FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

Filing Date: **2024-12-19** | Period of Report: **2024-12-19**
SEC Accession No. 0001493152-24-050749

(HTML Version on secdatabase.com)

FILER

SAG Holdings Ltd

CIK:**1933951**| IRS No.: **000000000** | State of Incorp.:**E9** | Fiscal Year End: **1231**
Type: **6-K** | Act: **34** | File No.: **001-42381** | Film No.: **241561925**
SIC: **5010** Motor vehicles & motor vehicle parts & supplies

Mailing Address
14 ANG MO KIO STREET 63
SINGAPORE U0 569116

Business Address
14 ANG MO KIO STREET 63
SINGAPORE U0 569116
65 6383 7540

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of December 2024

Commission File Number 001-42381

SAG Holdings Limited
(Exact name of registrant as specified in its charter)

Not Applicable
(Translation of Registrant's Name into English)

14 Ang Mo Kio Street 63, Singapore	**569116**
(Address of principal executive offices)	(Zip Code)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

Unaudited Interim Condensed Financial Results for the Six Months Ended June 30, 2024

On December 19, 2024, SAG Holdings Limited (the "Company") released its unaudited interim condensed financial statements for the six months ended June 30, 2024 (the "Six-Month Financials"). In addition, the Company released certain supplementary financial information relating to the six months ended June 30, 2024 ("Supplemental Financial Information").

The Supplemental Financial Information and the Six-Month Financials are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Report on Form 6-K and are incorporated by reference herein and into the Company's Registration Statement on Form F-1, as amended (File No. 333-267771), filed with the Securities and Exchange Commission.

Exhibit Index

Exhibit Number	Exhibit Title
99.1	Supplemental Financial Information Relating to the Six Months Ended June 30, 2024
99.2	Unaudited Interim Condensed Financial Statements for the Six Months Ended June 30, 2024

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 19, 2024

/s/ Chin Heng Neo

Chin Heng Neo, Chief Executive Officer and Executive Director (Principal Executive Officer)

Date: December 19, 2024

/s/ Chin Aik Neo

Chin Aik Neo, Deputy Chief Executive Officer and Executive Director

Date: December 19, 2024

/s/ Ivy Lee

Ivy Lee, Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 99.1

SAG Holdings Limited and Subsidiaries

Summary of Consolidated Financial and Other Data

	Six Months ended June 30,	
	2024	2023
	$'000	$'000
Revenues	27,900	31,034
Income from operations	1,799	1,658
Net income	1,676	1,351
Net income per share	0.19	0.15
Number of shares outstanding ('000)	9,000	9,000

- Revenue decreased by approximately $3.1 million or 10.1% to approximately 27.9 million for the six months ended June 30, 2024 from approximately $31.0 million for the six months ended June 30, 2023.
- Income from operations increased by approximately $0.1 million to approximately $1.8 million for the six months ended June 30, 2024 from approximately $1.7 million for the six months ended June 30, 2023.
- Net income was approximately $1.7 million for the six months ended June 30, 2024 as compared approximately $1.4 million for the six months ended June 30, 2023.
- Net income per share was $0.19 as of June 30, 2024, compared to $0.15 as of June 30, 2023.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the six months ended June 30, 2024 and 2023, our net revenue amounted to approximately $27.9 million and approximately $31.0 million, respectively, of which On-Highway Business accounted for approximately $12.4 million for the six months ended June 30, 2024 and approximately $13.9 million for the six months ended June 30, 2023, Off-Highway Business accounted for approximately $15.5 million for the six months ended June 30, 2024 and approximately $17.1 million for the six months ended June 30, 2023, and services (in the form of shipping charges) accounted for approximately $0.03 million for the six months ended June 30, 2024 and approximately $0.04 million for the six months ended June 30, 2023.

Our net income amounted to approximately $1.7 million and $1.4 million for the six months ended June 30, 2024 and 2023, respectively.

Revenue

As set forth in the following table, during the six months ended June 30, 2024 and 2023, our revenue was derived from the sale of products in our On-Highway Business serving the automotive sector, our Off-Highway Business serving the industrial sector, and in the provision of services (in the form of shipping charges):

	Six Months ended June 30,			
	2024		2023	
	$'000	%	$'000	%
Revenue				
On-Highway	12,373	44.3	13,880	44.7
Off-Highway	15,499	55.6	17,115	55.2
Services (shipping charges)	28	0.1	39	0.1
Total	**27,900**	**100.0**	**31,034**	**100.0**

Our total revenue decreased by approximately $3.1 million or 10.1% to approximately $31.0 million for the six months ended June 30, 2024, from approximately $31.0 million for the six months ended June 30, 2023. Such decrease was mainly attributable to the decreased demand in our Off-Highway Business and On-Highway Business of approximately $1.6 million and approximately $1.5 million. Such decrease was mainly due to the decrease in oversea sales.

The total revenue of our On-Highway Business decreased by approximately $1.5 million to approximately $12.4 million for the six months ended June 30, 2024 from approximately $13.9 million for the six months ended June 30, 2023. Such decrease was mainly due to the decrease in oversea sales.

The total revenue for our Off-Highway Business decreased by approximately $1.7 million to approximately $15.5 million for the six months ended June 30, 2024, from approximately $17.1 million for the six months ended June 30, 2023. Such decrease was mainly due to the decrease in oversea sales.

For the six months ended June 30, 2024 and 2023, our net income amounted to approximately $1.7 million and $1.4 million, respectively. The net income for the six months ended June 30, 2024 was mainly due to the increase in gross profit margin.

For the six months ended June 30, 2024 and 2023, approximately 37.3% and 45.8% of our total revenue, respectively, was generated from our customers located in Singapore and approximately 10.9% and 9.2% of our total revenue, respectively, was generated from customers located in the Middle East. For the same periods, our revenue generated from customers located in other countries accounted for approximately 51.8% and 45.0% of our total revenue, respectively.

Revenue by geographical locations

During the six months ended June 30, 2024 and 2023, the customers for our On-Highway Business products and Off-Highway Business products were mainly located in Singapore and the Middle East. The following table sets out a breakdown of our revenue by geographic location of our customers for the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,			
	2024		**2023**	
	$'000	**%**	**$'000**	**%**
Singapore				
On-Highway	2,971	10.6	5,040	16.3
Off-Highway	7,446	26.7	9,159	29.5
Total	**10,417**	**37.3**	**14,199**	**45.8**

	Six months ended June 30,			
	2024		**2023**	
	$'000	**%**	**$'000**	**%**
Middle East				
On-Highway	3,027	10.8	2,508	8.1
Off-Highway	26	0.1	342	1.1
Total	**3,053**	**10.9**	**2,850**	**9.2**

	Six Months ended June 30,			
	2024		**2023**	
	$'000	**%**	**$'000**	**%**

Other Countries[1], individually less than 5%				
On-Highway	6,302	22.6	6,632	20.4
Off-Highway	8,100	29.0	7,314	24.5
Services (shipping charges)	28	0.2	39	0.1
Total	**14,430**	**51.8**	**13,985**	**45.0**

(1) "Other Countries" means Malaysia, Indonesia, Thailand, Hong Kong, Taiwan, Vietnam, Philippines, South Korea, Japan, Australia, India, Pakistan, Sri Lanka, African and Latin America.

Singapore

The revenue in Singapore decreased by approximately $3.8 million, the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the decrease in demand from local customers.

The revenue for our On-Highway Business decreased by approximately $2.1 million, for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the decrease in demand from local customers.

The revenue for our Off-Highway Business decreased by approximately $1.7 million, for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the decrease in demand from the local customers.

Middle East

The increase in revenue in the Middle East by approximately $0.2 million for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the increase in sale orders from our customers.

The revenue for our On-Highway Business increased by approximately $0.5 million for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the increase in sale orders.

The revenue for our Off-Highway Business decreased by approximately $0.3 million for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the reduced sale orders.

Other Countries

Revenues from other countries increased by approximately $0.4 million, which was primarily due to higher demand from new and recurring customers among various countries.

The revenue for On-Highway Business decreased by approximately $0.3 million, for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the decrease in demand from our customers from Malaysia, Indonesia, Hong Kong, Taiwan, South Korea, Australia and India.

