of the recoverable amount that could cause the recoverable amount to be lower than the carrying amount.

#### Impairment of investment in associates

As at 31 December 2022, the Group's and the Company's investment in associates amounted to \$2,294,000 and \$2,294,000 (30 June 2021: \$20,812,358 and 21,722,000) is disclosed in Note 8.

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 (30 June 2021: value in use). An impairment loss of \$17,121,904 and \$19,428,000 (30 June 2021: \$2,200,000 and \$2,200,000) for the Group's and the Company's investment in associates, respectively was recognised during the financial period/year.

The key assumptions used in determining the recoverable amounts are disclosed in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 3. Critical judgements and key sources of estimation (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. As at 31 December 2022, the Group has written down and written off inventories of \$1,038,899 and \$5 (30 June 2021: \$3,058,838 and \$6,744), respectively, during the financial period/year.

The carrying amount of inventories at the reporting date is disclosed in Note 10.

### Impairment of trade receivables and contract assets

As at 31 December 2022, the Group's trade receivables and contract assets amounted to \$563,941 and \$13,649 (30 June 2021: \$6,081,136 and \$569,756) as disclosed in Notes 11 and 20, respectively.

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 \$263,601 (30 June 2021: \$293,898) for trade receivables was recognised as at 31 December 2022.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial period/year.

The Group's credit risk exposure for trade receivables and contract assets are set out in Note 28.

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

As at 31 December 2022, the Group's and the Company's other receivables due from former subsidiaries, former associate, subsidiaries and associate are carried at \$Nil and \$Nil (30 June 2021: \$233,256 and \$4,229,691), respectively, as disclosed in Note 12.

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 to be insignificant based on the historical default rates and measured the impairment losses based on 12-month expected loss basis, except for amount of \$18,939,961 (30 June 2021: \$Nil) and \$23,084,210 (30 June 2021: \$17,247,557) which is measured at an amount equal to lifetime ECLs.

The Group's and the Company's credit risk exposure for these receivables are disclosed in Note 28.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 3. Critical judgements and key sources of estimation (cont'd)

### 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.

If the revenue on uncompleted contracts at the reporting date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by \$122,263 (30 June 2021: \$523,550).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's loss would have been higher/lower by \$80,870 (30 June 2021: \$422,313).

## 4. Summary of significant accounting policies

### 4.1 Basis of preparation of financial statements

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), including related interpretations promulgated by the Accounting Standards Council ("ASC"), and have been prepared under the historical cost convention, except as otherwise described in the notes below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with SFRS(I)s requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.1 Basis of preparation of financial statements (cont'd)

#### Adoption of new and revised SFRS(I)s effective for the current financial period

On 1 July 2021, the Group and the Company have adopted all the new and revised SFRS(I)s, and amendments to SFRS(I), effective for the current financial period that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 1-16	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

#### New and revised SFRS(I)s in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not early adopted the new and revised SFRS(I)s, and amendments to SFRS(I)s (which maybe early adopted) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-12	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendment to SFRS(I) 17	Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information	1 January 2023
Amendments to SFRS(I) 1-1	Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21	Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to the reporting date each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.2 Basis of consolidation (cont'd)

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in their subsidiaries. Any difference between the amount of which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 4.3 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits*, respectively;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.3 Business combination (cont'd)

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I)s.

If the initial accounting for a business combination is incomplete by the end of the reporting date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

### 4.4 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Investments in associates are initially accounted for in the consolidated financial statements at cost, and subsequently accounted for using the equity method of accounting less impairment losses, if any.

Under the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Dividends received or receivable from the associates are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated, but only to the extent there is no impairment.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Investments in associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.5 Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore Dollar (“\$”), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.6 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than asset under construction, over their estimated useful lives, using the straight-line method, as follows:

	<u>No. of years</u>
Leasehold properties	over the lease terms of 2 to 25 years
Renovations	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 to 10 years
Operating equipment	5 years
Coffee making equipment and accessories	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

### 4.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. The Group has elected to measure its investment property using the cost model. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property is depreciated over the shorter of the lease term and its useful life unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful life of the investment property is the shorter of its lease term of 23 years.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.8 Leases

#### When the Group is the lessor:

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

#### When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments consist of the fixed payment (including in-substance fixed payments), less any lease incentives receivables.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.8 Leases (cont'd)

- Lease liabilities (cont'd)

#### Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

### 4.9 Impairment of non-financial assets

At the end of each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit ("CGU") is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 4.10 Financial instruments

#### Classification and measurement

The Group classifies and measures its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.10 Financial instruments (cont'd)

#### At subsequent measurement

Financial assets of the Group mainly comprise of cash at bank and trade and other receivables. There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group manages this group of financial assets by collecting the contractual cash flows representing solely payments of principal and interest. Accordingly, this group of financial assets is measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For trade receivables and contract assets, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applied the general approach permitted by the SFRS(I) 9, which recognised from initial recognition the expected credit losses of the receivables for the next 12 months until a significant increase in credit risk has occurred, at which point the allowance for impairment is measured based on lifetime ECLs.

### 4.11 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and fixed deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and form part of the short-term cash management policy.

### 4.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the reporting date which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost using the effective interest method.

### 4.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 4.14 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group have a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available currently rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.15 Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### 4.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 4.17 Construction contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

### 4.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

#### Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligations.

### 4.20 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### Revenue from construction contracts – installation of kitchen appliances and system

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to progress of construction work based on surveys of work performed to date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

If the value of the goods and services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceeds the value of the goods and services transferred, a contract liability is recognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.20 Revenue recognition (cont'd)

#### *Sale of goods – kitchen appliances*

Revenue from sale of goods of kitchen appliances is recognised at a point in time when the customer takes control of the goods, which is when the goods are delivered to the customer.

#### *Service income – rendering of services*

Service income is recognised during the financial year in which the services are rendered by reference to the completion of actual service provided as a proportion of the total services to be performed and is recognised over time.

#### *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### 4.21 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 4.22 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

### 4.23 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

### 4.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.25 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.26 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

### 4.27 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 4.28 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and investment properties.

### 4.29 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 4. Summary of significant accounting policies (cont'd)

### 4.29 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company (if the Company is itself such a plan, the sponsoring employers are also related to the Company);
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

### 4.30 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company. Executive directors and certain senior managerial personnel are considered key management personnel.

### 4.31 Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 5. Property, plant and equipment

The Group	Leasehold properties \$	Renovations \$	Furniture and fittings \$	Office equipment \$	Motor vehicles \$	Operating equipment \$	Coffee making equipment and accessories \$	Total \$
<b>Cost</b>								
At 1 July 2020	2,743,675	1,737,981	344,014	762,447	484,852	15,525	15,000	6,103,494
Additions	3,066,258	8,778	8,625	8,937	815,432	-	-	3,908,030
Disposals	-	-	-	(2,554)	-	-	-	(2,554)
Written off	-	(52,674)	(5,794)	(6,834)	-	-	-	(65,302)
Modification of leases	(680,960)	-	-	-	-	-	-	(680,960)
Exchange differences on translation	(37,747)	(15,672)	(2,681)	(4,191)	(4,067)	-	-	(64,358)
At 30 June 2021	5,091,226	1,678,413	344,164	757,805	1,296,217	15,525	15,000	9,198,350
Additions	289,113	59,229	79,182	38,894	-	-	-	466,418
Disposal	-	-	-	-	(953,432)	-	-	(953,432)
Written off	-	(20,029)	-	-	-	-	-	(20,029)
Effect of derecognition of subsidiaries (Note 25)	(2,365,498)	(1,294,478)	(344,483)	(645,851)	(235,401)	(15,525)	(15,000)	(4,916,236)
Exchange differences on translation	18,277	4,711	803	799	1,271	-	-	25,861
At 31 December 2022	3,033,118	427,846	79,666	151,647	108,655	-	-	3,800,932
<b>Accumulated depreciation</b>								
At 1 July 2020	1,393,268	1,659,650	342,251	736,140	350,714	9,721	2,642	4,494,386
Depreciation for the year (Notes 23 and 25)	1,399,599	29,741	914	12,440	187,982	1,648	2,250	1,634,574
Disposals	-	-	-	(1,533)	-	-	-	(1,533)
Written off	-	(30,782)	(3,506)	(4,126)	-	-	-	(38,414)
Modification of leases	(427,157)	-	-	-	-	-	-	(427,157)
Exchange differences on translation	(19,744)	(13,907)	(2,687)	(4,023)	(4,067)	-	-	(44,428)
At 30 June 2021	2,345,966	1,644,702	336,972	738,898	534,629	11,369	4,892	5,617,428
Depreciation for the period (Notes 23 and 25)	1,852,973	14,372	2,476	39,798	82,546	2,214	3,108	1,997,487
Disposal	-	-	-	-	(293,605)	-	-	(293,605)
Effect of derecognition of subsidiaries (Note 25)	(1,484,526)	(1,246,101)	(265,667)	(658,582)	(216,186)	(13,583)	(8,000)	(3,892,645)
Exchange differences on translation	10,762	4,337	807	803	1,271	-	-	17,980
At 31 December 2022	2,725,175	417,310	74,588	120,917	108,655	-	-	3,446,645
<b>Net book value</b>								
At 31 December 2022	307,943	10,536	5,078	30,730	-	-	-	354,287
At 30 June 2021	2,745,260	33,711	7,192	18,907	761,588	4,156	10,108	3,580,922

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 5. Property, plant and equipment (cont'd)

The Company	Leasehold properties	Furniture and fittings	Office equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
At 1 July 2020	-	-	-	-	-
Additions	1,243,587	7,887	4,672	270,000	1,526,146
At 30 June 2021	1,243,587	7,887	4,672	270,000	1,526,146
Additions	-	-	28,444	-	28,444
Disposals	-	-	-	(270,000)	(270,000)
At 31 December 2022	1,243,587	7,887	33,116	-	1,284,590
<b>Accumulated depreciation</b>					
At 1 July 2020	-	-	-	-	-
Depreciation for the year	149,230	444	623	45,000	195,297
At 30 June 2021	149,230	444	623	45,000	195,297
Depreciation for the period	895,383	2,366	12,886	45,000	955,635
Disposals	-	-	-	(90,000)	(90,000)
At 31 December 2022	1,044,613	2,810	13,509	-	1,060,932
<b>Net book value</b>					
At 31 December 2022	198,974	5,077	19,607	-	223,658
At 30 June 2021	1,094,357	7,443	4,049	225,000	1,330,849

In 2021, the Group and the Company acquired motor vehicles under finance lease amounting to \$545,432 and \$270,000 respectively and the Group's and the Company's carrying amounts of all motor vehicles under finance leases arrangements amounted to \$536,588 and \$225,000, respectively.

During the financial period, the Group acquired property, plant and equipment of \$466,418 (30 June 2021: \$3,908,030), of which \$177,305 (30 June 2021: \$473,029) were paid by way of cash and \$289,113 (30 June 2021: \$3,435,001) were financed through leases.

