



**SDAI LIMITED**

(formerly known as Kitchen Culture Holdings Ltd.)  
(Company Registration No. 201107179D)  
(Incorporated in Republic of Singapore on 25 March 2011)

---

**DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

---

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the board of directors (the “**Board**”) of SDAI Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the independent auditor of the Company, Foo Kon Tan LLP (the “**Independent Auditor**”), has issued a disclaimer of opinion (“**Disclaimer of Opinion**”) in respect of its independent auditor’s report dated 25 April 2024 (the “**Independent Auditor’s Report**”) for the audited financial statements of the Group and the Company for the financial period from 1 July 2021 to 31 December 2022 (“**FP2022**”) (the “**Audited Financial Statements**”), which was the financial period under the oversight of the previous Board. For the avoidance of doubt, the current Directors (save for Mdm Hao Dongting) were appointed to the current Board with effect from 26 June 2023.

The Independent Auditor has not expressed an opinion on the Audited Financial Statements as it has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Audited Financial Statements because of the significance of the matters described in the basis for the Disclaimer of Opinion. The basis for the Disclaimer of Opinion is contained in the Independent Auditor’s Report. Please refer to the Independent Auditor’s Report, a copy of which is attached herein for further details.

An extract of the Note 2 to the Audited Financial Statements pertaining to the Group’s and the Company’s going concern assumption is also attached herein for information in relation to the basis of preparation of the Audited Financial Statements on a going concern basis.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report and the Audited Financial Statements that formed a part of the annual report of the Company for FP2022 (which will be released separately on SGXNet on 25 April 2024) in their entirety, and to exercise caution when dealing in the shares of the Company.

The shares of the Company have been suspended from trading on the SGX-ST since 12 July 2021.

By Order of the Board of  
**SDAI Limited**

Yip Kean Mun  
Executive Director  
25 April 2024

---

*This announcement has been prepared by SDAI Limited (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 announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SDAI LIMITED  
(FORMERLY KNOWN AS KITCHEN CULTURE HOLDINGS LTD.)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022**

---

**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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SDAI LIMITED  
(FORMERLY KNOWN AS KITCHEN CULTURE HOLDINGS LTD.)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022**

---

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.

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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SDAI LIMITED  
(FORMERLY KNOWN AS KITCHEN CULTURE HOLDINGS LTD.)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022**

---

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.

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SDAI LIMITED  
(FORMERLY KNOWN AS KITCHEN CULTURE HOLDINGS LTD.)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022**

---

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.

(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.)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022**

---

**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

## **Extract of Note 2 to the Financial Statements for FP2022**

### **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.