The revenue for our Off-Highway Business increased by approximately $0.7 million, for the six months ended June 30, 2024, as compared to the corresponding period ended June 30, 2023, which was primarily attributable to the increase in demand from our customers from Malaysia, Indonesia, Thailand, Vietnam, Philippines, Japan, Australia, Pakistan, Sri Lanka, African and Latin America.

Cost of revenues

During the six months ended June 30, 2024 and 2023, our Group's cost of revenues was mainly comprised of purchasing finished products for resale. For the six months ended June 30, 2024 and 2023, our cost of revenues decreased by approximately $3.3 million, or 13.1%, from approximately $25.4 million for the six months ended June 30, 2023 to $22.1 million for the six months ended June 30, 2024. This decrease was primarily attributable to the decrease in sales in our Off-Highway Business and On-Highway Business.

	Six Months ended June 30,			
	2024		2023	
	$’000	%	$’000	%
On-Highway	9,788	44.3	11,311	44.5
Off-Highway	12,315	55.7	14,111	55.5
Total	**22,103**	**100.0**	**25,422**	**100.0**

Gross profit and gross profit margin

The table below sets forth our Group’s gross profit and gross profit margin by business sector during the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,			
	2024		2023	
	Gross Profit $’000	Gross Margin %	Gross Profit $’000	Gross Margin %
On-Highway	2,586	20.9	2,570	18.5
Off-Highway	3,183	20.5	3,003	17.5
Services (shipping charges)	28	100.0	39	100.0
Total	**5,797**	**20.8**	**5,612**	**18.1**

Our total gross profit amounted to approximately $5.8 million and approximately $5.6 million for the six months ended June 30, 2024 and 2023, respectively. Our overall gross profit margins were approximately 20.8% and 18.1% for the six months ended June 30, 2024 and 2023, respectively. Our total gross profit increased slightly increased during the six months ended June 30, 2024 and 2023, which was generally due to procurement sourcing networks during the period.

Selling and distribution expenses

Our selling and distribution expenses mainly included promotion and marketing expenses and transportation expenses for inbound and outbound shipments. The following table sets forth the breakdown of our selling and distribution expenses for the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,	
	2024	2023
	$’000	$’000
Promotion and marketing expenses	380	309
Transportation expenses	304	388
Total	**684**	**697**

Our selling and distribution expenses remained stable at approximately $0.7 million for the six months ended June 30, 2024 and 2023, respectively.

Administrative expenses

The following table sets forth the breakdown of our administrative expenses for the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,			
	2024		2023	
	$'000	%	$'000	%
Staff costs	2,368	71.4	2,235	68.6
Depreciation	224	6.8	126	3.9
Property and related expenses	286	8.6	283	8.7
Miscellaneous expenses	404	12.2	516	15.8
Legal and professional fees	28	0.8	90	2.8
Office supplies and upkeep expenses	4	0.2	7	0.2
Total	**3,314**	**100.0**	**3,257**	**100.0**

Our administrative expenses remained the same at approximately $3.3 million for the six months ended June 30, 2024 and 2023, respectively.

Staff costs mainly represented the salaries, employee benefits and retirement benefit costs to our employees and directors' remuneration. The staff costs of our Group had increased to approximately $2.4 million for the six months ended June 30, 2024 from approximately $2.2 million for the six months ended June 30, 2023.

Depreciation expense is charged on our property, plant and equipment, which included (i) leasehold buildings; (ii) right-of-use assets; (iii) tools and equipment; (iv) furniture and fittings; (v) computer equipment; and (vi) motor vehicles.

Property and related expenses mainly represented property tax and related expenses in Singapore.

Miscellaneous expenses were mainly comprised of insurance expenses, office supplies, legal and professional fees, charitable donations, and other miscellaneous expenses.

Other Income (Expense), Net

The following table sets forth the breakdown of our other income (expense) for the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,	
	2024	2023
	$'000	$'000
Interest income	3	*
Interest expense	(521)	(489)
Government grant	45	66
Disposal of property and equipment	(3)	-
Foreign exchange gain	372	266
Other income	91	90
Total	**(13)**	**(67)**

Interest expenses remained the same at approximately $0.5 million for the six months ended June 30, 2024 and 2023 from our bank loans and financing facilities.

We reported approximately $0.4 million of net foreign exchange gain for the six months ended June 30, 2024 and approximately $0.3 million of net foreign exchange gain for the six months ended June 30, 2023.

Income Tax Expenses

During the six months ended June 30, 2024 and 2023, our income tax expense was comprised of our current tax expense and deferred tax for the period.

For the six months ended June 30, 2024, our income tax expense was approximately $0.1 million and our effective tax rate was 6.2% due to decreased non-deductible expenses. Such increase in income tax expense was generally in line with the increase in our operating profit for the period.

For the six months ended June 30, 2023, our income tax expense was approximately $0.2 million and our effective tax rate was 15.1% due to decreased non-deductible expenses. Such increase in income tax expense was generally in line with the increase in our operating profit for the period.

Net Income

As a result of the foregoing, our net income amounted to approximately $1.7 million and $1.4 million for the six months ended June 30, 2024 and 2023, respectively.

Liquidity and Capital Resources

Our liquidity and working capital requirements primarily related to our operating expenses. Historically, we have met our working capital and other liquidity requirements primarily through a combination of cash generated from our operations and loans from banking facilities. Going forward, we expect to fund our working capital and other liquidity requirements from various sources, including but not limited to cash generated from our operations, loans from banking facilities, the net proceeds from this offering and other equity and debt financings as and when appropriate.

Cash flows

The following table summarizes our cash flows for the six months ended June 30, 2024 and 2023:

	Six Months ended June 30,	
	2024	**2023**
	$'000	**$'000**
Cash and cash equivalents as at beginning of the period	**987**	**1,287**
Net cash provided by operating activities	1,162	311
Net cash used in investing activity	(945)	(138)
Net cash provided by (used in) financing activities	140	(80)
Effect on exchange rate change on cash, cash equivalents and restricted cash	(210)	(56)
Net change in cash and cash equivalents	147	37
Cash and cash equivalents as at end of the period	**1,134**	**1,324**

Cash flows from operating activities

For the six months ended June 30, 2024, our net cash provided by operating activities was approximately $1.2 million, which primarily consisted of our net income of approximately $1.7 million, adding back (i) the non-cash depreciation of property, plant and equipment and right-of-use assets of approximately $0.2 million, and (ii) the decrease in inventories of approximately $1.1 million, (iii) the increase in tax provision of approximately $0.04 million, the increase in deposits, prepayments and other receivables of approximately $0.1 million and was partially offset (a) the increase in accounts receivable of approximately $1.8 million, (b) the decrease in accounts payables and accrued liabilities, and customer deposits of approximately $0.2 million.

For the six months ended June 30, 2023, our net cash provided by operating activities was approximately $0.3 million, which primarily consisted of our net income of approximately $1.4 million, adding back (i) the non-cash depreciation of property, plant and equipment and right-of-use assets of approximately $0.1 million, and (ii) the decrease in inventories of approximately $0.8 million, (iii) the increase in tax provision of approximately $0.1 million, and was partially offset (a) the increase in accounts receivable of approximately $1.1 million, (b) the decrease in accounts payables and accrued liabilities, and customer deposits of approximately $0.9 million, and (c) the amounts due to related parties of approximately $0.09 million.

Cash flows from investing activity

For the six months ended June 30, 2024, our net cash used in investing activities was approximately $0.9 million, which was primarily consisting of the purchase of property, plant and equipment of approximately $0.9 million.

For the six months ended June 30, 2023, our net cash used in investing activities was approximately $0.1 million, which was primarily consisting of the purchase of property, plant and equipment of approximately $0.1 million.

Cash flows from financing activities

Our cash flows used in financing activities primarily consists of interest paid, proceeds from loans, repayment of loans, payment for interest portion of lease liabilities and payment for capital portion of lease liabilities.

For the six months ended June 30, 2024, our net cash generated from financing activities of approximately $0.1 million, which mainly consisted of the proceeds from bank loans of approximately $1.6 million, the repayment of lease liabilities of approximately $0.2 million and the dividend payment of $1.3 million.

For the six months ended June 30, 2023, our net cash used in financing activities of approximately $0.008 million, which mainly consisted of the proceeds from bank loans of approximately $0.1 million, the repayment of lease liabilities of approximately $0.1 million.

About SAG Holdings Limited

SAG Holdings is a leading Singapore-based distributor dedicated to supplying high-quality spare parts across a wide range of industries.