## 6. Investment property

The Group	31 December 2022	30 June 2021
	\$	\$
At beginning of financial period/year	207,671	220,448
Amortisation charge for the period/year (Note 25)	(10,658)	(12,777)
Effect of derecognition of subsidiaries (Note 25)	(197,013)	-
At end of financial period/year	-	207,671

The Group's investment property was held for capital appreciation and/or to earn rental and was expected to be recovered through sale. The Group has recognised rental income amounting to \$Nil (30 June 2021: \$Nil) in profit and loss. There are no significant direct operating expenses (including repairs and maintenance) incurred on the investment property.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 6. Investment property (cont'd)

The investment property held by the Group is as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Unit 91, Montigo Resorts, Nongsa, Batam, Riau Island	Holiday resort	Leasehold	16 years

### Fair value measurement of the Group's investment property

The fair value measurement of investment property not carried at fair value but for which fair values are disclosed has been categorised as a Level 2 fair value based on the inputs to the valuation technique which are described as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs are unobservable inputs for the asset or liability.

In 2021, the Group engaged external, independent and qualified valuers to determine the fair value of the Group's properties at the reporting date based on the properties' highest and best use. As at 30 June 2021, the fair values of the properties was determined by Roma Appraisals Limited to be approximately \$500,000.

There were no transfers between fair value hierarchies.

## 7. Investments in subsidiaries

The Company	31 December 2022	30 June 2021
	\$	\$
<b>Equity investment at cost</b>		
At beginning of financial period/year	2,200,002	100,002
Additions	49,998	2,100,000
Impairment loss recognised	(2,250,000)	-
At end of financial period/year	-	2,200,002

Movement in the impairment in respect of investments in subsidiaries during the period/year was as follows:

The Company	31 December 2022	30 June 2021
	\$	\$
At beginning of financial period/year	-	-
Impairment loss recognised	2,250,000	-
At end of financial period/year	2,250,000	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 7. Investments in subsidiaries (cont'd)

Details of significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ place of business	Proportion of equity interests held by the Group		Proportion of equity interests held by controlling interests		Principal activities
		2022	2021	2022	2021	
		%	%	%	%	
<b>Held by the Company</b>						
KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM") <sup>(iii)</sup>	Singapore	-	100	-	-	Sales and distribution of kitchen system and appliances, wardrobe system, household furniture and appliances
KHL (Hong Kong) Limited <sup>(i)</sup>	Hong Kong	100	100	-	-	Investment holding
Beef Up Global Pte. Ltd. <sup>(iii)</sup>	Singapore	100	100	-	-	Dormant
KC Medical Supplies Pte. Ltd. <sup>(ii)</sup>	Singapore	100	100	-	-	Trading in specialist medical equipment and related supplies
3L Asia Capital Pte. Ltd. <sup>(ii)</sup>	Singapore	100	100	-	-	Dormant
KC Technologies Pte. Ltd. <sup>(iii)</sup>	Singapore	100	100	-	-	Provision of credit risk management services through the use of artificial intelligence tools
<b>Held by KHLM</b>						
Kitchen Culture Sdn. Bhd. <sup>(iii)</sup>	Malaysia	-	100	-	-	Trading in furniture and fittings, kitchen equipment and related products
Kitchen Culture Pte. Ltd. <sup>(iii)</sup>	Singapore	-	100	-	-	Dormant
Haus Furnishings and Interiors Pte. Ltd. <sup>(ii)</sup>	Singapore	-	100	-	-	Provision of labour services
KCube Pte. Ltd. <sup>(iii)</sup>	Singapore	-	100	-	-	Trading in mid-range kitchen equipment and related products
KCROOM Pte. Ltd. <sup>(iii)</sup>	Singapore	-	100	-	-	Dormant

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 7. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation/ place of business	Proportion of equity interests held by the Group		Proportion of equity interests held by controlling interests		Principal activities
		2022	2021	2022	2021	
		%	%	%	%	
<b>Held by KHL (Hong Kong) Limited</b>						
Kitchen Culture (Macau) Limited <sup>(i)</sup>	Macau	70	70	30	30	Dormant
Kitchen Culture (Hong Kong) Limited ("KC (HK) Ltd") <sup>(i)</sup>	Hong Kong	70	70	30	30	Sales and distribution of kitchen system, kitchen appliances, wardrobe system, household furniture and appliances
Kitchen Culture (China) Limited <sup>(i)</sup>	Hong Kong	100	100	-	-	Dormant

(i) Audited by Fan, Chan & Co, Hong Kong ("FC"), a member firm of "Nexia International" network

(ii) Not required to be audited

(iii) On 5 April 2022, KHLM went into compulsory liquidation. Accordingly, KHLM and its subsidiaries are deconsolidated from the consolidated financial statements of the Company.

The Board of Directors and the Audit and Risk Committee of the Company have reviewed the profile of Fan, Chan & Co, Hong Kong and confirmed that they are satisfied that the appointment of different auditor for its significant foreign-incorporated subsidiary, KC (HK) Ltd, would not compromise the standard and effectiveness of the audit of the Group.

### *Summarised financial information of subsidiaries with material non-controlling interests ("NCI")*

Set out below is the summarised financial information for subsidiary that has NCI that are material to the Group. These are presented before inter-company eliminations.

	KC (HK) Ltd \$	Other immaterial subsidiary \$	Total \$
<b>31 December 2022</b>			
Revenue	5,762,807		
<b>Loss before tax</b>	(1,824,357)		
Tax expense	(80,590)		
<b>Loss for the period</b>	(1,904,947)		
Other comprehensive loss	(3,224)		
<b>Total comprehensive loss</b>	(1,908,171)		
<b>Attributable to NCI:</b>			
Loss for the period	(571,485)	(1,612)	(573,097)
Other comprehensive loss	(966)	(84)	(1,050)
<b>Total comprehensive loss</b>	(572,451)	(1,696)	(574,147)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 7. Investments in subsidiaries (cont'd)

*Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (cont'd)*

	KC (HK) Ltd \$	Other immaterial subsidiary \$	Total \$
<b>31 December 2022</b>			
Non-current assets	130,628		
Current assets	2,062,364		
Non-current liabilities	-		
Current liabilities	(4,991,723)		
Net liabilities	<u>(2,798,731)</u>		
<b>Net liabilities attributable to NCI</b>	<u>(839,619)</u>	(9,080)	<u>(848,699)</u>
Net cash from operating activities	925,794		
Net cash used in investing activities	(10,449)		
Net cash used in financing activities	<u>(912,886)</u>		
<b>30 June 2021</b>			
Revenue	<u>5,628,778</u>		
<b>Profit before tax</b>	20,232		
Tax expense	-		
<b>Profit for the year</b>	20,232		
Other comprehensive income	34,475		
<b>Total comprehensive income</b>	<u>54,707</u>		
<b>Attributable to NCI:</b>			
Profit/(Loss) for the year	6,070	(1,386)	4,684
Other comprehensive income	10,342	283	10,625
Total comprehensive income	<u>16,412</u>	<u>(1,103)</u>	<u>15,309</u>
Non-current assets	707,613		
Current assets	3,246,607		
Non-current liabilities	(241,263)		
Current liabilities	(4,603,517)		
Net liabilities	<u>(890,560)</u>		
<b>Net liabilities attributable to NCI</b>	<u>(267,168)</u>	(7,384)	<u>(274,552)</u>
Net cash from operating activities	3,071,379		
Net cash used in investing activities	(6,770)		
Net cash used in financing activities	<u>(3,227,918)</u>		

*Material transactions with non-controlling interests*

There were no material transactions with non-controlling interests during the financial period/year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 8. Investments in associates

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
<b>Equity investment at cost:</b>				
At beginning of financial period/year	20,812,358	-	21,722,000	-
Acquisition of an associate on 12 October 2020	-	23,922,000	-	23,922,000
Share of results of associated companies	(1,396,454)	(909,642)	-	-
Impairment loss recognised	(17,121,904)	(2,200,000)	(19,428,000)	(2,200,000)
At end of financial period/year	<u>2,294,000</u>	<u>20,812,358</u>	<u>2,294,000</u>	<u>21,722,000</u>

There are no contingent liabilities relating to the Group's interest in associated companies.

Set out below are the associated companies of the Group:

Name of associated companies	Country of incorporation/ place of business	Proportion of ownership interests held by the Group		Principal activities
		2022	2021	
		%	%	
<b>Held by the Company</b>				
OOWAY Technology Pte. Ltd. ("OOWAY")	Singapore	27.65	27.65	Holding company and provision of management consultancy services
<b>Held by a subsidiary of the Company, KHL Marketing Asia-Pacific Pte. Ltd. <sup>(i)</sup></b>				
Kitchen Culture (Sichuan) Co., Ltd.	The People's Republic of China	-	40.00	Sales and distribution of kitchen

(i) On 5 April 2022, KHLM went into compulsory liquidation. Accordingly, KHLM and its associate are deconsolidated from the consolidated financial statements of the Company.

### Impairment test of investment in associate, OOWAY

The management assessed OOWAY as a single cash generating unit ("CGU"), which represents a group of assets that generates cash inflows in the business of provision of management consultancy services.

As at 31 December 2022, the management undertook an annual review of the carrying amount of the investment in associates for objective evidence of impairment. Based on the review, objective evidence of impairment was identified by the management as the financial performance of the investee was not meeting the expectations originally envisaged. As a result, the management measured the recoverable amount of the CGU by adopting the fair value less costs of disposal approach based on the enterprise value to revenue multiples. Enterprise value to revenue multiples is a metric used to compare the value of an entity, which is calculated using the enterprise value dividing by revenue multiples.

Based on the assessment, the recoverable amount of the CGU was determined to be \$2,294,000, which was below the carrying amount. Accordingly, an impairment loss of \$17,121,904 and \$19,428,000 was recognised in the consolidated statement of profit or loss and the Company's statement of profit or loss, respectively for the financial period ended 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 8. Investments in associates

### Key assumptions used in the valuation technique

Comparable multiples	0.9 times
Discount for lack of marketability	20.5%

The key assumptions used in the estimation of recoverable amounts are set out below. These key assumptions represent management's assessment of future trends in the industry and have been based on the historical data from both external and internal sources.

#### (i) Comparable multiples

Enterprise value to revenue multiples are based on comparing certain financial measures of the comparable companies.

#### (ii) Discount for lack of marketability

A discount for lack of marketability reflects the concept that when comparing otherwise identical equity interests, a readily marketable equity interest would have a higher value than an equity interest with a long marketing period or restrictions on the ability to sell the equity interest.

The fair value less costs of disposal was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the fair value less costs of disposal are disclosed above.

If the comparable multiple multiples applied to the fair value calculation had been lower than 0.1 times, the recoverable amount would have decreased by approximately \$259,000, resulting in an increase in impairment loss by approximately \$259,000.

If the discount for lack of marketability applied to fair value calculation had been higher by 10%, the recoverable amount would have decreased by approximately \$144,000, resulting in an increase in impairment loss by approximately \$144,000.

## 9. Deferred tax assets

The following are the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current reporting date and prior reporting period:

The Group	Property, plant and equipment \$
At 1 July 2020	82,497
Exchange differences	(3,011)
At 30 June 2021	79,486
Recognised in profit or loss (Note 24)	(80,590)
Exchange differences	1,104
At 31 December 2022	-



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 10. Inventories

The Group	31 December 2022	30 June 2021
	\$	\$
Finished goods - at net realisable value	245,731	2,104,291

The cost of inventories recognised as an expense includes \$1,038,899 (30 June 2021: \$3,058,838) in respect of write-downs of inventory to net realisable value and \$5 (30 June 2021: \$6,744) in respect of inventory written off.

