

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

1(a) (i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group statement of comprehensive income for HY2020 and HY2019.

	Group		
	RM'000		%
	HY2020 (Unaudited)	HY2019 (Unaudited)	Increase/ (Decrease)
Continuing operations			
Revenue	34,379	43,363	-20.7%
Cost of sales	(24,818)	(31,798)	-22.0%
Gross profit	9,561	11,565	-17.3%
Other income			
- Interest	17	16	6.3%
- Others	878	537	63.5%
Other gains and losses			
- impairment loss on financial assets	(48)	*	NM
- Others	1,551	421	NM
Expenses			
- Selling and distribution	(2,385)	(2,711)	-12.0%
- Administrative	(6,838)	(7,437)	-8.1%
- Finance	(1,574)	(1,400)	12.4%
	1,162	991	17.3%
Share of profit of associated companies	425	-	100.0%
Profit before income tax	1,587	991	60.1%
Income tax expense	150	(175)	NM
Profit from continuing operations	1,737	816	112.9%
Discontinued operations			
Profit from discontinued operations	-	2,412	-100.0%
Total profit	1,737	3,228	-46.2%

* Denotes amounts below RM1,000

NM: Not meaningful

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	Group		
	RM'000		%
	HY2020 (Unaudited)	HY2019 (Unaudited)	Increase/ (Decrease)
Profit attributable to:			
Equity holders of the Company	1,702	3,016	-43.6%
Non-controlling interests	35	212	-83.5%
	1,737	3,228	-46.2%
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations	1,702	604	NM
Profit from discontinued operations	-	2,412	-100.0%
	1,702	3,016	-43.6%
Total comprehensive income attributable to:			
Equity holders of the Company	1,702	3,016	-43.6%
Non-controlling interests	35	212	-83.5%
	1,737	3,228	-46.2%

Note:

In January 2019, the Group completed the disposal of its 60% equity interest in Marc Conleth Industries Sdn. Bhd. ("MCI") which resulted in a loss of control in MCI. As a consequence of the loss of control, the Group has deconsolidated MCI and reclassified it as investment in associated company.

The Group has accounted the financial results of MCI as discontinued operations for FY2019 whereby the results of operations of MCI have been excluded from the results of continuing operations and reported as discontinued operations.

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Note:

Profit before income tax is arrived at after charging/ (crediting) the following:

	HY2020 RM'000			HY2019 RM'000		
	Continuing operations	Discontinued Operations	Total	Continuing operations	Discontinued Operations	Total
Bad debts written off	3	-	3	-	-	-
Commission	128	-	128	105	-	105
Depreciation of investment properties	30	-	30	31	-	31
Depreciation of property, plant and equipment	1,870	-	1,870	1,583	466	2,049
Depreciation of right-of-use assets	757	-	757	-	-	-
Directors' remuneration	551	-	551	744	-	744
Net foreign exchange loss/(gain)	32	-	32	(54)	(390)	(444)
Gain on disposal of property, plant and equipment	(12)	-	(12)	(475)	-	(475)
Distribution from associated companies	(1,572)	-	(1,572)	-	-	-
Interest income	(17)	-	(17)	(16)	(6)	(22)
Interest expense	1,574	-	1,574	1,400	441	1,841
Rental expenses	172	-	172	414	373	787
Rental income	(764)	-	(764)	(434)	(79)	(513)
Staff costs	7,507	-	7,507	7,908	1,789	9,697

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/9/19 (Unaudited)	As at 31/3/19 (Audited)	As at 30/9/19 (Unaudited)	As at 31/3/19 (Audited)
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Current assets				
Cash and bank balances	5,579	7,834	7	*
Trade and other receivables	24,998	27,762	14,604	15,488
Inventories	21,584	21,264	-	-
Other current assets	5,931	6,879	-	-
Income tax recoverable	747	328	-	-
	58,839	64,067	14,611	15,488
Non-current assets				
Property, plant and equipment	42,977	39,924	-	-
Investment properties	3,711	3,741	-	-
Investment in subsidiary corporations	-	-	19,954	19,454
Investment in associated companies	3,888	1,891	3,463	400
Right-of-use assets	2,627	-	-	-
	53,203	45,556	23,417	19,854
Total assets	112,042	109,623	38,028	35,342
LIABILITIES				
Current liabilities				
Trade and other payables	9,580	13,392	1,582	1,508
Borrowings	33,443	36,150	-	-
Lease liabilities	1,439	-	-	-
	44,462	49,542	1,582	1,508
Non-current liabilities				
Borrowings	20,282	15,735	-	-
Deferred income tax liabilities	7	7	-	-
Lease liabilities	1,270	-	-	-
	21,559	15,742	-	-
Total liabilities	66,021	65,284	1,582	1,508
NET ASSETS	46,021	44,339	36,446	33,834
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26,862	26,862	26,862	26,862
Retained earnings	18,582	16,935	9,584	6,972
Currency translation reserve	(61)	(61)	-	-
	45,383	43,736	36,446	33,834
Non-controlling interests	638	603	-	-
Total equity	46,021	44,339	36,446	33,834