On-Highway Division: We provide an extensive range of genuine OEM and aftermarket parts for passenger vehicles, trucks, and buses. Our offerings include parts from manufacturers' brands, trusted third-party labels, and our in-house brands.

Off-Highway Division: Catering to industries like construction, marine, power generation, mining, and transportation, we offer specialized spare parts focusing on filtration systems, lubricants, batteries, and internal combustion engine components.

Our unwavering commitment to quality ensures customers experience maximum uptime, enhanced performance, and reduced total cost of ownership throughout the lifecycle of their machines. For more information, visit https://www.sag.sg.

Safe Harbor Statement

This press release contains forward-looking statements that reflect our current expectations and views of future events. Known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors" in the registration statement on Form F-1 related to the Offering, may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements involve various risks and uncertainties. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. We qualify all of our forward-looking statements by these cautionary statements.

Contact:

SAG Holdings Limited Contact:

Ivy Lee
Chief Financial Officer
Telephone +65 6383 7540
ivy.lee@soonaik.com

Exhibit 99.2

Index to Unaudited Interim Condensed Consolidated Financial Statements

	PAGE
Unaudited Interim Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023	2
Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Income for Six Months ended June 30, 2024 and 2023	3
Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity for Six Months ended June 30, 2024 and 2023	4
Unaudited Interim Condensed Consolidated Statements of Cash Flows for Six Months ended June 30, 2024 and 2023	5
Notes to Unaudited Interim Condensed Consolidated Financial Statements	6

SAG HOLDINGS LIMITED AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(Currency expressed in United States Dollars ("US$"))

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
ASSETS		
Current assets:		
Cash and cash equivalents	842	690
Restricted cash	292	297
Accounts receivable, net	12,295	11,382
Accounts receivable, related parties	3,617	3,168
Inventories	17,354	18,959
Amounts due from related parties	190	63
Deposits, prepayments and other receivables	2,839	3,039
Total current assets	37,429	37,598
Non-current assets:		
Property and equipment, net	1,700	830
Right-of-use assets, net	481	628
Total non-current assets	2,181	1,458
TOTAL ASSETS	**39,610**	**39,056**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	4,083	4,649
Customer deposits	4,120	3,971
Amounts due to related parties	9,500	9,308

Bank borrowings	17,500	15,786
Lease liabilities	400	422
Income tax payable	256	314
Total current liabilities	35,859	34,450
Long-term liabilities:		
Bank borrowings	402	991
Lease liabilities	352	525
Deferred tax liabilities	38	39
Total long-term liabilities	792	1,555
TOTAL LIABILITIES	**36,651**	**36,005**
Shareholders' equity		
Ordinary share, par value US$0.0005 per share, 200,000,000 shares authorized, 9,000,000 ordinary shares issued and outstanding	5	5
Additional paid-in capital	1,241	1,241
Accumulated other comprehensive loss	(172)	(4)
Retained earnings	1,649	1,649
Total shareholders' equity attributable to the controlling shareholder	2,723	2,891
Non-controlling interest	236	160
Total shareholders' equity	2,959	3,051
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**39,610**	**39,056**

See accompanying notes to consolidated financial statements.

SAG HOLDINGS LIMITED AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Currency expressed in United States Dollars ("US$"))

	Six Months ended June 30,	
	2024	**2023**
	$'000	**$'000**
Revenues	27,900	31,034
Cost of revenue	(22,103)	(25,422)
Gross profit	5,797	5,612
Operating cost and expenses:		
Selling and distribution	(684)	(697)
General and administrative	(3,314)	(3,257)
Total operating cost and expenses	(3,998)	(3,954)
Income from operations	1,799	1,658

Other income (expense):		
Interest income	3	*
Interest expense	(521)	(489)
Government grant	45	66
Loss on disposal of property and equipment	(3)	-
Foreign exchange gain, net	372	266
Other income	91	90
Total other expense, net	(13)	(67)
Income before income taxes	1,786	1,591
Income tax expense	(110)	(240)
NET INCOME	**1,676**	**1,351**
Other comprehensive loss:		
Foreign currency translation adjustment	(168)	(55)
TOTAL COMPREHENSIVE INCOME	**1,508**	**1,296**
Less: Net income attributable to non-controlling interest	(82)	(65)
NET INCOME ATTRIBUTABLE TO THE CONTROLLING SHAREHOLDER	**1,426**	**1,231**
Net income per share		
Basic and Diluted	0.19	0.15
Weighted average number of ordinary shares outstanding		
Basic and Diluted ('000)	9,000	9,000

* These are related to the figures which are immaterial.

See accompanying notes to consolidated financial statements.

SAG HOLDINGS LIMITED AND SUBSIDIARIES
UNAIDTED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Currency expressed in United States Dollars ("US$"), except for number of shares)

	Ordinary Shares		Additional	Accumulated other		Total shareholders' equity attributable to the controlling shareholder		Total
	No. of shares	Amount	paid-in capital	comprehensive loss	Retained earnings		Non-controlling interest	shareholders' equity
	'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as of January 1, 2024	**9,000**	**5**	**1,241**	**(4)**	**1,649**	**2,891**	**160**	**3,051**

Dividends declared to the former shareholders	-	-	-	-	(1,594)	(1,594)	-	(1,594)
Foreign currency translation adjustment	-	-	-	(168)	-	(168)	(6)	(174)
Net income for the period	-	-	-	-	1,594	1,594	82	1,676
Balance as of June 30, 2024	**9,000**	**5**	**1,241**	**(172)**	**1,649**	**2,723**	**236**	**2,959**
Balance as of January 1, 2023	**9,000**	**5**	**1,241**	**(72)**	**100**	**1,274**	**77**	**1,351**
Foreign currency translation adjustment	-	-	-	(55)	-	(55)	-	(55)
Net income for the period	-	-	-	-	1,286	1,286	65	1,351
Balance as of June 30, 2023	**9,000**	**5**	**1,241**	**(127)**	**1,386**	**2,505**	**142**	**2,647**

See accompanying notes to consolidated financial statements.

SAG HOLDINGS LIMITED AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Currency expressed in United States Dollars (“US$”))

	Six Months ended June 30,	
	2024	**2023**
	$’000	**$’000**
Cash flows from operating activities:		
Net income	1,676	1,351
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment	50	70
Depreciation of right-of-use assets	174	56
Change in operating assets and liabilities:		
Accounts receivable	(1,781)	(1,143)
Inventories	1,055	791
Deposits, prepayments, and other receivables	112	(8)
Accounts payable and accrued liabilities	(431)	(110)
Customer deposits	263	(763)
Amounts due to related parties	-	(88)
Income tax refund	44	67
Net cash provided by operating activities	1,162	223
Cash flows from investing activity:		
Purchase of property and equipment	(945)	(138)
Net cash used in investing activity	(945)	(138)

Cash flows from financing activities:		
Proceeds from bank borrowings, net	1,612	106
Repayment of lease liabilities	(210)	(98)
Dividend payment to the ultimate holding company	(1,262)	-
Net cash provided by financing activities	140	8
Effect on exchange rate change on cash, cash equivalents and restricted cash	(210)	(56)
Net change in cash, cash equivalent and restricted cash	147	37
BEGINNING OF PERIOD	**987**	**1,287**
END OF PERIOD	**1,134**	**1,324**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	129	67
Cash paid for interest	521	489
Reconciliation to amounts on consolidated balance sheets:		
Cash and cash equivalents	842	956
Restricted cash	292	368
Total cash and cash equivalents, and restricted cash	**1,134**	**1,324**

See accompanying notes to consolidated financial statements.

SAG HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE－1 BUSINESS OVERVIEW AND BASIS OF PRESENTATION

SAG Holdings Limited (“SAG”) is incorporated in the Cayman Islands on February 14, 2022 under the Companies Act (as revised) as an exempted company with limited liability. The Company was established under the laws of Cayman Islands on February 14, 2022, with authorized share of 100,000,000 ordinary shares of par value US$0.001 each. On January 5, 2024, the Company amended its memorandum of association to effect a 1:2 forward stock split and to change the authorized share capital to $100,000 divided into 200,000,000 ordinary shares, of a par value of $0.0005 each.