## 11. Trade receivables

The Group	31 December 2022	30 June 2021
	\$	\$
<b><u>Non-current</u></b>		
Retention sums	-	857,486
Net trade receivables, non-current	-	857,486
<b><u>Current</u></b>		
Trade receivables	827,542	4,302,139
Accrued revenue	-	476,815
Retention sums	-	738,594
	827,542	5,517,548
Impairment losses (Note 28(c)(iv))	(263,601)	(293,898)
Net trade receivables, current	563,941	5,223,650
Total	563,941	6,081,136

The average credit period on sale of goods is 60 days (30 June 2021: 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.

Credit risk management policy is disclosed in Note 28(c)(iv).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 12. Other receivables

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
Amounts due from former subsidiaries	18,706,705	-	18,706,086	-
Amounts due from former associate	233,256	-	233,256	-
Amounts due from subsidiaries	-	-	4,144,868	21,243,992
Amounts due from associate	-	233,256	-	233,256
	18,939,961	233,256	23,084,210	21,477,248
Impairment losses (Note 28(c)(iv))	(18,939,961)	-	(23,084,210)	(17,247,557)
	-	233,256	-	4,229,691
Other receivables	120,903	209,320	114,756	53,138
Deposits	588,398	1,307,871	347,125	172,125
At amortised cost (net)	709,301	1,750,447	461,881	4,454,954
Prepayments	324,420	159,336	25,000	63,941
Advances to suppliers	-	1,001,325	-	-
	1,033,721	2,911,108	486,881	4,518,895

Former subsidiaries refer to KHLM and its subsidiaries which entered into compulsory liquidation on 5 April 2022, and former associate refer to an associate held by KHLM as disclosed in Note 8.

Amounts due from former subsidiaries, former associate, subsidiaries and associate are non-trade in nature, unsecured, interest-free and repayable on demand.

In 2021, included in deposits was an amount of \$651,518 paid by a subsidiary of the Company pertaining to Unauthorised Transaction as disclosed in Notes 30(h) and 30(p).

Credit risk management policy is disclosed in Note 28(c)(iv).

## 13. Cash and bank balances

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
Cash at banks and cash and cash equivalents as per consolidated statement of cash flows	185,538	5,535,483	123,251	4,269,106

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 14. Share capital

The Group and The Company	31 December	30 June	31 December	30 June
	2022	2021	2022	2021
	<-----No. of shares----->		\$	\$
<b>Issued and fully paid with no par value:</b>				
At beginning of financial period/year	424,665,283	176,750,000	58,948,250	12,707,823
Shares issued:				
- Conversion of loans from third parties and accrued interests thereon at \$0.149 per shares	-	46,694,626	-	6,957,500
- Conversion of loans from a director at \$0.07 per share	-	66,148,657	-	4,630,407
- Issue of shares at \$0.235 per share for cash consideration through a placement exercise	-	40,572,000	-	9,534,420
- Issue of consideration shares and introducer shares in relation to acquisition of an associate at \$0.2658 per share	-	94,500,000	-	25,118,100
	-	247,915,283	-	46,240,427
At end of financial period/year	<u>424,665,283</u>	<u>424,665,283</u>	<u>58,948,250</u>	<u>58,948,250</u>

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.

### **Significant non-cash transactions**

In 2021, the Company issued 94,500,000 ordinary shares at a consideration of \$25,118,100, which were used as settlement of purchase consideration of acquisition of an associate, OOWAY Technology Pte. Ltd. and introducer shares amounting to \$23,922,000 and \$1,196,100 respectively.

## 15. Foreign currency translation reserves

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore Dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 16. Leases

### Right-of-use ("ROU") assets

The Group leases office premises, warehouse and showrooms and motor vehicles for the purpose of business operations.

- (a) Carrying amounts of ROU assets recorded as part of property, plant and equipment in Note 5

<b>The Group</b>	<b>31 December 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Leasehold properties	307,943	2,745,260
Motor vehicles	-	536,588
	<u>307,943</u>	<u>3,281,848</u>

- (b) Depreciation charge and interest expense

<b>The Group</b>	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation charge</b>		
Leasehold properties	1,852,973	1,399,599
Motor vehicles	37,546	142,982
	<u>1,890,519</u>	<u>1,542,581</u>
<b>Interest expense</b>		
Interest expense on lease liabilities	<u>94,508</u>	<u>64,894</u>

- (c) Lease expense not capitalised in lease liabilities

<b>The Group</b>	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Lease expense - low value leases (Notes 23 and 25)	<u>344,192</u>	<u>138,190</u>

- (d) Total cash outflow for all leases (including interest expense) during the financial period/year was \$2,280,340 (30 June 2021: \$1,512,051).

- (e) Addition of right-of-use assets during the financial period/year was \$289,113 (30 June 2021: \$3,435,001).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 16. Leases (cont'd)

### Lease liabilities (disclosure required under SFRS(I) 16)

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
<b>Maturity analysis:</b>				
Year 1	333,083	1,534,419	218,820	656,460
Year 2	-	1,261,161	-	547,050
Year 3	-	381,441	-	-
Year 4	-	54,725	-	-
Year 5	-	41,945	-	-
Year 6	-	40,416	-	-
Year 7	-	6,724	-	-
	<u>333,083</u>	<u>3,320,831</u>	<u>218,820</u>	<u>1,203,510</u>
Future interest charges	(2,249)	(146,504)	(1,426)	(35,526)
	<u>330,834</u>	<u>3,174,327</u>	<u>217,394</u>	<u>1,167,984</u>
Analysed as:				
Current	330,834	1,447,697	217,394	628,738
Non-current	-	1,726,630	-	539,246
	<u>330,834</u>	<u>3,174,327</u>	<u>217,394</u>	<u>1,167,984</u>

## 17. Borrowings

The Group and the Company	31 December 2022	30 June 2021
	\$	\$
<b>Unsecured loans</b>		
Loan from a third party	933,973	-
Loan from a third party	464,246	-
	<u>1,398,219</u>	<u>-</u>

The Group and the Company have unsecured loans from a third party of \$1,000,000 and \$500,000 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 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 is not fixed and may vary with the changes in 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 is insignificant as at 31 December 2022.

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 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 had demanded repayment of the loan granted to the Company amounting to \$1.5 million. On 23 August 2023, the Company announced that the Company made the full payment of \$1.5 million to the lender. The Company also received a confirmation from the lender's lawyer regarding (a) the receipt of the aforementioned sum, and (b) that the lender will treat this matter as closed (Note 30(o)).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 18. Trade payables

The Group	31 December 2022	30 June 2021
	\$	\$
Trade payables - non-related parties	430,383	2,300,602

## 19. Other payables

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
Other payables	683,783	2,462,292	679,531	449,174
Amounts due to a former subsidiary	328,649	-	-	-
Amounts due to subsidiaries	-	-	2,096,662	2,000,000
Loan from a director	876	866	-	-
Loan from a shareholder of a subsidiary	-	408,205	-	-
Accrued operating expenses	673,684	390,281	534,435	150,500
At amortised cost	1,686,992	3,261,644	3,310,628	2,599,674
Deferred grant income	-	20,093	-	-
	<u>1,686,992</u>	<u>3,281,737</u>	<u>3,310,628</u>	<u>2,599,674</u>

Other payables comprised mainly outstanding payables due to various professional service providers.

The loans from a director and shareholder of a subsidiary are unsecured, interest-free and repayable on demand except for an amount of \$Nil (30 June 2021: \$408,205) relating to loan from a shareholder of a subsidiary which bears interest of 10% (30 June 2021: 10%) per annum.

Former subsidiary refers to KHLM, which entered into compulsory liquidation on 5 April 2022.

The amounts due to a former subsidiary and subsidiaries comprised mainly advances granted and payments made on behalf, which are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 20. Revenue

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories, by nature of revenue and geographical regions.

The Group	Continuing operations			Discontinued operations		
	At a point in time	Over time	Total	At a point in time	Over time	Total
	\$	\$	\$	\$	\$	\$
<b>For the period from 1 July 2021 to 31 December 2022</b>						
Revenue from construction contracts						
- Hong Kong	-	1,746,736	1,746,736	-	-	-
- Singapore	-	-	-	-	5,017,991	5,017,991
	-	1,746,736	1,746,736	-	5,017,991	5,017,991
Sales of goods						
- Hong Kong	4,016,071	-	4,016,071	-	-	-
- Singapore	41,684	-	41,684	2,055,737	-	2,055,737
- Malaysia	-	-	-	77,351	-	77,351
	4,057,755	-	4,057,755	2,133,088	-	2,133,088
	4,057,755	1,746,736	5,804,491	2,133,088	5,017,991	7,151,079
<b>For the year ended 30 June 2021</b>						
Revenue from construction contracts						
- Hong Kong	-	2,581,035	2,581,035	-	-	-
- Singapore	-	-	-	-	4,079,637	4,079,637
	-	2,581,035	2,581,035	-	4,079,637	4,079,637
Sales of goods						
- Hong Kong	3,047,742	-	3,047,742	-	-	-
- Singapore	-	-	-	1,608,969	-	1,608,969
- Malaysia	-	-	-	615,082	-	615,082
	3,047,742	-	3,047,742	2,224,051	-	2,224,051
	3,047,742	2,581,035	5,628,777	2,224,051	4,079,637	6,303,688

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 20. Revenue (cont'd)

### (b) Contract assets and liabilities

The Group	31 December 2022	30 June 2021
	\$	\$
<b>Over time:</b>		
Contract assets - construction contracts	13,649	569,756
<b>Over time:</b>		
Contract liabilities - construction contracts	389,243	1,098,144
<b>Point in time:</b>		
Contract liabilities - sales of goods	606,394	3,294,149
	<u>995,637</u>	<u>4,392,293</u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under contract when control of goods transfers to the customer.

### Revenue recognised in relation to contract liabilities

The Group	Period from 1 July 2021 to 31 December 2022	Year ended 30 June 2021
	\$	\$
Revenue recognised in current period that was included in the contract liability balance at the beginning of period/year		
- Construction contracts	1,098,144	116,516
- Sale of goods	3,294,149	1,460,847
	<u>4,392,293</u>	<u>1,577,363</u>

There is no revenue recognised in the current financial period/year from performance obligations satisfied in previous periods.

### (c) Contract costs recognised arising from costs to fulfil contracts

The Group has no contract costs in relation to costs to fulfil contracts with customers. Contract costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

Based on the Group's assessment, the expected costs to complete the remaining construction contracts at the reporting date were expected to be completely recovered through contract revenue, hence no expected loss was recognised during the financial period/year.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 21. Other income

The Group	Period from	Year ended
	1 July 2021 to 31 December 2022	30 June 2021
	\$	\$
Gain on disposal of property, plant and equipment	5,500	-
Government grants	63,218	149,798
Interest income on bank deposits	972	6,041
Service income	-	100,250
Sundry income	18,261	781
	<u>87,951</u>	<u>256,870</u>

Government grants include the Special Employment Credit, the Wage Credit Scheme, the Jobs Support Scheme and others. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses in Singapore to adjust to the rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. The Jobs Support Scheme was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during this period of economic uncertainty due to the global COVID-19 pandemic.