* Denotes amounts below RM1,000

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	Group	
	As at 30/9/19 (Unaudited)	As at 31/3/19 (Audited)
	RM'000	
Bank overdrafts	10,205	10,869
Bank borrowings	1,065	1,189
Bills payable	19,037	21,615
Finance lease liabilities	3,136	2,477
	33,443	36,150

Amount repayable after one year

	Group	
	As at 30/9/19 (Unaudited)	As at 31/3/19 (Audited)
	RM'000	
Bank borrowings		
- due within two to five years	4,728	4,450
- due after five years	7,682	6,506
Finance lease liabilities		
- due within two to five years	7,756	4,749
- due after five years	116	30
	20,282	15,735

Details of collaterals

All of the above bank borrowings are fully secured. The bank overdrafts, bank borrowings and bills payable are secured on:

- (i) Legal mortgages over the Group's freehold and leasehold land and buildings. As at 30 September 2019, the Group's freehold and leasehold land and buildings with carrying amounts of approximately RM26.2 million were mortgaged for bank borrowings. As at 30 September 2019, the Group's investment properties with carrying amounts of approximately RM3.7 million were mortgaged for bank borrowings;
- (ii) Short-term bank deposits; and
- (iii) Joint and personal guarantee of certain directors and a controlling shareholder.

Finance lease liabilities of the Group are effectively secured over to the leased plant and machinery, motor vehicles and computer and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

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1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	HY2020 (Unaudited)	HY2019 (Unaudited)
	RM'000	
Cash flows from operating activities		
Net profit	1,737	3,228
Adjustments for:		
- Income tax expense	(150)	599
- Depreciation of property, plant and equipment	1,870	2,049
- Depreciation of investment properties	30	31
- Depreciation of right-of-use assets	757	-
- Gain on disposal of property, plant and equipment	(12)	(475)
- Distribution from associated companies	(1,572)	-
- Share of profit of associated companies	(425)	-
- Interest income	(17)	(22)
- Interest expense	1,574	1,841
	3,792	7,251
Change in working capital		
- Trade and other receivables	2,764	(8,145)
- Inventories	(320)	(107)
- Other current assets	948	(75)
- Trade and other payables	(3,351)	418
- Bills payable	(2,578)	2,080
Cash generated from operations	1,255	1,422
Interest paid	(934)	(1,221)
Interest received	17	22
Income tax paid	(269)	(459)
Net cash provided by/ (used in) operating activities	69	(236)
Cash flow from investing activities		
Additions to property, plant and equipment	(113)	(144)
Proceeds from disposals of property, plant and equipment	12	499
Net cash (used in)/ provided by investing activities	(101)	355

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	Group	
	RM'000	
	HY2020 (Unaudited)	HY2019 (Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	2,000	-
Short-term bank deposits pledged	(17)	(22)
Repayment of bank borrowings	(670)	(1,187)
Repayment of finance lease liabilities	(1,519)	(1,714)
Repayment of obligation under lease liabilities	(730)	-
Interest paid	(640)	(620)
Net cash used in financing activities	(1,576)	(3,543)
Net decrease in cash and cash equivalents	(1,608)	(3,424)
Cash and cash equivalents at beginning of financial period	(4,064)	(2,361)
Cash and cash equivalents at end of financial period	(5,672)	(5,785)

Note:

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	HY2020 (Unaudited)	HY2019 (Unaudited)
	RM'000	
Cash and bank balances	5,579	4,730
Less: Short-term bank deposits pledged	(1,046)	(1,013)
Less: Bank overdraft	(10,205)	(12,287)
	(5,672)	(8,570)
Assets held-for-sale		
Cash and bank balances	-	4,164
Less: Short-term bank deposits pledged	-	(369)
Less: Bank overdraft	-	(1,010)
	-	2,785
Cash and cash equivalents at end of financial period per Statement of Cash Flows	(5,672)	(5,785)

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31 March 2019	26,862	(61)	16,935	43,736	603	44,339
Adoption of SFRS(I) 16	-	-	(55)	(55)	-	(55)
Balance as at 1 April 2019	26,862	(61)	16,880	43,681	603	44,284
Total comprehensive income for the financial period	-	-	1,702	1,702	35	1,737
Balance as at 30 September 2019	26,862	(61)	18,582	45,383	638	46,021
Balance as at 1 April 2018	26,862	(61)	17,261	44,062	512	44,574
Total comprehensive income for the financial period	-	-	3,016	3,016	212	3,228
Balance as at 30 September 2018	26,862	(61)	20,277	47,078	724	47,802