SAG, through its subsidiaries (collectively referred to as the “Company”) are mainly engaged in the sale and distribution of the automotive and industrial spare parts with operations primarily based out of Singapore, and global sales primarily generated from the Middle East and Malaysia. The Company has over 40 years of experience in supplying genuine and aftermarket spare parts to on-highway applications. Over the years, the Company has extended to supply the products to off-highway applications in the marine, energy, mining, construction, agriculture, and oil and gas industries. The business is comprised of On-Highway Business serving the automotive sector and Off-Highway Business primarily servicing the marine, energy, mining, construction, agriculture, and oil and gas sectors.

Description of subsidiaries incorporated and controlled by the Company

Name	Background	Effective ownership
SAG Investments Limited (“SAGI”)	● British Virgin Islands company ● Incorporated on November 17, 2021 ● Issued and outstanding 1,000 ordinary shares for US$1,000 ● Investment holding	100% owned by SAG

	● Provision of investment holding	
Filtec Private Limited (“Filtec”)	● Singaporean company ● Incorporated on September 1, 1999 ● Issued and outstanding 650,000 ordinary shares for SGD650,000 ● Manufacturing and repair of separation or mixing equipment and general wholesale trade	100% owned by SAGI
Spare-Parts Zone Pte. Ltd. (“SP Zone”)	● Singaporean company ● Incorporated on January 3, 1995 ● Issued and outstanding 1,000,00 ordinary shares for SGD1,000,000 ● Supply a wide range of automotive spare parts and lubricants genuine and aftermarket spare parts for use in passenger and commercial on-highway vehicles	100% owned by SAGI
Autozone Automotive Pte. Ltd. (“Autozone (S)”)	● Singaporean company ● Incorporated on December 7, 2009 ● Issued and outstanding 1,000,000 ordinary shares for SGD1,000,000 ● Manufacturing and processing of automotive components or parts assembling re-engineering	100% owned by SP Zone
Autozone Sdn. Bhd. (“Autozone (M)”)	● Malaysian company ● Incorporated on December 17, 2009 ● Issued and outstanding 650,000 ordinary share for MYR650,000 ● Franchising of automotive parts retail	100% owned by Autozone (S)

Reorganization

Since 2022, the Company completed several transactions for the purposes of a group reorganization, as below:-

On February 14, 2022, Soon Aik (initial shareholder) and Celestial entered into the Acquisition Agreement, pursuant to which Celestial acquired 49 shares of SAGI (representing approximately 4.9% shareholding interest in SAGI) from Soon Aik for consideration of US$0.8 million. As a term of the acquisition, Soon Aik undertakes to transfer the entire issued share capital of Filtec and SP Zone to the SAGI. Following such transfer, Soon Aik owned 949 shares and the Celestial owned 49 shares, respectively.

On February 17, 2022, SP Zone entered into an instrument of transfer and bought and sold note with Soon Aik pursuant to which SP Zone transferred its entire legal and beneficial shareholding interest in Auto Saver Pte. Ltd. to Soon Aik for nominal consideration.

On September 29, 2022, Soon Aik and SAGI entered into a sale and purchase agreement pursuant to which Soon Aik transferred its entire shareholding interest in Spare-Parts to SAGI. The consideration is settled by SAGI allotting and issuing 1 share to Soon Aik, credited as fully paid.

On September 29, 2022, Soon Aik and SAGI entered into a sale and purchase agreement pursuant to which Soon Aik transferred the entire issued share capital of Filtec to SAGI in consideration of the allotment and issue of 1 share in SAGI to Soon Aik, credited as fully paid.

On September 29, 2022, Celestial, Soon Aik and the SAG entered into a reorganization agreement, pursuant to which Soon Aik and Celestial transferred their respective 951 and 49 shares (representing 95.1% and 4.9% shareholding interest in SAGI, respectively) to SAG. The consideration is settled by SAG issuing 8,915,624 and 459,375 Shares to Soon Aik and Celestial respectively, credited as fully paid.

On January 5, 2024, for purposes of recapitalization in anticipation of the initial public offering, the Company amended its memorandum of association to effect a 1:2 forward stock split and to change the authorized share capital to $100,000 divided into 200,000,000 ordinary shares, of a par value of $0.0005 each. On January 5, 2024 and January 18, 2024, Soon Aik surrendered in aggregate 9,272,250 ordinary shares to the Company. Celestial surrendered in aggregate 477,750 ordinary shares to the Company. Unless otherwise indicated, all references to Ordinary Shares, share data, per share data, and related information have been retroactively adjusted, where applicable, in this prospectus to reflect the 1:2 forward stock split of our Ordinary Shares on January 5, 2024 and the shares surrendered by our existing shareholders on January 5, 2024 and January 18, 2024 as if they had occurred at the beginning of the earlier period presented.

Prior to a group reorganization, SAGI was the holding company of a group of companies comprised of Filtec, SP Zone, Autozone (S) and Autozone (M). SAGI held as to 95.1% by Soon Aik and 4.9% by Celestial, the latter of which is an independent third party. Upon completion of the reorganization and forward stock split, Soon Aik owns 8,559,000 shares and Celestial owns 441,000 shares of the Company respectively, and SAGI, Filtec, SP Zone, Autozone (S) and Autozone (M) become directly/indirectly owned subsidiaries.

During the financial years presented in these consolidated financial statements, the control of the entities has remained under the control of Soon Aik. Accordingly, the combination has been treated as a corporate restructuring ("Reorganization") of entities under common control and thus the current capital structure has been retroactively presented in prior periods as if such structure existed at that time and in accordance with ASC 805-50-45-5, the entities under common control are presented on a combined basis for all periods to which such entities were under common control. The consolidation of SAG and its subsidiaries has been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements.

NOTE－2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These accompanying consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying consolidated financial statements and notes.

- Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

- Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial years presented. Significant accounting estimates in the period include the allowance for doubtful accounts on accounts and other receivables, impairment loss on inventories, assumptions used in assessing right of use assets and impairment of long-lived assets, and deferred tax valuation allowance.

- Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant inter-company balances and transactions within the Company have been eliminated upon consolidation.

- Non-Controlling Interest

The Company reports non-controlling interest in its majority owned subsidiaries in the consolidated balance sheets within the shareholders' equity section, separately from the Company's shareholders' equity. Non-controlling interest represents non-controlling interest holders' proportionate share of the equity of the Company's majority-owned subsidiaries. Non-controlling interest is adjusted for non-controlling interest holders' proportionate share of the earnings or losses and other comprehensive income.

- Foreign Currency Translation and Transaction

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in the statement of operations.

The reporting currency of the Company is United States Dollar ("US$") and the accompanying consolidated financial statements have been expressed in US$. In addition, the Company and subsidiaries are operating in Singapore and Malaysia, maintain their books and record in their local currency, Singapore Dollars ("SGD") and Malaysian Ringgit ("MYR"), respectively, which is a functional currency as being the primary currency of the economic environment in which their operations are conducted. In general, for consolidation purposes, assets and liabilities of its subsidiaries whose functional currency is not US$ are translated into US$, in accordance with ASC Topic 830-30, *Translation of Financial Statement*, using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the year. The gains and losses resulting from translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income within the statements of changes in shareholders' equity.

Translation of amounts from SGD into US$ has been made at the following exchange rates for the six months ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Year-end SGD:US$ exchange rate	1.3574	1.3495
Annual average SGD:US$ exchange rate	1.3432	1.3374

Translation of amounts from MYR into US$ has been made at the following exchange rates for the six months ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Year-end MYR:US$ exchange rate	0.2875	0.2890
Annual average MYR:US$ exchange rate	0.2846	0.3011

Translation gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are translated, as the case may be, at the rate on the date of the transaction and included in the results of operations as incurred.

- Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in readily available checking and saving accounts. Cash equivalents consist of highly liquid investments that are readily convertible to cash and that mature within three months or less from the date of purchase. The carrying amounts approximate fair value due to the short maturities of these instruments. The Company maintains most of its bank accounts in Singapore and Malaysia.

- Restricted Cash

Restricted cash held by foreign subsidiaries related to fixed deposits within or more than twelve months that also serve as security and guarantees under the banking facilities.

- Accounts Receivable, net

Accounts receivable include trade accounts due from customers in the sale of products.