## 22. Finance costs

The Group	Period from	Year ended
	1 July 2021 to 31 December 2022	30 June 2021
	\$	\$
Interest expense on borrowings	48,219	-
Interest expense on lease liabilities	63,881	21,745
	<u>112,100</u>	<u>21,745</u>
Bank charges	4,321	7,042
	<u>116,421</u>	<u>28,787</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 23. Loss before tax

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

<b>The Group</b>	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Audit fees paid to:		
- auditors of the Company	400,000	59,000
- other auditors	65,564	17,026
Bad debts written-off	-	4,790
Cost of inventories recognised as an expense included in cost of sales	2,629,520	1,880,245
Depreciation of property, plant and equipment	1,575,027	752,719
Directors' fees	239,043	124,817
Impairment loss on investment on associate (Note 8)	17,121,904	2,200,000
Impairment loss on trade receivables	256,632	-
Impairment loss on other receivables	233,256	-
Inventories written down	1,038,899	2,322
Inventories written off	5	-
Legal and professional fees	2,032,740	2,342,525
Net (gain)/loss on foreign exchange differences	(33,298)	72,963
Rental expense on operating lease	155,840	51,682
	<hr/>	<hr/>
<b>Employee benefits expense</b>		
Salaries and related costs	1,984,097	1,343,797
Contributions to defined contribution plans	124,840	41,864
	<hr/>	<hr/>
	2,108,937	1,385,661

## 24. Tax expense

<b>The Group</b>	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Continuing operations		
- Current tax	-	-
- Deferred tax	80,590	-
	<hr/>	<hr/>
	80,590	-
Discontinued operations		
- Underprovision of current tax in prior years	2,073	-
	<hr/>	<hr/>
	2,073	-
	<hr/>	<hr/>
	82,663	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 24. Tax expense (cont'd)

The Group	Period from 1 July 2021 to 31 December 2022	Year ended 30 June 2021
	\$	\$
<b>Reconciliation of effective tax rate</b>		
Loss before tax:		
- Continuing operations	(25,626,296)	(6,163,516)
- Discontinued operations (Note 25)	(4,636,851)	(5,345,917)
	<u>(30,263,147)</u>	<u>(11,509,433)</u>
Tax calculated using Singapore tax rate of 17%	(5,144,735)	(1,956,604)
Effect of tax rates in foreign jurisdictions	1,331	25,052
Tax effect on non-deductible expenses	4,822,502	1,899,203
Tax effect on non-taxable income	(125,654)	(122,290)
Tax effect of share of results of associated company	237,397	154,639
Deferred tax assets not recognised	289,749	-
Underprovision of current tax in prior years	2,073	-
Income tax expense	<u>82,663</u>	<u>-</u>

Non-deductible expenses relate mainly to impairment loss on investment on associate and other disallowed expenses incurred in the ordinary course of business.

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

The Group	31 December 2022	30 June 2021
	\$	\$
Unutilised tax losses	<u>3,680,250</u>	<u>1,905,200</u>

The tax losses do not expire under current local tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 25. Discontinued operations

On 5 April 2022, KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM"), a subsidiary of the Company entered into compulsory liquidation. KHLM and its subsidiaries represented separate major geographic area of operations and met the definition of discontinued operations in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, they are deconsolidated from the consolidated financial statements of the Company in the current financial period and the comparative information of the consolidated statement of profit or loss are re-presented to reflect the presentation of discontinued operations.

### Results of discontinued operations

	Period from 1 July 2021 to 31 December 2022 \$	Year ended 30 June 2021 \$
Revenue	7,151,079	6,303,688
Cost of sales	(7,690,167)	(4,502,574)
<b>Gross (loss)/profit</b>	<b>(539,088)</b>	<b>1,801,114</b>
Other income	243,612	563,515
Selling and distribution expenses	(335,361)	(494,522)
Other operating expenses	(172,081)	(2,625,048)
General and administrative expenses	(3,790,481)	(4,532,456)
<b>Loss from operations</b>	<b>(4,593,399)</b>	<b>(5,287,397)</b>
Finance costs	(43,452)	(58,520)
<b>Loss before tax</b>	<b>(4,636,851)</b>	<b>(5,345,917)</b>
Tax expense	(2,073)	-
<b>Loss from discontinued operations</b>	<b>(4,638,924)</b>	<b>(5,345,917)</b>
Gain on derecognition of discontinued operation	1,630,383	-
<b>Loss for the period/year</b>	<b>(3,008,541)</b>	<b>(5,345,917)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Loss per share</b>		
Basic loss per share from discontinued operations	(0.7)	(1.4)
Diluted loss per share from discontinued operations	(0.7)	(1.4)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 25. Discontinued operations (cont'd)

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

	Period from 1 July 2021 to 31 December 2022 \$	Year ended 30 June 2021 \$
Amortisation of investment property (Note 6)	10,658	12,777
Audit fees paid to:		
- auditors of the Company	-	36,234
- other auditors	4,519	4,244
Bad debts written-off	7,273	23,951
Bad debts recovered	-	(148,672)
Cost of inventories recognised as an expense included in cost of sales	1,080,645	1,062,267
Impairment loss on trade receivables	-	41,535
Depreciation of property, plant and equipment	422,460	881,855
Gain on modification of leases	-	(10,775)
Government grants	(74,280)	(383,969)
Inventories written down	-	3,056,516
Inventories written off	-	6,744
Interest income on bank deposits	(50)	(24,027)
Legal and professional fees	434,018	21,853
Net loss/(gain) on foreign exchange differences	55,746	(104,631)
Net (gain)/loss on disposal of property, plant and equipment	(144,270)	1,021
Property, plant and equipment written off	20,029	26,888
Rental expense on operating lease	188,352	86,508
Reversal of impairment loss on trade receivables	-	(6,669)
Service income	(4,000)	(151,772)
	<hr/> <hr/>	<hr/> <hr/>
<b>Employee benefits expense</b>		
Salaries and related costs	2,186,660	2,862,733
Contributions to defined contribution plans	512,920	551,224
	<hr/> <hr/>	<hr/> <hr/>
<b>Finance costs</b>		
Interest expense on borrowings	-	8,000
Interest expense on lease liabilities	30,627	43,149
	<hr/> <hr/>	<hr/> <hr/>
Bank charges	30,627	51,149
	<hr/> <hr/>	<hr/> <hr/>
	12,825	7,371
	<hr/> <hr/>	<hr/> <hr/>
	43,452	58,520

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 25. Discontinued operations (cont'd)

### Effect of derecognition of the subsidiaries

The following table summarises the amounts of assets and liabilities of discontinued operation at the date of derecognition

	\$
Property, plant and equipment (net of accumulated depreciation)	1,023,591
Investment property (Note 6)	197,013
Inventories	994,529
Trade receivables	4,304,878
Other receivables	1,910,074
Cash and bank balances	383,248
Lease liabilities	(954,512)
Trade payables	(2,442,759)
Other payables	(3,904,393)
Contract liabilities	(2,945,942)
	<u>(1,434,273)</u>
Foreign currency translation differences reclassified to profit or loss	(196,110)
Gain on derecognition of discontinued operation	<u>(1,630,383)</u>
<b>Net cash outflow</b>	
Net cash outflow arising from derecognition of the subsidiaries	<u>(383,248)</u>

## 26. Loss per share

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following:

### (a) Basic loss per share

The Group	Continuing operations \$	Discontinued operations \$	Total \$
<b>Period from 1 July 2021 to 31 December 2022</b>			
Loss for the year attributable to equity holders of the Company	<u>(25,133,789)</u>	<u>(3,008,541)</u>	<u>(28,142,330)</u>
Weighted average number of ordinary shares in issue	<u>424,665,283</u>	<u>424,665,283</u>	<u>424,665,283</u>
Basic loss per share (cents per share)	<u>(5.9)</u>	<u>(0.7)</u>	<u>(6.6)</u>
<b>Year ended 30 June 2021</b>			
Loss for the year attributable to equity holders of the Company	<u>(6,168,200)</u>	<u>(5,345,917)</u>	<u>(11,514,117)</u>
Weighted average number of ordinary shares in issue	<u>386,953,802</u>	<u>386,953,802</u>	<u>386,953,802</u>
Basic loss per share (cents per share)	<u>(1.6)</u>	<u>(1.4)</u>	<u>(3.0)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 26. Loss per share (cont'd)

(b) *Diluted loss per share*

There were no dilutive potential ordinary shares for the financial period from 1 July 2021 to 31 December 2022 and year ended 30 June 2021. The diluted loss share were the same as the basis loss per share for both financial periods.

## 27. Related corporations and related party transactions

Related corporations in these financial statements refer to members of the holding company's group of companies. Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

*Compensation of executive directors and key management personnel*

The remuneration of executive directors and other members of key management during the financial period/year are as follows:

	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
<b>The Group</b>	<b>\$</b>	<b>\$</b>
Salaries, bonuses and short-term benefits	1,025,073	994,033
Employer's contribution to defined contribution plans including CPF	54,120	49,801
	<u>1,079,193</u>	<u>1,043,834</u>
<b>Comprised amounts paid to:</b>		
Executive Chairman and Chief Executive Officer of the Company	132,240	432,240
Executive directors of the Company	-	120,608
Directors of subsidiaries	276,073	208,446
Other key management personnel	670,880	282,540
	<u>1,079,193</u>	<u>1,043,834</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management

### (a) Categories of financial instruments

The following table sets out the financial instruments at the reporting date.

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
<b>Financial assets</b>				
Trade receivables	563,941	6,081,136	-	-
Other receivables*	709,301	1,750,447	461,881	4,454,954
Cash and bank balances	185,538	5,535,483	123,251	4,269,106
	<u>1,458,780</u>	<u>13,367,066</u>	<u>585,132</u>	<u>8,724,060</u>
<b>Financial liabilities</b>				
Lease liabilities	330,834	3,174,327	217,394	1,167,984
Borrowings	1,398,219	-	1,398,219	-
Trade payables	430,383	2,300,602	-	-
Other payables^	1,686,992	3,261,644	3,310,628	2,599,674
	<u>3,846,428</u>	<u>8,736,573</u>	<u>4,926,241</u>	<u>3,767,658</u>

\* Excludes prepayments and advances to suppliers

^ Excludes deferred grant income

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

### (c) Financial risk management policies and objectives

The Group is exposed to various financial risks arising from the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board with management is responsible for developing and monitoring the Group's risk management policies. The management reports regularly to the Board of Directors on its activities.

The Group does not hold nor issue derivative financial instruments.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

#### (i) Foreign currency risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. Such significant foreign currencies include the Hong Kong Dollar ("HKD"), Singapore Dollar ("SGD"), Euro ("EUR"), United States Dollar ("USD"), Renminbi ("RMB") and Malaysian Ringgit ("MYR"). The Group does not enter into any derivative financial investments to hedge this risk.