Company	Share capital	Translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2019	26,862	-	6,972	33,834	-	33,834
Total comprehensive income for the financial period	-	-	2,612	2,612	-	2,612
Balance as at 30 September 2019	26,862	-	9,584	36,446	-	36,446
Balance as at 1 April 2018	26,862	-	5,602	32,464	-	32,464
Total comprehensive losses for the financial period	-	-	(397)	(397)	-	(397)
Balance as at 30 September 2018	26,862	-	5,205	32,067	-	32,067

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

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1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since 31 March 2019 up to 30 September 2019.

The Company did not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 September 2018 and 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2019	As at 31 March 2019
Total number of issued shares (excluding treasury shares)	90,000,000	90,000,000

The Company did not have any treasury shares or convertibles outstanding as at 30 September 2019 and 31 March 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

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3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Note 5 below, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current financial period as those applied for the most recently audited financial statements for the financial year ended 31 March 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

During the current financial period, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect for accounting periods beginning on or after 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 3 and SFRS(I) 11 Previously Held Interest in a Joint Operation
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-12 Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to SFRS(I) 1-19 Plan Amendment, Curtailment or Settlement
- Amendments to SFRS(I) 1-23 Borrowing Costs Eligible for Capitalisation
- Amendments to SFRS(I) 1-28 Long-Term Interests in Associates and Joint Ventures

The adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the financial year ending 31 March 2020, except for SFRS(I)16 Leases as below.

The Group has applied SFRS(I)16 Leases on 1 April 2019 using the modified retrospective approach. Upon adoption of SFRS(I) 16 Leases, the Group recognised right-of-use assets of RM3.383 million and lease liabilities of RM3.438 million, with a corresponding decrease in the opening retained earnings of RM0.055 million as at 1 April 2019.

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6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	HY2020	HY2019
Earnings attributable to equity holders of the Company, after deducting any provision for preference dividends (RM'000)	1,702	3,016
Weighted average number of shares used in computation of basic EPS	90,000,000	90,000,000
Basic EPS attributable to equity holders of the Company (Malaysian sen)	1.89	3.35
Diluted EPS attributable to equity holders of the Company (Malaysian sen)	1.89	3.35

Basic EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding as at the end of the respective financial period.

Diluted EPS is the same as the basic EPS as the Company did not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
NAV per ordinary share (Malaysian sen)	51.13	49.27	40.49	37.59
Number of shares used in computation of NAV per share	90,000,000	90,000,000	90,000,000	90,000,000

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Commentary on Financial Results

Revenue

Revenue decreased by approximately RM9.0 million or 20.7% from approximately RM43.4 million in HY2019 to RM34.4 million in HY2020. This was mainly due to the decrease in sales demand and project postponement in OEM contract manufacturing segment, cleanroom and laboratories segment and kitchen appliances, equipment and related services segment amounting to RM1.9 million, RM5.8 million and RM1.3 million respectively.

Cost of sales

Cost of sales decreased by approximately RM7.0 million or 22.0% from approximately RM31.8 million in HY2019 to RM24.8 million in HY2020 in line with the decrease in revenue.

Other income - others

Other income increased by approximately RM0.4 million from approximately RM0.5 million in HY2019 to approximately RM0.9 million in HY2020 mainly due to an increase of rental income of approximately RM0.3 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RM0.3 million or 12.0% from approximately RM2.7 million in HY2019 to approximately RM2.4 million in HY2020. This was mainly due to the decrease in carriage outwards of approximately RM0.1 million and staff commission of approximately RM0.1 million with the decrease in sales.

Administrative expenses

Administrative expenses decreased by approximately RM0.6 million or 8.1% from approximately RM7.4 million in HY2019 to approximately RM6.8 million in HY2020. This was mainly due to the decrease in consultation expenses for the projects secured in relation to the cleanroom and laboratories segment.

Finance expenses

Finance expenses increased by approximately RM0.2 million or 12.4% from approximately RM1.4 million in HY2019 to approximately RM1.6 million in HY2020. This was mainly due to higher term loan and hire purchase interest paid which relates to additional purchase of property, plant and equipment and interest on lease liabilities of approximately RM0.1 million arising from the adoption of SFRS(I)16 Leases.

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Commentary on Financial Position

Trade and other receivables

	Group	
	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	RM'000	
Trade receivables	21,412	23,156
Other receivables	3,586	4,606
	24,998	27,762

Trade receivables decreased by approximately RM1.8 million from RM23.2 million as at 31 March 2019 to approximately RM21.4 million as at 30 September 2019 largely in line with the decrease in revenue.