Accounts receivable are recorded at the invoiced amount and do not bear interest, which are due within contractual payment terms. The normal settlement terms of accounts receivable from insurance companies in the provision of brokerage agency services are within 30 days upon the execution of the insurance policies. The Company seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. Management reviews its receivables on a regular basis to determine if the bad debt allowance is adequate and provides allowance when necessary. The allowance is based on management's best estimates of specific losses on individual customer exposures, as well as the historical trends of collections. Account balances are charged off against the allowance after all means of collection have been exhausted and the likelihood of collection is not probable. The Company's management continues to evaluate the reasonableness of the valuation allowance policy and update it if necessary.

The Company does not hold any collateral or other credit enhancements overs its accounts receivable balances.

- Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. The Company records adjustments to its inventory for estimated obsolescence or diminution in net realizable value equal to the difference between the cost of the inventory and the estimated net realizable value. At the point of loss recognition, a new cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

- Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	Expected useful life
Leasehold building	3 years
Leasehold improvement	3-5 years
Tools and equipment	3 years
Furniture, fixtures and fittings	8 years
Office equipment	5-7 years
Computer equipment	3 years
Motor vehicles	5 years

Expenditure for repairs and maintenance is expensed as incurred. When assets have retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations.

- Impairment of Long-Lived Assets

In accordance with the provisions of ASC Topic 360, *Impairment or Disposal of Long-Lived Assets*, all long-lived assets such as property and equipment owned and held by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of an asset to its estimated future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets.

- Revenue Recognition

The Company receives certain portion of its non-interest income from contracts with customers, which are accounted for in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606").

ASC 606-10 provided the following overview of how revenue is recognized from the Company's contracts with customers: The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price – The transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

Step 4: Allocate the transaction price to the performance obligations in the contract – Any entity typically allocates the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation – An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer service to a customer).

The majority of the Company's income is derived from contracts with customers in the sale of products, and as such, the revenue recognized depicts the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company considers the terms of the contract and all relevant facts and circumstances when applying this guidance. The Company's revenue recognition policies are in compliance with ASC 606, as follows:

Product sales consist of a single performance obligation that the Company satisfies at a point in time. The Company recognizes product revenue when the following events have occurred: (a) the Company has transferred physical possession of the products, depending upon the method of distribution and shipping terms set forth in the customer contract, (b) the Company has a present right to payment, (c) the customer has legal title to the products, and (d) the customer bears significant risks and rewards of ownership of the products. Based on the Company's historical practices and shipping terms specified in the sales agreements and invoices, these criteria are generally met when the products are:

- Invoices; and
- Shipped from the Company's facilities or warehouse ("Ex-works", which is the Company's standard shipping term).

For these sales, the Company determines that the customer is able to direct the use of, and obtain substantially all of the benefits from, the products at the time the products are shipped.

The Company records its revenues on product sales, net of good & service taxes ("GST") upon the services are rendered and the title and risk of loss of products are fully transferred to the customers. The Company is subject to GST which is levied on the majority of the products at the rate of 9% on the invoiced value of sales in Singapore.

Amounts received as prepayment on future products are recorded as customer deposit and recognized as income when the product is shipped.

The Company generally allows a 7-days' right of return to its customers. For the six months ended June 30, 2024 and 2023, the sales returns allowance was approximately $2,957 and approximately $2,267, respectively.

Certain larger customers pay in advance for future shipments. These advance payments totaled approximately $4.1 million and approximately $3.9 million as of June 30, 2024 and December 31, 2023, respectively, and are recorded as customer deposits in the accompanying consolidated balance sheets. Revenue related to these advance payments is recognized upon shipment to the distributor or the end-customer.

- Shipping and Handling Costs

No shipping and handling costs are associated with the distribution of the products to the customers which are borne by the Company's suppliers or distributors during the six months ended June 30, 2024 and 2023.

- Sales and Marketing

Sales and marketing expenses include payroll, employee benefits and other headcount-related expenses associated with sales and marketing personnel, and the costs of advertising, promotions, seminars, and other programs. Advertising costs are expensed as incurred. Advertising expense was approximately $4,534 and approximately $5,008 for the six months ended June 30, 2024 and 2023, respectively.

● Government Grant

A government grant or subsidy is not recognized until there is reasonable assurance that: (a) the enterprise will comply with the conditions attached to the grant; and (b) the grant will be received. When the Company receives government grant or subsidies but the conditions attached to the grants have not been fulfilled, such government subsidies are deferred and recorded under other payables and accrued expenses, and other long-term liability. The classification of short-term or long-term liabilities is dependent on the management's expectation of when the conditions attached to the grant can be fulfilled.

● Comprehensive Income

ASC Topic 220, *Comprehensive Income*, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated other comprehensive income, as presented in the accompanying statement of shareholder's equity, consists of changes in unrealized gains and losses on foreign currency translation. This comprehensive income is not included in the computation of income tax expense or benefit.

● Income Taxes

Income taxes are determined in accordance with the provisions of ASC Topic 740, *Income Taxes* ("ASC 740"). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

For the six months ended June 30, 2024 and 2023, the Company did not have any interest and penalties associated with tax positions. As of June 30, 2024 and December 31, 2023, the Company did not have any significant unrecognized uncertain tax positions.

The Company is subject to tax in local and foreign jurisdiction. As a result of its business activities, the Company files tax returns that are subject to examination by the relevant tax authorities.

● Leases

Effective from January 1, 2020, the Company adopted the guidance of ASC 842, *Leases*, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. On February 25, 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. ASC 842 requires that lessees recognize right of use assets and lease liabilities calculated based on the present value of lease payments for all lease agreements with terms that are greater than twelve months. It requires for leases longer than one year, a lessee to recognize in the statement of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments. ASC 842 distinguishes leases as either a finance lease or an operating lease that affects how the leases are measured and presented in the statement of operations and statement of cash flows. ASC 842 supersedes nearly all existing lease accounting guidance under GAAP issued by the FASB including ASC Topic 840, Leases.

The accounting update also requires that for finance leases, a lessee recognize interest expense on the lease liability, separately from the amortization of the right-of-use asset in the statements of earnings, while for operating leases, such amounts should be recognized as a combined expense. In addition, this accounting update requires expanded disclosures about the nature and terms of lease agreements.

- Retirement Plan Costs

Contributions to retirement plans (which are defined contribution plans) are charged to general and administrative expenses in the accompanying statements of operation as the related employee service are provided. The Company is required to make contribution to their employees under a government-mandated multi-employer defined contribution pension scheme for its eligible full-times employees in Singapore and Malaysia. The Company is required to contribute a specified percentage of the participants' relevant income based on their ages and wages level. During the six months ended June 30, 2024 and 2023, approximately $0.2 million and approximately $0.2 million contributions were made respectively.

- Segment Reporting

FASB ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments. For the six months ended June 30, 2024 and 2023, the Company has two reporting business segments.

- Related Parties

The Company follows the ASC 850-10, *Related Party* for the identification of related parties and disclosure of related party transactions.

Pursuant to section 850-10-20 the related parties include: (a) affiliates of the Company; (b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of section 825-10-15, to be accounted for by the equity method by the investing entity; (c) trusts for the benefit of employees, such as pension and Income-sharing trusts that are managed by or under the trusteeship of management; (d) principal owners of the Company; (e) management of the Company; (f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: (a) the nature of the relationship(s) involved; (b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; (c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d) amount due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

- Commitments and Contingencies

The Company follows the ASC 450-20, *Commitments to report accounting for contingencies*. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

- Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, accounts receivable. Cash and cash equivalents are maintained with high credit quality institutions, the composition and maturities of which are regularly monitored by management. From April 1, 2024 onwards, the Singapore Deposit Protection Board pays compensation up to a limit of S$100,000 (approximately $74,360) if the bank with which an individual/a company hold its eligible deposit fails. As of December 31, 2023, cash balance of approximately $0.7 million and restricted cash of approximately $0.3 million were maintained at financial institutions in Singapore and Malaysia, of which approximately $1.0 million was subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

For accounts receivable, the Company determines, on a continuing basis, the allowance for doubtful accounts are based on the estimated realizable value. The Company identifies credit risk on a customer-by-customer basis. The information is monitored regularly by management. Concentration of credit risk arises when a group of customers having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic conditions.

- Exchange Rate Risk

The reporting currency of the Company is US$, to date the majority of the revenues and costs are denominated in MYR and SGD and a significant portion of the assets and liabilities are denominated in MYR and SGD. As a result, the Company is exposed to foreign exchange risk as its revenues and results of operations may be affected by fluctuations in the exchange rate between US$ and MYR and SGD. If MYR and SGD depreciates against US$, the value of MYR and SGD revenues and assets as expressed in US$ financial statements will decline. The Company does not hold any derivative or other financial instruments that expose to substantial market risk.

- Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it has sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. A key risk in managing liquidity is the degree of uncertainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

- Fair Value Measurement

The Company follows the guidance of the ASC Topic 820-10, *Fair Value Measurements and Disclosure* ("ASC 820-10"), with respect to financial assets and liabilities that are measured at fair value. ASC 820-10 establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- *Level 1* : Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets;
- *Level 2* : Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. Black-Scholes Option-Pricing model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs; and
- *Level 3* : Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models.

The carrying value of the Company's financial instruments: cash and cash equivalents, restricted cash, accounts receivable, loans receivable, amount due to a related party, accounts payable, escrow liabilities, income tax payable, amount due to a related party, other payables and accrued liabilities approximate at their fair values because of the short-term nature of these financial instruments.

Management believes, based on the current market prices or interest rates for similar debt instruments, the fair value of note payable approximate the carrying amount. The Company accounts for loans receivable at cost, subject to impairment testing. The Company obtains a third-party valuation based upon loan level data including note rate, type and term of the underlying loans.

The Company's non-marketable equity securities are investments in privately held companies, which are without readily determinable market values and are classified as Level 3, due to the absence of quoted market prices, the inherent lack of liquidity and the fact that inputs used to measure fair value are unobservable and require management's judgment.

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

- Recently Issued Accounting Pronouncements

In September 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities on an annual basis to disclose (1) specific categories in the tax rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis, though retrospective application is permitted.

In July 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and certain other segment items on an interim and annual basis if they are regularly provided to the chief operating decision maker ("CODM"). This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption.

NOTE – 3 BUSINESS SEGMENT AND DISAGGREGATION OF REVENUE

The Company has disaggregated its revenue from contracts with customers into categories based on the nature of the revenue in the following table:

	Six Months ended June 30,	
	2024	**2023**
	$'000	**$'000**
Sale of products, at a single point in time		
On-Highway business	12,373	13,880
Off-Highway business	15,499	17,115
	27,892	30,995
Services (shipping charges)	28	39
	27,900	**31,034**

The following tables present the Company's revenue disaggregated by business segment and geography, based on management's assessment of available data:

	Six Months ended June 30,	
	2024	**2023**

	$'000	$'000
Revenue from external customers		
On-Highway business	12,373	13,880
Off-Highway business	15,499	17,115
Services (shipping charges)	28	39
	27,900	**31,034**
Cost of revenue		
On-Highway business	9,787	11,311
Off-Highway business	12,316	14,111
	22,103	**25,422**
Gross profit		
On-Highway business	2,586	2,570
Off-Highway business	3,183	3,003
Services (shipping charges)	28	39
	5,797	**5,612**
Operating expenses		
On-Highway business	2,306	2,131
Off-Highway business	1,692	1,823
	3,998	**3,954**
Segment results		
On-Highway business	280	439
Off-Highway business	1,491	1,180
Services (shipping charges)	28	39
	1,799	**1,658**
Segment assets		
On-Highway business	15,289	15,207
Off-Highway business	24,321	25,446
	39,610	**40,653**

In accordance with ASC 280, Segment Reporting ("ASC 280"), we have two reportable business segments. Sales are based on the countries in which the customer is located. Summarized financial information concerning our geographic segments is shown in the following tables:

	Six Months ended June 30,	
	2024	**2023**
	$'000	**$'000**
Asia Pacific	21,511	25,337
Middle East, Europe and Africa	3,556	3,438
Americas	2,833	2,259

	27,900	**31,034**

NOTE－4 ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Accounts receivable – third parties	13,070	12,180
Accounts receivable – related parties	3,617	3,168
Less: allowance for doubtful accounts	(775)	(798)
Accounts receivable, net	**15,912**	**14,550**

The following table presents the activities in the allowance for doubtful accounts as of June 30, 2024 and December 31, 2023.

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Balance at January 1,	798	530
Additions	-	251
Foreign exchange translation adjustment	(23)	17
	775	**798**

For the six months ended June 30, 2024 and 2023, the Company made provision for estimated credit losses. The Company has not experienced any significant bad debt write-offs of accounts receivable in the past.

The Company generally conducts its business with creditworthy third parties. The Company determines, on a continuing basis, the probable losses and an allowance for doubtful accounts, based on several factors including internal risk ratings, customer credit quality, payment history, historical bad debt/write-off experience and forecasted economic and market conditions. Accounts receivable are written off after exhaustive collection efforts occur and the receivable is deemed uncollectible. In addition, receivable balances are monitored on an ongoing basis and its exposure to bad debts is not significant.

As of June 30, 2024 and December 31, 2023, no outstanding accounts are 30 days past due.

NOTE－5 INVENTORIES

The Company's inventories were as follows:-

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Parts and components	17,693	19,308
Less: reserve for obsolete inventories	(339)	(349)
	17,354	**18,959**

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Balance at January 1,	349	111
Additions	-	231
Foreign exchange translation adjustment	(10)	7
	339	**349**

For the six months ended June 30, 2024 and 2023, the Company has not recorded provision for impairment on obsolete inventories.

NOTE－6 AMOUNTS DUE FROM RELATED PARTIES

Amounts due from related parties consisted of the following:

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Due from related parties #		
- Power Trans Engineering Pte. Ltd.[(1)(4)]	179	-
- PT Heavy Machindo Diesel[(2)]	-	-
- EU Group Pte. Ltd.[(3)]	9	59
- Oceania Power & Solutions Pty Ltd[(2)]	2	4
	190	**63**

The related parties of the Company are as follows:

(1) Soon Aik as the shareholder of the Company, and is also the parent entity of Power Trans Engineering Pte. Ltd..[(4)]

(2) CE Neo is the sole owner of Soon Aik Holdings Pte. Ltd. ("SA Holdings") and N-United Pte. Ltd. ("N-United"). SA Holdings is the parent entity of Spare-Parts Zone (Australia) Pty Ltd, and Branded Filters Pty Ltd, and an associated entity with Oceania Power & Solutions Pty Ltd. in Australia. N-United is the parent entity of PT Heavy Machindo Diesel in Indonesia.

(3) Jimmy Neo owns a 50.0% equity stake in EU Holdings Pte. Ltd., which in turn is the parent entity of EU Group Pte. Ltd. and Jurong Barrels & Drums Industries Pte. Ltd..

(4) Power Trans Engineering Pte. Ltd. is now known as INNEOVA Engineering Pte. Ltd..

The amounts are unsecured, interest-free and repayable on demand.

NOTE－7 PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
At cost		
Leasehold improvement	37	50
Tools and equipment	44	45

Furniture, fixtures and fittings	105	109
Office equipment	22	12
Computer equipment	57	65
Motor vehicles	753	797
Assets in progress	1,386	455
	2,404	1,533
Less: accumulated depreciation	(704)	(703)
Property and equipment, net	**1,700**	**830**

Depreciation expense for the six months ended June 30, 2024 and 2023 were approximately $0.2 million and approximately $0.1 million, respectively.

Property and equipment under finance leasing arrangements classified under motor vehicles as of June 30, 2024 and December 31, 2023 amounted to approximately $0.7 million and approximately $0.3 million, respectively. Details of such leased assets are disclosed in Note 10.

NOTE－8 AMOUNTS DUE TO RELATED PARTIES

Amounts due to related parties consisted of the following:

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Due to ultimate holding company (dividend payable)[(1)]	7,639	8,080
Due to related parties[(2)]		
- Auto Saver Pte. Ltd.	146	145
- Power Trans Engineering Pte. Ltd.[(3)]	8	77
- Fleetzone Autoparts (M) Sdn. Bhd.	219	238
Due to directors[(4)]	1,488	769
	9,500	**9,308**

* These are related to the figures which are immaterial.

(1) The amounts due to ultimate holding company are unsecured and not payable on demand. The ultimate holding company became a controlling shareholder of the Company.

(2) The entities are related parties of the Company as follows:

- Soon Aik, the controlling shareholder of the Company and is also the controlling shareholder of Power Trans Engineering Pte. Ltd.[(3)], Auto Saver Pte. Ltd. and Fleetzone Autoparts (M) Sdn. Bhd..