The Group uses natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (i) Foreign currency risk management (cont'd)

At the reporting date, the carrying amounts of monetary assets (including trade and other receivables and cash and bank balances) and monetary liabilities (including trade and other payables) denominated in currencies other than the respective Group entities' functional currencies are as follows:

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
<b>Financial assets</b>				
HKD	-	1,362	-	1,362
SGD	407	50	-	-
EUR	3,921	10,712	-	-
USD	-	21,434	-	-
<b>Financial liabilities</b>				
EUR	-	(111,438)	-	-
RMB	-	(121,868)	-	-

#### Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

A positive number below indicates an increase in loss for the financial period/year where functional currency of the Group and the Company strengthens by 10% against the foreign currency. For a 10% weakening of the functional currency of the Group and the Company against the foreign currency, there would be an equal and opposite impact on the profit or loss.

	(Decrease)/Increase in loss before tax	
	Period from 1 July 2021 to 31 December 2022	Year ended 30 June 2021
	\$	\$
<b>The Group</b>		
HKD	-	136
SGD	41	5
EUR	392	(10,072)
USD	-	2,143
RMB	-	(12,187)
<b>The Company</b>		
HKD	-	136

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) *Financial risk management policies and objectives (cont'd)*

#### (ii) Cash flow and fair value interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain its borrowings in both fixed and variable rate instruments. The Group's exposure to interest rate risks arises mainly from non-current variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from non-current borrowings at variable rates.

#### *Interest rate sensitivity*

The sensitivity analyses have been determined based on the exposure to interest rates for variable rates financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial period/year and held constant throughout the reporting date in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

As the Group has no variable rate instruments, a change in interest rate at the reporting date would not affect profit or loss and equity.

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss and equity.

#### (iii) Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group achieves this mainly by managing its working capital very tightly and maintaining an adequate level of cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iii) Liquidity risk management (cont'd)

Liquidity and interest risk analysis

#### Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Carrying amounts	Cash flows			
		Total	Less than 1 year	Between 2 and 5 years	
	\$	\$	\$	\$	\$
<b>The Group</b>					
<b>31 December 2022</b>					
Lease liabilities	330,834	(333,083)	(333,083)	-	-
Borrowings	1,398,219	(1,500,000)	(1,500,000)	-	-
Trade payables	430,383	(430,383)	(430,383)	-	-
Other payables	1,686,992	(1,686,992)	(1,686,992)	-	-
<b>At 30 June 2021</b>					
Lease liabilities	3,174,327	(3,320,831)	(1,534,419)	(1,739,272)	(47,140)
Trade payables	2,300,602	(2,300,602)	(2,300,602)	-	-
Other payables	3,261,644	(3,261,644)	(3,261,644)	-	-
<b>The Company</b>					
<b>31 December 2022</b>					
Lease liabilities	217,394	(218,820)	(218,820)	-	-
Borrowings	1,398,219	(1,500,000)	(1,500,000)	-	-
Other payables	3,310,628	(3,310,628)	(3,310,628)	-	-
<b>At 30 June 2021</b>					
Lease liabilities	1,167,984	(1,203,510)	(656,460)	(547,050)	-
Other payables	2,599,674	(2,599,674)	(2,599,674)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place to mitigate the risk of financial loss from defaults. The Group does not require collateral in respect of trade and other receivables. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's and the Company's cash and bank balances are held with creditworthy financial institutions.

Trade receivables consist of various customers spread across different geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, letters of credit will be obtained on the trade receivables.

The Group's customers are mainly property development main contractors, property developers and individuals. The Group's historical experience in the collection of accounts receivable fall within the recorded allowance for impairment. Due to these factors, management believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables. The good credit history of these customers reduces the risk to the Group to an acceptable level.

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic except as described below. The Group and the Company define counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowance for impairment, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group and the Company determine concentration of credit risk by monitoring the country and business segment profile of its trade and other receivables on an ongoing basis. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
<b>Trade and other receivables</b>				
Singapore	461,881	6,289,587	461,881	1,329,334
Malaysia	-	167,630	-	-
Hong Kong	811,361	1,374,366	-	3,125,620
	<u>1,273,242</u>	<u>7,831,583</u>	<u>461,881</u>	<u>4,454,954</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iv) Credit risk management (cont'd)

##### Trade receivables and contract assets

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

At the reporting date, the Group has outstanding trade receivables from the top 3 customers (30 June 2021: 3 customers) which represent 54% (30 June 2021: 49%) of total trade and other receivables at the reporting date. Ongoing credit evaluation is performed on the financial condition of customers.

Movement in the allowance for impairment in respect of trade receivables during the period/year was as follows:

<b>The Group</b>	<b>31 December 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
At beginning of financial period/year	293,898	261,979
Impairment loss recognised (Notes 23 and 25)	256,632	41,535
Reversal of impairment loss (Note 25)	-	(6,669)
Amounts written off	-	(2,274)
Derecognition of subsidiaries	(285,149)	-
Exchange differences on translation	(1,780)	(673)
At end of financial period/year	<u>263,601</u>	<u>293,898</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (c) Financial risk management policies and objectives (cont'd)

#### (iv) Credit risk management (cont'd)

*Other receivables (excluding prepayments and advances to suppliers)*

The Group and the Company assessed the credit exposure of these receivables to be insignificant based on the historical default rates and measured the impairment losses based on 12-month expected loss basis, except for amount of \$18,939,961 (30 June 2021: \$Nil) and \$23,084,210 (30 June 2021: \$17,247,557) which are measured at an amount equal to lifetime ECLs.

Movement in the allowance for impairment in respect of other receivables during the period/year was as follows:

	The Group		The Company	
	31 December 2022	30 June 2021	31 December 2022	30 June 2021
	\$	\$	\$	\$
At beginning of financial period/year	-	-	17,247,557	9,801,025
Impairment loss recognised	233,256	-	5,836,653	7,446,532
Derecognition of subsidiaries	18,706,705	-	-	-
At end of financial period/year	18,939,961	-	23,084,210	17,247,557

#### (v) Determination of fair values

*Non-current trade receivables*

The fair value of non-current trade receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value is determined at initial recognition and, for disclosure purposes, at the end of each reporting date.

*Other financial assets and financial liabilities that are not carried at fair value but approximate to fair value*

The carrying amounts of cash and bank balances, trade and other receivables and payables, bank borrowings, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

### (d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure externally imposed capital requirements are complied with.

The capital structure of the Group consists of paid up capital, reserves, accumulated losses and non-controlling interests.

The Group's management will review the capital structure periodically. As part of this review, management will consider the cost of capital and the risks associated with each class of capital. The Group will seek to balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debt or the redemption of existing debt.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 28. Financial instruments, financial risks and capital management (cont'd)

### (d) Capital risk management policies and objectives (cont'd)

The Group's overall strategy remains unchanged from prior year.

The gearing ratio of the Group at the reporting date is as follows:

	The Group	
	31 December 2022	30 June 2021
	\$	\$
Debts (including borrowings and lease liabilities)	1,729,053	3,174,327
Cash and bank balances	(185,538)	(5,535,483)
Net debt/(surplus)	1,543,515	(2,361,156)
Equity	(151,198)	28,733,252
Net debt to equity ratio (%)	N/A	N/A

(i) Debt is defined as borrowings and lease liabilities.

(ii) Equity includes all paid up capital, reserves, accumulated losses and non-controlling interests.

## 29. 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.

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 FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 29. Segment information (cont'd)

The segment information provided to Management for the reportable segments is as follows:

	Residential Projects		Distribution and Retail		Others		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment revenue	\$ 1,746,736	\$ 2,581,035	\$ 4,057,755	\$ 3,047,742	\$ -	\$ -	\$ 7,151,079	\$ 6,303,688	\$ 12,955,570	\$ 11,932,465
Interest income	379	1,269	176	725	417	4,047	50	24,027	1,022	30,068
Interest expense	(42,438)	(10,194)	(38,091)	(10,464)	(35,892)	(8,129)	(43,452)	(58,520)	(159,873)	(87,307)
Segment losses (exclude interest income and interest expense)	(2,358,448)	(607,862)	(2,078,515)	(337,104)	(2,555,526)	(2,086,162)	(4,593,449)	(5,311,424)	(11,585,938)	(8,342,552)
Segment assets	790,452	1,285,708	1,235,721	734,691	370,694	8,602,756	-	10,446,698	2,396,867	21,069,853
Segment liabilities	1,700,055	371,208	1,903,780	212,119	1,238,230	2,886,271	-	9,679,361	4,842,065	13,148,959
Capital expenditure	45,124	633,271	84,524	550,314	12,231	1,022,518	324,539	1,701,927	466,418	3,908,030
<b>Other material non-cash expenses</b>										
Bad debts written off	-	(2,203)	-	(2,587)	-	-	(7,273)	(23,951)	(7,273)	(28,741)
Depreciation of property, plant and equipment	(558,515)	(297,426)	(605,588)	(324,443)	(410,924)	(130,850)	(422,460)	(881,855)	(1,997,487)	(1,634,574)
Depreciation of investment property	-	-	-	-	-	-	(10,658)	(12,777)	(10,658)	(12,777)
Impairment loss on trade receivables	(76,989)	-	(179,643)	-	-	-	-	(41,535)	(256,632)	(41,535)
Impairment loss on other receivables	(90,970)	-	(41,986)	-	(100,300)	-	-	-	(233,256)	-
Inventories written down	(158,059)	(1,068)	(368,805)	(1,254)	(512,035)	-	-	(3,056,516)	(1,038,899)	(3,058,838)
Inventories written off	-	-	-	-	(5)	-	-	(6,744)	(5)	(6,744)
Property, plant and equipment written off	-	-	-	-	-	-	(20,029)	(26,888)	(20,029)	(26,888)
Reversal of impairment loss on trade receivables	-	-	-	-	-	-	-	6,669	-	6,669



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 29. Segment information (cont'd)

A reconciliation of reportable segment revenue, profit or loss before tax, assets and liabilities is as follows:

<b>The Group</b>	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Total revenue for reportable segments	12,955,570	11,932,465
Exclude discontinued operations	(7,151,079)	(6,303,688)
Consolidated revenue	<u>5,804,491</u>	<u>5,628,777</u>
<b>Profit or loss before tax</b>		
Segment losses	(11,585,938)	(8,342,552)
Exclude segment losses of discontinuing operations	4,593,449	5,311,424
Interest income	972	6,041
Interest expense	(116,421)	(28,787)
Share of results of associated companies	(1,396,454)	(909,642)
Impairment loss on investment in associate	(17,121,904)	(2,200,000)
Consolidated loss before tax from continuing operations	<u>(25,626,296)</u>	<u>(6,163,516)</u>
<b>The Group</b>		
	<b>31 December 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Total assets for reportable segments	2,396,867	21,069,853
Investment in associates	2,294,000	20,812,358
Consolidated total assets	<u>4,690,867</u>	<u>41,882,211</u>
<b>Liabilities</b>		
Total liabilities for reportable segments/consolidated total liabilities	<u>4,842,065</u>	<u>13,148,959</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 29. Segment information (cont'd)

### *Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>The Group</b>		
<b>Revenue</b>		
Singapore	41,684	-
Hong Kong	5,762,807	5,628,777
	<u>5,804,491</u>	<u>5,628,777</u>
	<b>31 December 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Singapore	2,517,658	23,857,231
Hong Kong	130,629	628,127
Malaysia	-	115,593
	<u>2,648,287</u>	<u>24,600,951</u>

Non-current assets information presented above are non-current assets (excluding financial assets and deferred tax assets) as presented on the consolidated statement of financial position.

