



SDAI LIMITED

(Company Registration No. 201107179D)
(Incorporated in Republic of Singapore on 25 March 2011)

**RESPONSES TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN
RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED 30 DECEMBER 2024**

The board of directors (the “**Board**”) of SDAI Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following queries raised by the Securities Investors Association (Singapore) on 11 April 2025 in relation to the Company’s annual report for the financial year ended 30 December 2024, and appends its responses as follows:

Question 1:

On 12 July 2021, the company suspended trading of its shares, citing its inability to confirm that all material information has been disclosed. In the chairperson’s statement, it was noted that the company is “working tirelessly” to finalise Phase 2 of the special audit and its business transformation plan, prior to seeking approval from SGX-ST trading resumption. Phase 2 specifically addresses deviations in the use of approximately \$19.3 million raised during previous fundraising.

To date, the special auditor has not completed the scope of works set out in the company’s 20 September 2021 announcement. This is despite management stating that it has responded promptly and provided all requested documents to the special auditor. The executive summary from the first phase of the special audit was published on 21 July 2023.

- (i) What parts of the agreed scope of work remain outstanding, and what are the key reasons for the delay in finalising Phase 2 of the special audit?
- (ii) What roles have the independent directors played in overseeing the special audit? How actively have they engaged with the special auditor?
- (iii) What specific deliverables remain before the company can submit a trading resumption proposal to SGX-ST? What is the estimated timeline for submitting the proposal?

As announced on 19 August 2021, the previous board of directors of SDAI Limited (the “**Company**”, then known as Kitchen Culture Holdings Ltd.) was directed by the Singapore

Exchange Regulation (“**SGX RegCo**”) pursuant to a Notice of Compliance (“**NoC**”), to appoint a suitable independent special auditor (“**Special Auditor**”) recommended by its previous continuing sponsor at the time, SAC Capital Pte. Ltd. (“**Previous Sponsor**”). The engagement with the Special Auditor was to conduct a special audit (“**Special Audit**”) for specified purposes including, *inter alia*, the use of proceeds from the Company’s fund-raising exercises preceding the NoC, amounting to approximately S\$19 million.

The Special Auditor was directed by the SGX RegCo to only report to the Previous Sponsor and SGX RegCo. Accordingly, the current board of directors of the Company (“**Current Board**”) has not been involved in the conduct of the Special Audit and the independent directors of the Company have no supervisory responsibilities over the Special Audit process.

Stakeholders are advised to refer to the Company’s announcement dated 19 August 2021 for more details in relation to the scope of the Special Audit and the complete set of directives issued by the SGX RegCo in connection therewith.

The executive summary in relation to first phase of the Special Audit was announced on 21 July 2023. To the best of the Current Board and the Company’s knowledge, as at the date of this response, the Current Board, including the independent directors of the Company and the management of the Company (“**Management**”), have provided full co-operation in relation to the Special Audit and no outstanding information is required from the Current Board. The Company understands that the Special Auditor is in the process of finalising the second phase of the Special Audit. The Company will announce Phase 2 of the Special Audit on the SGXNet once the final report is issued. The Company has to implement the recommendations set forth in the Special Audit report, if any, and prepare and submit a trading resumption proposal to the Singapore Securities Trading Limited once the report for Phase 2 of the Special Audit is released. The Company will release further announcement(s) to update its shareholders on any material developments in relation to the trading resumption of the Company.

In addition, since the Current Board was appointed on 26 June 2023, the Current Board together with the Management have been resolving the legacy issues and working on the audit of the previous financial years’ accounts.

In particular, we would like to highlight some of the work done as follows: -

<u>Date</u>		<u>Announcement Title</u>
7 August 2023	:	General Announcement: Media Release – Business Update on Outstanding Legacy Issues and Strategy to Move Forward
17 November 2023	:	Change – Change in Corporate information: Appointment of Auditors
22 November 2023	:	General Announcement: Update on the Company’s Actions to be Taken In Relation to the Special Audit Report
8 February 2024	:	General Announcement: Update on the Company’s Actions Taken In Relation to the Special Audit Report
25 April 2024	:	Annual General Meeting: Voluntary (for the financial period ended 31 December 2022)

2 May 2024	:	General Announcement: Media Release – Positive Outcomes Since New Board took over in June 2023
12 June 2024	:	Financial Statements and Related Announcement: First Quarter Results (for the financial year ended 31 December 2023 (“FY2023”))
22 July 2024	:	Financial Statements and Related Announcement: Second Quarter and/ or Half Yearly Results (for FY2023)
6 August 2024	:	Financial Statements and Related Announcement: Third Quarter Results (for FY2023)
21 October 2024	:	Financial Statements and Related Announcement: Full Yearly Results (for FY2023)
23 October 2024	:	Annual General Meeting: Voluntary (for FY2023)
15 November 2024	:	Financial Statements and Related Announcement: First Quarter Results (for the financial year ended 31 December 2024 (“FY2024”))
15 November 2024	:	Financial Statements and Related Announcement: Second Quarter and/ or Half Yearly Results (for FY2024)
15 November 2024	:	Financial Statements and Related Announcement: Third Quarter Results (for FY2024)
28 February 2025	:	Financial Statements and Related Announcement: Full Yearly Results (for FY2024)
7 April 2025	:	Annual General Meeting: Voluntary (for FY2024)

Question 2:

With the ongoing liquidation of the kitchen system distribution business, the group pivoted in October 2024 into the biotechnology, launching healthcare-related products and services under Beijing Blue Code Biotechnology Co., Limited, which has been renamed to Hainan Blue Code Biotechnology Co., Ltd. (海南蓝码生物科技有限公司).