(3) Power Trans Engineering Pte. Ltd. is now known as INNEOVA Engineering Pte. Ltd..

The amounts are unsecured, interest-free and repayable on demand.

(4) The amounts due to directors are unsecured, interest-free and repayable on demand.

NOTE－9 BANK BORROWINGS

Bank borrowings consisted of the following:

	Term of repayments	Annual interest rate	As of June 30, 2024	As of December 31, 2023
			$'000	$'000
Term loans	2 to 10 years	2.00%-3.75%	1,525	2,139
Trust receipts	Within 12 months	1.65%-7.25%	15,712	13,953
Revolving loan	Within 12 months	6.45%	665	685
			17,902	**16,777**
Representing				
Within 12 months			17,500	15,786
Over 1 year			402	991
			17,902	**16,777**

As of June 30, 2024 and December 31, 2023, bank borrowings were obtained from several financial institutions in Singapore, which bear annual interest at a fixed rate from approximately 1.65% to 7.25% and are repayable in 1 months to 10 years.

Interest related to the bank borrowings was approximately $0.5 million and approximately $0.5 million and for the six months ended June 30, 2024 and 2023, respectively.

The Company's bank borrowings are guaranteed under personal guarantees from CE Neo, Jimmy Neo, Edward Neo and CK Neo and a corporate guaranty from Soon Aik.

NOTE－10 RIGHT-OF-USE ASSETS, NET

Right-of-use assets consisted of the following:

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
At cost		
Leasehold buildings	1,031	1,055
Less: accumulated depreciation	(550)	(427)
Right-of-use assets, net, net	**481**	**628**

Right-of-use assets under operating leasing arrangements classified under leasehold buildings as of June 30, 2024 and December 31, 2023 amounted to approximately $0.5 million and approximately $0.6 million, respectively.

The Company adopted ASU No. 2016-02, Leases, on January 1, 2019, the beginning of the fiscal 2019, using the modified retrospective approach. The Company determines whether an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys the right to control the use of an identified fixed asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if we obtain the rights to direct the use of and to obtain substantially all of the economic benefit from the use of the underlying asset. Some of our leases include both lease and non-lease components which are accounted for as a single lease component as the Company has elected the practical expedient. Some of the operating lease agreements include variable lease costs, primarily taxes, insurance, common area maintenance or increases in rental costs related to inflation. Substantially all of our equipment leases and some of our real estate leases have terms of less than one year and, as such, are accounted for as short-term leases as we have elected the practical expedient.

Operating leases are included in the right-of-use lease assets, other current liabilities and long-term lease liabilities on the Consolidated Balance Sheets. Right-of-use assets and lease liabilities are recognized at each lease's commencement date based on the present values of its lease payments over its respective lease term. When a borrowing rate is not explicitly available for a lease, the incremental borrowing rate is used based on information available at the lease's commencement date to determine the present value of its lease payments. Operating lease payments are recognized on a straight-line basis over the lease term.

The Company adopts 5.0% as weighted average incremental borrowing rate to determine the present value of the lease payments. The weighted average remaining life of the lease was 3 years.

The table below presents the lease-related assets and liabilities recorded on the balance sheet.

	As of June 30, 2024	As of December 31, 2023
	$'000	$'000
Assets		
Finance lease, right-of-use assets, net (classified under property and equipment, net)	236	283
Operating lease, right-of-use assets, net	481	628
Total right-of-use assets, net	**717**	**911**
Liabilities		
Current		
Finance lease liabilities	68	77
Operating lease liabilities	332	345
	400	422
Non-current		
Finance lease liabilities	167	205
Operating lease liabilities	185	320
	352	525
Total lease liabilities	**752**	**947**

As of June 30, 2024 and December 31, 2023, right-of-use assets, net were approximately $0.5 million and approximately $0.6 million, and lease liabilities were approximately $0.5 million and approximately $0.9 million.

The Company excludes short-term leases (those with lease terms of less than one year at inception) from the measurement of lease liabilities or right-of-use assets, net. The following tables summarize the lease expense for the financial years.

	Six Months ended June 30,	
	2024	2023
	$'000	$'000
Finance lease cost		
Interest on lease liabilities (per ASC 842)	15	5
Operating lease cost		
Operating lease expense (per ASC 842)	8	5
Short-term lease expense (other than ASC 842)	285	133

Total lease expense	**308**	**143**

Components of Lease Expense

We recognize lease expense on a straight-line basis over the term of the operating leases, as reported within "general and administrative" expense on the accompanying consolidated statement of operations.

Future Contractual Lease Payments as of June 30, 2024

The below table summarizes our (i) minimum lease payments over the next five financial years, (ii) lease arrangement implied interest, and (iii) present value of future lease payments for the next three financial periods ending June 30:

Period Ended June 30,	**Operating and finance lease amount**
	$'000
2025	412
2026	374
Less: interest	(34)
Present value of lease liabilities	**752**
Representing	
Current liabilities	400
Non-current liabilities	352
	752

NOTE—11 SHAREHOLDERS' EQUITY

Ordinary Shares

The Company was established under the laws of Cayman Islands on February 14, 2022, with authorized share of 100,000,000 ordinary shares of par value US$0.001 each. On January 5, 2024, the Company amended its memorandum of association to effect a 1:2 forward stock split and to change the authorized share capital to $100,000 divided into 200,000,000 ordinary shares, of a par value of $0.0005 each.

The Company is authorized to issue one class of ordinary share.

The holders of the Company's ordinary share are entitled to the following rights:

Voting Rights: Each share of the Company's ordinary share entitles its holder to one vote per share on all matters to be voted or consented upon by the stockholders. Holders of the Company's ordinary shares are not entitled to cumulative voting rights with respect to the election of directors.

Dividend Right: Subject to limitations under Cayman law and preferences that may apply to any shares of preferred stock that the Company may decide to issue in the future, holders of the Company's ordinary share are entitled to receive ratably such dividends or other distributions, if any, as may be declared by the Board of the Company out of funds legally available therefor.

Liquidation Right: In the event of the liquidation, dissolution or winding up of our business, the holders of the Company's ordinary share are entitled to share ratably in the assets available for distribution after the payment of all of the debts and other liabilities of the Company, subject to the prior rights of the holders of the Company's preferred stock.

Other Matters: The holders of the Company's ordinary share have no subscription, redemption or conversion privileges. The Company's ordinary share does not entitle its holders to preemptive rights. All of the outstanding shares of the Company's ordinary share are fully paid and non-assessable. The rights, preferences and privileges of the holders of the Company's ordinary share are subject to the rights of the holders of shares of any series of preferred stock which the Company may issue in the future.

Dividend Distribution

On June 30, 2024, the Company approved the distribution of an interim dividend of approximately $1.6 million to the shareholders.

NOTE－12 INCOME TAXES

The provision for income taxes consisted of the following:

	Six Months ended June 30,	
	2024	2023
	$'000	$'000
Current tax	110	240
Income tax expense	**110**	**240**

The effective tax rate in the years presented is the result of the mix of income earned in various tax jurisdictions that apply a broad range of income tax rate. The Company's subsidiaries mainly operate in Singapore and Malaysia that are subject to taxes in the jurisdictions in which they operate, as follows:

BVI

SAGI is considered to be an exempted British Virgin Islands Company and is presently not subject to income taxes or income tax filing requirements in the British Virgin Islands or the United States.

Singapore

Filtec, SP Zone and Autozone (S) are operating in Singapore and are subject to the Singapore tax law at the corporate tax rate at 17% on the assessable income arising in Singapore during its tax year.

The reconciliation of income tax rate to the effective income tax rate based on net income before income taxes for the six months ended June 30, 2024 and 2023, are as follows:

	Six Months ended June 30,	
	2024	2023
	$'000	$'000
Net income before income taxes	1,859	1,593
Statutory income tax rate	17%	17%
Income tax expense at statutory rate	316	270
Tax effect of non-taxable income	(84)	(8)
Tax holiday	(139)	(26)
Others	17	(1)
Income tax expense	**110**	**235**

Malaysia

Autozone (M) is operating in Malaysia and is subject to the Malaysia tax law at the corporate tax rate at 24% on the assessable income arising in Malaysia during its tax year.