### *Information about major customer*

Revenue of approximately \$1,484,993 (30 June 2021: \$1,992,940) is derived from 2 major external customers (30 June 2021: 2 major external customers) who individually contributed 10 percent or more of the Group's revenue, and is attributable to the residential project segment. The details are tabled below.

	<b>Period from 1 July 2021 to 31 December 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>The Group</b>		
Customer 1	906,385	1,234,190
Customer 2	578,608	758,750

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 30. Significant events

- (a) On 12 July 2021, the Company voluntarily suspended its shares trading as the Board of Directors (the "Board") was unable to confirm that all relevant material information has been announced, pending, *inter alia*, the completion of the additional agreed-upon-procedures or a special audit then being considered by the Audit and Risk Committee ("ARC"). Please refer to the Company's announcement dated 12 July 2021 for further details.
- (b) The Company has on 14 July 2021 and 19 August 2021 received notices of compliance from the Singapore Exchange Regulation ("SGX RegCo"):
- (i) The first NOC issued by SGX RegCo on 14 July 2021 required the Company's ARC to commission its Internal Auditor ("IA") to expand its scope of work (the "Additional Scope") to include, among others, looking into the circumstances that led to breaches and/or potential breaches of the Exchange's Catalist Rules as well as internal control weaknesses as stated in the IA's draft interim report (the "Interim Report") which was mentioned in the Company's announcement dated 12 July 2021.
- (ii) The second NOC issued by SGX RegCo on 19 August 2021 directed the Company to appoint a suitable independent special auditor ("Special Auditor") as recommended by the Company's continuing sponsor and approved by SGX RegCo. The second NOC superseded the instruction in the first NOC. The Special Audit must cover the following:
- Review the matters raised in the First NOC;
  - Review the circumstances surrounding the payroll matter as disclosed below, including but not limited to whether the payments were made in accordance with the respective employment contracts and whether proper approvals had been obtained for such payments;
  - Review the circumstances surrounding the unauthorised transactions and assess if there were other unauthorised transactions in the past one (1) year;
  - Review the Group's internal controls, processes and procedures in relation to due diligence performed on acquisitions and disposals in the past one (1) year;
  - Review the Group's whistleblowing policies, processes and procedures and advise on whether such policies, processes and procedures are adequate and effective. In addition, the Special Auditor must review all whistleblowing reports received by the Company and/or its directors, assess whether internal policies, processes and procedures have been adhered to, whether issues brought up by the whistleblower(s) have been robustly investigated into by non-conflicted persons and addressed in the process;
  - Where internal control weaknesses are noted by the IA (in its Interim Report prior to the issue of the second NOC) and the Special Auditor, the Special Auditor must make recommendations on enhancements to ensure adequacy and effectiveness of the internal controls going forward; and
  - Where breaches/potential breaches of the Exchange's Catalist Rules, laws or regulations are noted, the Special Auditor must set out clearly the circumstances that led to the breaches and / or potential breaches as well as the parties responsible.

The Special Auditor reports only and directly to SGX RegCo and the Company's continuing sponsor.

In December 2021, the ARC (by way of majority votes) has also mandated the IA to perform the following:

- (i) Review the implementation status of the remedial steps taken by management to address the internal control weaknesses and potential lapses as stated in the Interim Report ("Follow-up Review"); and
- (ii) Perform certain agreed upon procedures ("AUP") for the utilisation of proceeds up to 30 November 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 30. Significant events (cont'd)

- (c) On 31 July 2021, the Company announced that it has, through its legal counsel, lodged a police report with the Commercial Affairs Department of the Singapore Police Force in relation to suspected payroll irregularities of \$520,000 arising from the past employment of two foreign nationals, Mr Du Kun and Mr Wang Yanchao by its subsidiary, KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM") ("Payroll Matter").

- (d) On 2 August 2021, Mr William Teo Choon Kow and Mr Ang Lian Kiat, (former Independent Directors of the Company), had each received a letter of demand from the lawyers of Mr Lim Wee Li (former CEO of the Company) (each a "ID Demand Letter"), in the discharge of their Directors' duties and each of them had accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 10 August 2021, the Company passed a Board Resolution (by way of majority votes) pursuant to Article 172 of the Company's Constitution that the Company shall indemnify each of Mr William Teo Choon Kow and Mr Ang Lian Kiat, out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which each of them may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the relevant ID Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the relevant ID Demand Letter.

The Board Resolution authorised Mr Lincoln Teo Choong Han (former Interim CEO of the Company) to do all things desirable, necessary or in connection with the foregoing.

On 27 August 2021, Mr Lim Wee Li served a writ of summons on Mr William Teo Choon Kow and Mr Ang Lian Kiat for an action in defamation.

On 26 September 2022, the lawsuit above against Mr William Teo Choon Know and Mr Ang Lian Kiat commenced by Mr Lim Wee Li had been discontinued with effect from 26 September 2022.

- (e) On 10 August 2021, the Company announced that its subsidiary, KHLM had taken legal actions against Mr Lim Wee Li and two foreign nationals, Mr Du Kun and Mr Wang Yanchao to recover the amount of \$520,000 from the three defendants pursuant to the Payroll Matter.

On 22 October 2021, Mr Du Kun and Mr Wang Yanchao filed a defence and counterclaim against KHLM and the Company.

On 5 August 2022, KHLM's liquidators filed a Notice of Discontinuance with the consent of Mr Lim Wee Li, in respect of KHLM's claims against Mr Lim Wee Li.

On 16 August 2022, KHLM's liquidators filed a Notice of Discontinuance with the consent of Mr Du Kun and Mr Wang Yanchao, in respect of KHLM's claims against Mr Du Kun and Mr Wang Yanchao. On the same day, Du Kun and Mr Wang Yanchao filed a Notice of Discontinuance with the consent of KHLM's liquidators, in respect of their counterclaim against KHLM.

On 9 November 2022, Mr Du Kun and Mr Wang Yanchao filed a Notice of Discontinuance in respect of their counterclaim against the Company.

- (f) On 23 August 2021, Mr Lincoln Teo Choong Han, received a letter of demand from the lawyers of Mr Lim Wee Li ("Demand Letter"), in the discharge of his CEO and Director's duties and had accordingly requested for an indemnity pursuant to Article 172 of the Company's Constitution.

On 2 September 2021, the Company passed a Board Resolution (by way of majority votes), pursuant to Article 172 of the Company's Constitution, the Company shall indemnify Mr Lincoln Teo Choong Han out of the assets of the Company, from and against any and all losses, damages, charges, costs (including legal costs) and expenses of whatever nature which he may sustain, incur or suffer, directly and/or indirectly, as a result of or arising out of the Demand Letter including but not limited to any legal proceedings commenced by Mr Lim Wee Li in relation to the Demand Letter.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 30. Significant events (cont'd)

(f) (cont'd)

The Board Resolution authorised Madam Hao Dongting (the Chairperson of the Company) or Mr William Teo Choon Know (former ARC Chairman of the Company) to do all things desirable, necessary or in connection with the foregoing.

On 28 September 2021, Mr Lim Wee Li served a writ of summons on Mr Lincoln Teo Choong Han for an action in defamation.

On 15 July 2022, Lincoln Teo Choong Han ceased to be the interim CEO of the Company, and the indemnity obligation of the Company on the lawsuit commenced by Mr Lim Wee Li against Mr Lincoln Teo Choong Han was also ceased on 15 July 2022.

(g) On 17 September 2021, the Company announced that Mr Lim Wee Li, had taken legal actions against the Company in relation to, among others, wrongful termination of his appointment as Chief Executive Officer of the Company, breach of obligation of mutual trust and confidence owed to him and release of defamatory statements referring to him.

On 22 November 2021, the Company filed a defence and counterclaim against Mr Lim Wee Li.

On 28 December 2022, the Company and Mr Lim Wee Li entered into a legal settlement agreement to procure the discontinuance of the Company's and Mr Lim Wee Li's claims in the above lawsuit. For the avoidance of doubt, the legal settlement entered into between both parties does not prohibit the Company from doing anything which it is legally mandated to do (including but not limited to complying with directions made by SGX RegCo, or any directive(s) issued by the Special Auditor appointed pursuant to SGX RegCo's Notice of Compliance dated 19 August 2021).

On 17 January 2023, the Company announced that Mr Lim Wee Li filed a Notice of Discontinuance with the consent of the Company, in respect of Mr Lim Wee Li's claims against the Company. On the same day, the Company filed a Notice of Discontinuance with the consent of Mr Lim Wee Li, in respect of the Company's counterclaim against Mr Lim Wee Li.

(h) On 29 September 2021, the Company announced that the Company was informed of a police report lodged with the Commercial Affairs Department of the Singapore Police Force by Mr Lim Wee Li on 6 August 2021 against Mr Lincoln Teo Choon Han in relation to a transfer of the Company's fund of US\$480,010 carried out by Mr Lincoln Teo Choon Han without the requisite approval of the Board ("**Unauthorised Transaction**"). In connection with the foregoing, the Company had on 14 October 2021 announced that it had recovered and received a net amount of US\$492,259.97 pursuant to the termination of the transaction.

(i) On 19 October 2021, the Company announced that its subsidiary, KHLM received a statutory demand from Kim Hup Lee & Co. (Private) Limited ("Kim Hup Lee") ("Statutory Demand"), in relation to alleged outstanding rental arrears for the 1st, 2nd and 3rd floors of 25 New Industrial Road Singapore 536211 ("Premises") between 2016 and 2018 amounting to \$1,770,126.57.

(j) On 23 December 2021, the Company announced that its subsidiary, KHLM on 16 December 2021 received a letter from Kim Hup Lee's solicitors, LVM Law Chambers LLC, dated 15 December 2021 (together with a copy of the originating summons and supporting affidavit) in relation to a winding up application filed by Kim Hup Lee in the General Division of the High Court of the Republic of Singapore on 13 December 2021 to wind up KHLM ("Winding Up Application"). The hearing for the Winding Up Application was subsequently fixed on 16 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 30. Significant events (cont'd)

- (k) On 17 January 2022, the Company announced that its subsidiary, KHLM on 13 January 2022 filed an application before the General Division of the High Court under section 91 of the Insolvency, Restructuring and Dissolution Act 2018 for an order to place itself under judicial management (the "JM Application"). The hearing for the JM Application was subsequently fixed on 16 March 2022.

On 7 April 2022, the Company announced that its subsidiary, KHLM on 5 April 2022 entered into a compulsory liquidation.

- (l) On 23 March 2022, the ARC received the Follow-up Review report and AUP report issued by the IA in connection with the utilisation of proceeds up to 30 November 2021. These Follow-up Review report and AUP report had been shared by the management with the Special Auditor on 31 March 2022 for their information.

Following the release of the Follow Up Review Report, the management revised the draft Policies, Procedures and Delegation of Authority manual for the ARC's review and recommendation to the Board for Board's approval. In addition, the Board will continue to monitor Management's ongoing implementation of the recommendations raised in the Interim Report and the Follow Up Report.