- (i) What biotechnology-specific capabilities does the group currently possess—such as technical know-how, intellectual property, industry networks, or scientific talent—that support its entry into this sector? Is the group building these competencies from the ground up, and is there a defined product or technology roadmap?**
- (ii) What level of commercial and technical due diligence was conducted before committing to this strategic pivot?**

(iii) What is the estimated capital investment required to bring the biotechnology business to commercial viability, and how does this venture alter the group's overall risk profile?

The ongoing Special Audit, which scrutinises, amongst others, the utilisation of approximately S\$19 million previously raised by the Company preceding the NoC and the trading suspension of its shares has negatively affected the Company's image and reputation.

The Current Board has made various attempts, including discussions with several companies in relation to restructuring and/or investment cooperation, but without success, mainly due to the outstanding legacy issues of the Company, the ongoing Special Audit and the trading suspension of the Company's shares.

The Company has been conducting assessment on the viability of the proposed biotechnology business for more than a year. Such research has been undertaken by a professional team in China with suitable qualifications and experience, together with several research institutions in China.

The Company hopes to have tangible results to share with the Shareholders within the third quarter of the financial year ending 31 December 2025. The Company has developed a detailed business roadmap, which is being carefully considered by the Board, who are mindful of balancing the potential reward to Shareholders against the risks involved with the biotechnology business. The Company is also in consultation with the current sponsor of the Company and will make the appropriate announcements when there are material developments.

Question 3:

The independent auditors issued a disclaimer of opinion on the financial statements for the financial year ended 31 December 2024, citing concerns over the use of going concern assumption and outstanding notices of compliance issued by SGX RegCo.

As at 31 December 2024, the group held \$0.73 million in cash and cash equivalents. Net cash used in operating activities was \$(3.4) million in 2024 and \$(2.0) million in 2023.

In November 2024, the group raised \$1 million via a new redeemable loan agreement with four subscribers. Separately, loan maturities with Asian Accounts Receivable Exchange Pte. Ltd. and Mdm Hao Dongting were extended to 30 June 2026.

At the company level, equity attributable to owners stands at a negative \$(7.24) million.

- (i) What is the board's plan to restore financial sustainability and address the group's capital deficiency?**
- (ii) Is a material equity fundraising anticipated, and under what conditions would it be pursued?**
- (iii) What are the available funding options under consideration, and how does the board evaluate the impact of each option on shareholder dilution, covenant flexibility, and long-term cost of capital?**

- (iv) How did the board assess the implicit cost of the redeemable loan agreement, particularly given the conversion feature allowing for equity conversion at 10% discount?**

Present Financial Challenges

The Company, together with its subsidiaries, recorded a negative working capital of S\$0.5 million, which may indicate that it may not be able to meet its short-term debt obligations when they become due. This situation also presents a risk of insolvency if the Company cannot secure additional funding. Due to the ongoing Special Audit and the trading suspension of its shares, which extensively damaged the Company's image and reputation, fundraising, whether by way of the capital market or debt financing, has proven to be a great challenge. As such, up to-date, the most feasible solution for the Company is to seek financial support from its existing Shareholders.

Present Support from Certain Shareholder and Investors

As fundraising from the market has been difficult for the Company, the Company wishes to extend its heartfelt appreciation to certain Shareholders and investors of the Company who, notwithstanding the adverse conditions afflicting the Company, have stepped up to provide the necessary support.

In relation to the aforesaid support, the Current Board refers to the Financial Review section of the Company's annual report announced on 7 April 2025. On 11 November 2024:

- (a) the Company entered into a second side letter agreement with Asian Accounts Receivable Exchange Pte. Ltd. to amend the S\$4.0 million loan expiry date from 26 September 2025 to 30 June 2026;
- (b) the Company entered into a side letter agreement with Mdm Hao Dongting, the Chairperson of the Company, to amend the S\$4 million loan's drawdown structure and extend the loan's expiry date to 30 June 2026;
- (c) the Company entered into Redeemable Loan Agreements with four (4) new investors or Lenders for an interest-free loan of S\$1.0 million with a maturity date of 30 June 2026.

For more information, please refer to the Company's announcements dated 11 and 12 November 2024 and the annual report of the Company for the financial year ended 31 December 2024.

Path Forward

The pressing issue for the Company is the strategic transformation in its business, which could offer new business opportunities and new revenue streams for growth and improve the Company's prospects. We will make the appropriate announcement when there are material developments.

The historical issues are expected to weigh on the Company's ability to raise funds to enter into the new proposed biotechnology business. Yet funding is necessary for the new business to produce revenue and profits, and for the rehabilitation of the Company through eventual resumption of trading of its shares. The Directors will consider all possible options for financing its operations, including not limited, to the issue of new shares at terms which are sufficiently attractive to investors.

By Order of the Board of
SDAI Limited

Mdm Hao Dongting
Executive Chairperson
18 April 2025

*This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

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