The reconciliation of income tax rate to the effective income tax rate based on net income before income taxes for the six months ended June 30, 2024 and 2023, are as follows:

	Six Months ended June 30,	
	2024	**2023**
	$'000	**$'000**
Net loss before income taxes	(73)	(2)
Statutory income tax rate	24%	24%
Income tax expense at statutory rate	(18)	*
Tax effect of non-taxable expenses	-	1
Tax holiday	18	-
Others	-	4
Income tax expense	**-**	**5**

* These are related to the figures which are immaterial.

The following table sets forth the significant components of the deferred tax assets and liabilities of the Company as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024	**As of December 31, 2023**
	$'000	**$'000**
Deferred tax liabilities:		
Accelerated tax depreciation	**38**	**39**

Uncertain tax positions

The Company evaluates the uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of June 30, 2024 and December 31, 2023, the Company did not have any significant unrecognized uncertain tax positions. The Company did not incur any interest and penalties related to potential underpaid income tax expenses for the six months ended June 30, 2024 and 2023, and also did not anticipate any significant increases or decreases in unrecognized tax benefits in the next 12 months from June 30, 2024.

NOTE－13 RELATED PARTY TRANSACTIONS

In the ordinary course of business, during the six months ended June 30, 2024 and 2023, the Company was involved in certain transactions, either at cost or current market prices and on the normal commercial terms with related parties. The following table provides the transactions with these parties for the financial years as presented (for the portion of such period that they were considered related):

Nature of transactions	**Six Months ended June 30,**	
	2024	**2023**
	$'000	**$'000**
Sale of products		
- Power Trans Engineering Pte. Ltd.(3)(4)	503	395
- Spare-Parts Zone (Australia) Pty Ltd(2)	206	151

- Branded Filters Pty Ltd[2]	286	381
- Jurong Barrels & Drums Industries Pte. Ltd.[1]	*	*
- Auto Saver Pte. Ltd.[3]	108	114
- PT Heavy Machindo Diesel[2]	274	525
- Oceania Power & Solutions Pty Ltd[2]	26	2
Sundry income		
- Power Trans Engineering Pte. Ltd.[3][4]	11	10
- Auto Saver Pte. Ltd.[3]	*	*
- Oceania Power & Solutions Pty Ltd[2]	12	12
- PT Heavy Machindo Diesel[2]		*
Purchases		
- Power Trans Engineering Pte. Ltd.[3][4]	247	225
- Branded Filters Pty Ltd[2]	1	312
- PT Heavy Machindo Diesel[2]	616	394
- Oceania Power & Solutions Pty Ltd[2]	44	65
- Jurong Barrels & Drums Industries Pte. Ltd.[1]	*	*
Expenses		
- EU Group Pte. Ltd.[1]	272	274
- Branded Filters Pty Ltd[2]	*	6
- Power Trans Engineering Pte. Ltd.[3][4]	11	11
- Soon Aik Global Pte. Ltd.[3]	71	79
- Auto Saver Pte. Ltd.[3]	152	165
- PT Heavy Machindo Diesel[2]	*	-
- Fleetzone Autoparts (M) Sdn. Bhd.[3]	12	12

* These are related to the figures which are immaterial.

The related parties are controlled by the common directors of the Company as follows:

(1) Jimmy Neo owns a 50.0% equity stake in EU Holdings Pte. Ltd., which in turn is the parent entity of EU Group Pte. Ltd. and Jurong Barrels & Drums Industries Pte. Ltd..

(2) CE Neo is the sole owner of Soon Aik Holdings Pte. Ltd. ("SA Holdings") and N-United Pte. Ltd. ("N-United"). SA Holdings is the parent entity of Spare-Parts Zone (Australia) Pty Ltd. Branded Filters Pty Ltd, and an associated entity with Oceania Power & Solutions Pty Ltd. in Australia. N-United is the parent entity of PT Heavy Machindo Diesel in Indonesia.

(3) Soon Aik, the parent entity of the Company and is also the parent entity of Power Trans Engineering Pte. Ltd. [4], Auto Saver Pte. Ltd. and Fleetzone Autoparts (M) Sdn. Bhd..

(4) Power Trans Engineering Pte. Ltd. is now known as INNEOVA Engineering Pte. Ltd..

Apart from the transactions and balances detailed elsewhere in these accompanying consolidated financial statements, the Company has no other significant or material related party transactions during the financial years presented.

NOTE – 14 CONCENTRATIONS OF RISK

The Company is exposed to the following concentrations of risk:

(a) Major customers

For the six months ended June 30, 2024 and 2023, there is no single customer who accounted for 10.0% or more of the Company's revenues.

(a) Major vendors

For the six months ended June 30, 2024 and 2023, the vendor who accounted for 10.0% or more of the Company's purchases and its outstanding payable balances as at year end date, is presented as follows:

	Percentage of purchases	**Accounts payable**	**Percentage of purchases**	**Accounts payable**
	2024		**2023**	
	%	**$'000**	**%**	**$'000**
Vendor A	**22.3**	**476**	**14.5**	**609**

(b) Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents, restricted cash, accounts and loans receivable. Cash equivalents are maintained with high credit quality institutions, the composition and maturities of which are regularly monitored by management. From April 1, 2024 onwards, the Singapore Deposit Protection Board pays compensation up to a limit of SGD100,000 (approximately $74,360) if the bank with which an individual/a company hold its eligible deposit fails. As of June 30, 2024, cash balance of approximately $1.1 million and restricted cash of approximately $1.1 million were maintained at financial institutions in Singapore and Malaysia, of which approximately $1.0 million was subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

For accounts receivable, the Company determines, on a continuing basis, the probable losses and sets up an allowance for doubtful accounts based on the estimated realizable value.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Company also considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 365 days or there is significant difficulty of the counterparty.

To minimize credit risk, the Company has developed and maintained its credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Internal credit rating
- External credit rating and when necessary

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

As of June 30, 2024 and December 31, 2023, there was a single customer whose account receivable balances is amounted to approximately 19.8% and 22.1% of total consolidated amounts, respectively.

(c) Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest-rate risk arises from bank borrowings. The Company manages interest rate risk by varying the issuance and maturity dates of variable rate debt, limiting the amount of variable rate debt, and continually monitoring the effects of market changes in interest rates. As of June 30, 2024 and December 31, 2023, the bank borrowings were at fixed interest rates.

(d) Economic and political risk

The Company's major operations are conducted in Singapore and Malaysia. Accordingly, the political, economic, and legal environments in Singapore and Malaysia, as well as the general state of Singapore and Malaysia's economy may influence the Company's business, financial condition, and results of operations.

(e) Exchange rate risk

The Company cannot guarantee that the current exchange rate will remain steady; therefore there is a possibility that the Company could post the same amount of profit for two comparable periods and because of the fluctuating exchange rate actually post higher or lower profit depending on exchange rate of SGD and MYR converted to US$ on that date. The exchange rate could fluctuate depending on changes in political and economic environments without notice.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it has sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. A key risk in managing liquidity is the degree of uncertainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

There is still significant uncertainty over the future development of the outbreak as to the duration of the pandemic and the global situation remains very fluid at the date of these financial statements approved. Management is closely monitoring the Company's businesses activities and has taken certain measures to ensure the Company has sufficient working capital to continue providing services to the ultimate holding company and to settle all its obligations.

Potential impact to the Company's results of operations for 2024 will also depend on economic impact due to the pandemic and if any future resurgence of the virus globally, which are beyond the Company's control. There is no guarantee that the Company's revenues will grow or remain at a similar level year over year in 2025.

NOTE－15 COMMITMENTS AND CONTINGENCIES

Litigation — From time to time, the Company may be involved in various legal proceedings and claims in the ordinary course of business. The Company currently is not aware of any legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition, operating results, or cash flows.

As of June 30, 2024 and December 31, 2023, the Company has no material commitments or contingencies.

NOTE－16 SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events,* which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before condensed consolidated financial statements are issued, the Company has evaluated all events or transactions that occurred after December 31, 2024, up through the date the Company issued the audited consolidated financial statements. During the period, the Company did not have any material subsequent events other than disclosed above.

On October 22, 2024, the Company had completed its initial public offering of 875,000 Ordinary Shares at a public offering price of US$8.00 per share (the "Offering"). Total net proceeds to the Company from the Offering, after deducting discounts, expenses allowance and expenses, were approximately $4.9 million. The Ordinary Shares began trading on October 23, 2024 on the Nasdaq Capital Market under the ticker symbol "SAG."