Following the release of AUP Report, there were certain unmatched expenses items reported by the IA in connection with the utilisation of proceeds up to 30 November 2021. The Management was in the midst of conducting further analysis and investigations of the "unmatched" items quantified in the AUP Report in order to assess the accuracy of (i) the allocated amounts, the utilised amounts and the remaining balance of the proceeds, and (ii) the breakdown of the use of proceeds up to 30 November 2021.

The Company had subsequently provided multiple announcements on the information of the use of proceeds. On 19 October 2022, the Company further announced that, pending the conclusion of the Special Audit, the Board provided an update on the use of net proceeds raised to 30 September 2022, where the proceeds utilised has been further broken down into 5 separate time periods, (a) up to 7 July 2021, (b) from 8 July 2021 to 30 November 2021, (c) from 1 December 2021 to 31 March 2022, (d) 1 April 2022 to 31 July 2022, and (e) from 1 August 2023 to 30 September 2022, for the purposes of identifying the amounts of proceeds that were utilised by the Group during the respective periods in which Mr Lim Wee Li (former CEO of the Company) and Mr Lincoln Teo Choong Han (former Interim CEO of the Company), were respectively principally responsible for the management and conduct of the business of the Group during the period under review in the AUP Report, where Mr Lim Wee Li ceased to be the CEO of the Company on 7 July 2021, and Mr Lincoln Teo Choong Han was appointed as Interim CEO of the Company on 8 July 2021 and ceased to be the Interim CEO of the Company on 15 July 2022.

- (m) 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 \$120,531.52 and \$250,969.96, respectively.

The alleged outstanding rental arrears of \$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 \$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.

- (n) On 26 June 2023, the Company entered into a loan agreement with Asian Accounts Receivable Exchange Pte. Ltd. for an interest-free loan of \$4 million with a maturity period of 1 year. On 27 March 2024, the Company renewed the loan with a new maturity date on 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 \$4 million with a maturity date on 26 September 2025.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 30. Significant events (cont'd)

- (o) 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 of Directors 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 \$1.5 million.

On 23 August 2023, the Company announced that the Company made the full payment of \$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.

- (p) On 21 July 2023, the Special Auditor issued the first phase of the Special Audit, which covered the auditing findings of Payroll Matter and Unauthorised Transaction.

▪ Payroll Matter

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. 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.

▪ Unauthorised Transaction

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 of the Company. 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) and 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 guidelines, as well as potential contravention of directors' fiduciary duties under Section 157 of the Companies Act.

As at the date of these financial statements, the Special Auditor has yet to complete its Special Audit mentioned under Note 30(b)(ii) in connection with the internal control weaknesses identified by the IA in its Interim Report, Follow-Up Report and AUP Report.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 31. Comparative information

Certain comparative figures as at 30 June 2021 and for the financial year ended 30 June 2021 have been reclassified in order to conform with current year's presentation.

The Group	Note	As previously reported \$	Reclassifi- cation \$	As restated \$
<b>Consolidated statement of financial position</b>				
Other receivables	(a)	2,857,970	53,138	2,911,108
Other payables	(a)	3,228,599	53,138	3,281,737
<b>Consolidated statement of cash flows</b>				
<b>Cash flows from operating activities</b>				
Loss after tax		(11,509,433)	-	(11,509,433)
Adjustments for:				
Bad debts written off	(b)	-	28,741	28,741
Impairment loss on trade receivables	(b)	-	41,535	41,535
Reversal of impairment loss on trade receivables	(b)	-	(6,669)	(6,669)
Others		4,971,515	-	4,971,515
Operating cash flows before working capital changes		(6,537,918)	63,607	(6,474,311)
Changes in working capital:				
- Trade and other receivables	(a), (b)	462,378	(116,745)	345,633
- Trade and other payables	(a), (c)	(4,247,481)	2,680,622	(1,566,859)
Others		3,737,787	-	3,737,787
<b>Net cash used in operating activities</b>		(6,585,234)	2,627,484	(3,957,750)
<b>Cash flows from financing activities</b>				
Proceeds from loan from a shareholder of a subsidiary	(c)	-	39,755	39,755
Repayment of loan from a third party	(c)	-	(2,667,239)	(2,667,239)
Repayment of loan from shareholder	(d)	-	(195,229)	(195,229)
Repayment of loan from third parties	(d)	(1,845,229)	195,229	(1,650,000)
Others		8,014,369	-	8,014,369
<b>Net cash from financing activities</b>		6,169,140	(2,627,484)	3,541,656



# NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2021 to 31 December 2022

## 31. Comparative information (cont'd)

The Company		As previously reported	Reclassifi- cation	As restated
	Note	\$	\$	\$
<b>Statements of financial position</b>				
Other receivables	(a)	4,465,757	53,138	4,518,895
Other payables	(a)	2,546,536	53,138	2,599,674

- (a) Other receivables of \$53,138 were offset against other payables, are now reclassified.
- (b) Certain non-cash adjustments were not adjusted to operating cash flows before working capital changes, are now adjusted.
- (c) Certain cash inflows and outflows from and used in financing activities were classified as operating cash flows, are now reclassified.
- (d) Reclassification of cash flows within cash flows from financing activities.

The above reclassifications have no impact on the beginning of the preceding period as at 1 July 2020.

# STATISTICS OF SHAREHOLDINGS

As at 28 March 2024

Issued and fully paid capital	-	S\$59,317,003.33 <sup>(1)</sup>
Class of shares	-	Ordinary shares
Total number of shares in issue	-	424,665,283
Voting rights	-	1 vote per share
Number of treasury shares	-	Nil
Number of subsidiary holdings held	-	Nil
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares in issue (excluding shares and subsidiary holdings)	-	Nil

**Note:**

(1) The issued and paid-up share capital of the Company was extracted from the records of the Accounting and Corporate Regulatory Authority Singapore.

## SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 57.61% of the total number of issued ordinary shares of the Company were held in the hands of the public as of 28 March 2024, and therefore the Rule 723 of the Catalist Rules is complied with.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 28 MARCH 2024

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.59	229	0.00
100 - 1,000	16	2.34	9,765	0.00
1,001 - 10,000	81	11.88	571,600	0.14
10,001 - 1,000,000	531	77.86	77,943,412	18.35
1,000,001 AND ABOVE	50	7.33	346,140,277	81.51
<b>TOTAL</b>	<b>682</b>	<b>100.00</b>	<b>424,665,283</b>	<b>100.00</b>

# STATISTICS OF SHAREHOLDINGS

As at 28 March 2024

## TWENTY LARGEST SHAREHOLDERS AS AT 28 MARCH 2024

NO.	NAME	NO. OF SHARES	%
1	OOWAY GROUP LTD.	90,000,000	21.19
2	LIM WEE LI	66,148,657	15.58
3	CHEE TUCK HONG	23,859,060	5.62
4	CITIBANK NOMINEES SINGAPORE PTE LTD	14,595,260	3.44
5	DBS NOMINEES (PRIVATE) LIMITED	13,300,900	3.13
6	RAFFLES NOMINEES (PTE.) LIMITED	12,412,000	2.92
7	OCBC SECURITIES PRIVATE LIMITED	9,451,200	2.23
8	HSBC (SINGAPORE) NOMINEES PTE LTD	7,147,200	1.68
9	LIN SONGXIAN	6,740,700	1.59
10	CHIANG SIEW KAY	5,521,000	1.30
11	IFAST FINANCIAL PTE. LTD.	5,167,700	1.22
12	MAYBANK SECURITIES PTE. LTD.	4,976,600	1.17
13	PHILLIP SECURITIES PTE LTD	4,975,800	1.17
14	ONG SOON LIONG @ONG SOON CHONG	4,900,000	1.15
15	UOB KAY HIAN PRIVATE LIMITED	4,772,736	1.12
16	WONG HONG ENG	4,603,308	1.08
17	CHEE TAI CHIEW	4,508,200	1.06
18	POON POH MUI OR NG TZE KIONG	4,300,000	1.01
19	YANG XIANZHENG	3,859,060	0.91
20	PAMELA RACHEL KWAN KA FOONG	3,659,060	0.86
	<b>TOTAL</b>	<b>294,898,441</b>	<b>69.43</b>

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
OOWAY Group Ltd. <sup>(1)</sup>	90,000,000	21.2	-	-
OOWAY Holding Ltd. <sup>(1)</sup>	-	-	90,000,000	21.2
Hao Dongting <sup>(1)</sup>	-	-	90,000,000	21.2
Lim Wee Li	66,148,657	15.6	-	-
Chee Tuck Hong	23,859,060	5.6	-	-

### Note:

- (1) OOWAY Holding Ltd. is deemed to be interested in all the shares in the capital of the Company held by OOWAY Group Ltd. under Section 7 of the Companies Act 1967 of Singapore ("**Companies Act**") and Section 4 of the Securities and Futures Act 2001 of Singapore ("**SFA**"), as it holds 70.08% shareholding in OOWAY Group Ltd.. Mdm Hao Dongting is also deemed to be interested in all the shares in the capital of the Company held by OOWAY Group Ltd. under Section 7 of the Companies Act and Section 4 of the SFA as she holds 100% shareholding in OOWAY Holding Ltd..

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM”) of SDAI Limited (formerly known as Kitchen Culture Holdings Ltd.) (the “Company”) will be held on Friday, 10 May 2024 at 10.00 a.m. (Singapore Time) at Veranda 3 Room, Level 2 Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial period from 1 July 2021 to 31 December 2022 (“FP2022”) together with the directors’ statement and the auditor’s report thereon. **(Resolution 1)**
2. To approve the payment of directors’ fees of S\$152,222 for the financial year ended 31 December 2023 (FP2022: S\$264,000). *(see explanatory note 1)* **(Resolution 2)**
3. To approve the payment of directors’ fees of S\$250,000 for the financial year ended 31 December 2024 (“FY2024”), payable quarterly in arrears. *(see explanatory note 2)* **(Resolution 3)**
4. To re-elect Mdm Hao Dongting, a director of the Company (“Director”) retiring pursuant to Regulation 107 of the Company’s Constitution. *(see explanatory note 3)* **(Resolution 4)**
5. To re-elect Mr Yip Kean Mun, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 4)* **(Resolution 5)**
6. To re-elect Mr James Beeland Rogers, Jr., a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 5)* **(Resolution 6)**
7. To re-elect Mr Lam Kwong Fai, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 6)* **(Resolution 7)**
8. To re-elect Mr Tan Meng Shern, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 7)* **(Resolution 8)**
9. To re-elect Mr Cheung Wai Man Raymond, a Director retiring pursuant to Regulation 117 of the Company’s Constitution. *(see explanatory note 8)* **(Resolution 9)**
10. To re-appoint Messrs Foo Kon Tan LLP as the external auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:

11. That pursuant to Section 161 of the Companies Act 1967 (“Companies Act”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), the Directors be authorised and empowered to:  
  - (a) (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may at their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro rata* basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from exercising of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(see explanatory note 9)

- 12. To transact any other business that may be properly transacted at an AGM of the Company.

By Order of the Board

Ms Tan Swee Gek  
Company Secretary  
25 April 2024

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. The proposed Directors' fees under Ordinary Resolution 2 are calculated based on a pro-rated amount of the proposed Directors' fees under Ordinary Resolution 3 for Directors present in office from 26 June 2023. The Directors' fees for FP2022 of S\$264,000 is for a financial period of 18 months from 1 July 2021 to 31 December 2022.
2. The Ordinary Resolution 3 proposed in item 3 above is to facilitate and ensure the timely payment of Directors' fees for FY2024, quarterly in arrears, notwithstanding the date on which the next AGM of the Company is held.
3. Mdm Hao Dongting will, upon re-election as a Director, remain as the Executive Chairperson of the Company. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
4. Mr Yip Kean Mun will, upon re-election as a Director, remain as the Executive Director of the Company. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
5. Mr James Beeland Rogers, Jr. will, upon re-election as a Director, remain as the Non-Executive Non-Independent Director of the Company. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
6. Mr Lam Kwong Fai will, upon re-election as a Director, remain as the Lead Independent Director of the Company, Chairman of the Audit Committee ("**AC**"), as well as a member of the Remuneration Committee ("**RC**"), Nominating Committee ("**NC**") and Board Risk Committee ("**BRC**") of the Company. He is considered independent by the Board for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
7. Mr Tan Meng Shern will, upon re-election as a Director, remain as an Independent Director of the Company, Chairman of the NC, as well as a member of the AC, RC and BRC of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
8. Mr Cheung Wai Man Raymond will, upon re-election as a Director, remain as an Independent Director of the Company, Chairman of the RC and BRC, as well as a member of the AC and NC of the Company. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to the "Information on Directors seeking Re-Election" section of the annual report for FP2022 of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
9. The Ordinary Resolution 11 proposed in Item 11 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM of the Company, the date by which the next AGM of the Company is required by law and the Catalist Rules to be held or the date on which such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a *pro-rata* basis to existing members of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- 1) The members of the Company are invited to attend physically at the Annual General Meeting (the “**Meeting**” or “**AGM**”). **There will be no option for members to participate virtually.** This Notice of AGM and together with the accompanying proxy form and the annual report for FP2022 will be despatched to members by post. Members may access the Notice of AGM, the proxy form and the annual report for FP2022 from the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
- 2) Shareholders (including Supplementary Retirement Scheme investors (“**SRS Investors**”)) may participate in the AGM by (a) attending the AGM in person; (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or (c) voting at the AGM (i) themselves personally or (ii) through their duly appointed proxy(ies). For the avoidance of doubt, SRS Investors will not be able to appoint third-party proxy(ies) (i.e. persons other than the Chairman of the Meeting) to attend, speak and/or vote at the AGM on their behalf.
- 3) SRS Investors (a) may vote at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or (b) may request their respective SRS Operators to appoint the Chairman of the Meeting as their proxy in respect of their Shares held by such SRS Operators to vote on their behalf at the AGM, in either case they should approach their respective SRS Operators at least seven (7) working days prior to the date of the AGM, i.e. by 29 April 2024.
- 4) Shareholders (including SRS Investors) can submit questions in advance of, or at the AGM. Shareholders (including SRS Investors) can submit substantial and relevant questions related to the ordinary resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM, in the following manner:
  - (a) by post to the Share Registrar of the Company, **In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712**; or
  - (b) if submit electronically, be submitted via email to [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia).

Shareholders who submit questions via email or by post must provide the Company with the following details:

- the Shareholder’s full name;
- the Shareholder’s address;
- the Shareholder’s contact number and/or email address; and
- the manner in which the Shareholder holds shares in the Company (e.g., via CDP, SRS and/or scrip).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

- 5) All questions submitted in advance of the AGM via any of the channels as mentioned under note 4 above must be received by the Company by 5.00 p.m. (Singapore Time) on 1 May 2024 (“**Cut-Off Time**”). Shareholders (including SRS Investors) and (where applicable) duly appointed proxy(ies) can also ask the Chairman of the Meeting substantial and relevant questions related to the ordinary resolutions to be tabled for approval at the AGM itself.
- 6) The Company will endeavour to address all substantial and relevant questions related to the ordinary resolutions to be tabled for approval at the AGM received from Shareholders by the Cut-Off Time, by publishing its responses to such questions on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> by 10.00 a.m. (Singapore Time) on 6 May 2024, i.e. forty-eight (48) hours prior to the deadline for the submission of instruments appointing a proxy(ies). The Company will also address any subsequent clarifications sought, or follow-up questions (which are related to the ordinary resolutions to be tabled for approval at the AGM) received after the Cut-Off Time which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received at the AGM, at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- 7) The Company will publish the minutes of the AGM on the SGXNet within one (1) month from the date of the AGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which are addressed during the AGM.
- 8) Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is normally entitled to appoint not more than two (2) proxies to participate and vote at the AGM. Where such

# NOTICE OF ANNUAL GENERAL MEETING

member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares held by the member and any second named proxy as an alternate to the first named.

- 9) Pursuant to Section 181(1C) of the Companies Act, any member who is a relevant intermediary is entitled to appoint more than two (2) proxies to participate in the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
- 10) Persons who hold the Shares through relevant intermediaries, other than SRS Investors, and who wish to participate in the AGM by: (a) attending the AGM in person; (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or (c) voting at the AGM (i) themselves personally or (ii) by appointing the Chairman of the Meeting as proxy in respect of their Shares held by such relevant intermediaries on their behalf, should contact the relevant intermediary through which they hold such Shares as soon as possible and in any event, at least seven (7) working days prior to the date of the AGM, i.e. by 29 April 2024 in order for the necessary arrangements to be made for their participation in the AGM.
- 11) A proxy need not be a member of the Company.
- 12) A member can appoint the Chairman of the Meeting as his/her/it proxy, but this is not mandatory. If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- 13) All voting will be carried out by way of a poll.
- 14) The duly executed Proxy Form must be submitted to the Company in the following manner:
  - (a) by post to the Share Registrar of the Company, **In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712**; or
  - (b) if submit electronically, be submitted via email to [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia),  
in any case no later than forty-eight (48) hours before the time and date fixed for the AGM, being 10.00 a.m. (Singapore Time) on 8 May 2024, and falling which, the Proxy Form will not be treated as valid.
- 15) The instrument appointing a proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy(ies).
- 16) The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies).
- 17) Completion and submission of the instrument appointing a proxy(ies) by a Shareholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
- 18) A Depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM for the Depositor to be entitled to attend, speak and vote at the AGM.



# NOTICE OF ANNUAL GENERAL MEETING

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the member's personal data and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes and retained for such period as may be necessary for the Company's verification and record purposes.

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*This notice 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

*This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.*

*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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**SDAI LIMITED**

(formerly known as Kitchen Culture Holdings Ltd.)

(Company Registration Number: 201107179D)

(Incorporated in the Republic of Singapore)

**PROXY FORM****IMPORTANT:**

- For investors who have used their Supplementary Retirement Scheme monies to buy Shares in the Company (the "SRS Investors"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- SRS Investors:
  - may vote at the AGM if they are appointed as proxy by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxy; or
  - may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM in which case they should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM, i.e., by 29 April 2024, to allow sufficient time for their respective relevant intermediaries to, in turn, submit a Proxy Form to appoint the Chairman of the Meeting to vote on their behalf.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./

Company Registration No.) of \_\_\_\_\_ (Address)

being a member/members\* of SDAI LIMITED (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or\*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the annual general meeting ("AGM" or the "Meeting") of the Company as my/our\* proxy(ies) to attend, speak and vote for me/us\* on my/our\* behalf at the AGM of the Company to be held on Friday, 10 May 2024 at 10.00 a.m. (Singapore Time) in a wholly physical format at Veranda 3 Room, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 or at any adjournment thereof.

I/We\*direct my/our\* proxy(ies) to vote for, against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the \*proxy/proxies (except where the Chairman of the Meeting is appointed) will vote or abstain from voting at \*his/her/their discretion. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting for that resolution will be treated as invalid.**

Please indicate with a "√" in the space provided below to exercise your vote "For" or "Against", or "Abstain" from voting on, the Resolutions as set out in the Notice of AGM dated 25 April 2024. Alternatively, please indicate the number of Shares as appropriate.

The Resolutions put to the AGM will be decided by way of a poll.

No.	Resolution	Number of votes		
		For**	Against**	Abstain**
	<b>Ordinary Business</b>			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the eighteen months financial period from 1 July 2021 to 31 December 2022 together with the Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' fees of S\$152,222 for the financial year ended 31 December 2023.			
3.	To approve the payment of Directors' fees of S\$250,000 for the financial year ending 31 December 2024 to be paid quarterly in arrears.			
4.	To re-elect Mdm Hao Dongting as a Director of the Company.			
5.	To re-elect Mr Yip Kean Mun as a Director of the Company.			
6.	To re-elect Mr James Beeland Rogers, Jr. as a Director of the Company.			
7.	To re-elect Mr Lam Kwong Fai as a Director of the Company.			
8.	To re-elect Mr Tan Meng Shern as a Director of the Company.			
9.	To re-elect Mr Cheung Wai Man Raymond as a Director of the Company.			
10.	To re-appoint Messrs Foo Kon Tan LLP as the external auditors of the Company and to authorise the Directors to fix their remuneration.			
	<b>Special Business</b>			
11.	To authorise the Directors to allot and issue shares and convertible securities.			

Please note that the short description given above of the Resolutions to be passed does not in any way whatsoever reflect the intent and purpose of the Resolutions. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 25 April 2024 for the full purpose and intent of the Resolutions to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

Total no. of shares in	No. of shares
(a) in Depository Register	
(b) in Register of Members	

Signature(s) / Common Seal of Member(s)

\* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## NOTES FOR PROXY FORM

1. For this AGM, members of the Company (including relevant intermediaries) may vote by way of this Proxy Form appointing the Chairman of the Meeting to vote in accordance with the Proxy Form or by their duly appointed proxies as set out in the Notice of AGM.
2. Please insert the total number of shares held by you: (a) if you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number; (b) if you have shares registered in your name in the Register of Members of the Company, you should insert that number; and (c) if you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members of the Company, you should insert the aggregate of the numbers. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.
3. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares held by the member and any second named proxy as an alternate to the first named.
4. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.
5. "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
6. A proxy need not be a member of the Company.
7. The instrument appointing a proxy(ies) must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy(ies), failing which this Proxy Form may be treated as invalid.
8. The Proxy Form, duly executed, must be submitted to the Company in the following manner:
  - (a) by post to the Share Registrar of the Company, **In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712**; or
  - (b) if submitted electronically, be submitted via email to **shareregistry@incorp.asia**,in any case no later than forty-eight (48) hours before the time and date of the AGM, and failing which, the Proxy Form will not be treated as valid.
9. By submitting this Proxy Form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 25 April 2024.
10. The Company shall be entitled to reject the instrument appointing proxy(ies) if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing proxy(ies). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing proxy(ies) lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 25 April 2024.





**SDAI Limited**  
*(formerly known as Kitchen Culture Holdings Ltd.)*  
UEN: 201107179D  
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10 Marina Boulevard  
Singapore 018983