Other receivables decreased by approximately RM1.0 million from RM4.6 million as at 31 March 2019 to approximately RM3.6 million as at 30 September 2019 mainly due to payment received for amount owing from associated company.

Other current assets

Other current assets decreased by approximately RM1.0 million from approximately RM6.9 million as at 31 March 2019 to RM5.9 million as at 30 September 2019. This was mainly due to lower prepayment of purchases from suppliers.

Income tax recoverable

Income tax recoverable increased by approximately RM0.4 million from RM0.3 million as at 31 March 2019 to approximately RM0.7 million as at 30 September 2019. This was mainly due to tax overpaid which will be refunded from the local tax authorities.

Property, plant and equipment

Property, plant and equipment increased by approximately RM3.1 million from approximately RM39.9 million as at 31 March 2019 to approximately RM43.0 million as at 30 September 2019. This was mainly due to the purchase of property, plant and equipment of approximately RM4.9 million offset by the depreciation of property, plant and equipment of approximately RM1.8 million.

Investment in associated companies

The increase in investment in associated companies was due to the restructuring of ownership of Marc Conleth Industries Sdn. Bhd. ("MCI") and Cosmos Instruments Sdn. Bhd. ("Cosmos") to Cosmos Technology International Sdn Bhd ("CTI"). Following the restructuring, MSM International Limited now owns 40% of CTI.

Right-of-use assets

Right-of-use assets arose from the adoption of SFRS(I) 16 Leases on 1 April 2019. It comprises mainly property leases.

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Trade and other payables

	Group	
	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	RM'000	
Trade payables	3,789	6,444
Other payables	5,791	6,948
	9,580	13,392

Trade payables decreased by approximately RM2.7 million from approximately RM6.4 million as at 31 March 2019 to approximately RM3.8 million as at 30 September 2019 corresponding to the decrease in purchases and in line with the decrease in revenue.

Other payables decreased by approximately RM1.1 million from approximately RM6.9 million as at 31 March 2019 to approximately RM5.8 million as at 30 September 2019 mainly due to payment made for amount owing to associated company.

Borrowings

	Group	
	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	RM'000	
Bills payables	19,037	21,615
Finance lease liabilities	11,008	7,256
Bank borrowings	13,475	12,145
Bank overdrafts	10,205	10,869
	53,725	51,885

Total borrowings increased by approximately RM1.8 million from approximately RM51.9 million as at 31 March 2019 to approximately RM53.7 million as at 30 September 2019. This was mainly due to an increase in bank borrowings of approximately RM1.3 million and financial lease liabilities of approximately RM3.8 million offset by the decrease in bills payables of approximately RM2.6 million and bank overdraft of approximately RM0.7 million.

Lease liabilities

Lease liabilities (current and non-current) arose from the recognition of lease obligations from the adoption of SFRS(I) 16 Leases.

Commentary on Cash Flows

The Group generated a net cash inflow from operating activities of approximately RM69,000. This was derived from operating profit before working capital changes of approximately RM3.8 million, adjusted by net working capital outflow of approximately RM2.5 million, net interest paid of approximately RM0.9 million and net income tax paid of approximately RM0.3 million.

Net cash used in investing activities amounted to approximately RM0.1 million, mainly due to net cash purchase of property, plant and equipment of approximately RM0.1 million.

Net cash used in financing activities amounted to approximately RM1.6 million, mainly due to the repayment of term loan, finance lease liabilities, obligation under lease liabilities and interest payment of approximately RM3.6 million, offset by net drawdown of term loan of RM2.0 million.

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- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to the shareholders.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects competitive pressures to continue within the industry given the weak local and global economic outlook. As such, the Group believes the business environment will remain challenging for the next 12 months. The Group will continue to explore opportunities to expand its business in all segments both locally and abroad, via the development of new products, strategic investments and acquisitions, to grow the Group's revenue. The Group will also continue its efforts in controlling costs and reducing overheads to streamline operations to improve overall efficiency.

- 11. If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared or recommended for HY2020.

- (b) (i) Amount per share (cents)**

Not applicable.

- (b) (ii) Previous corresponding period (cents)**

Not applicable. No dividend had been declared or recommended for HY2019.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared / recommended for the HY2020 in order to reserve capital for business growth.

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- 13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for interested person transactions and none of the interested person transactions (individually) were of a value of S\$100,000 and above.

- 14. Use of Proceeds**

The net proceeds raised by the Company from the issuance of 15,391,186 new ordinary shares in the Company arising from the renounceable non-underwritten rights issue, which was allotted and issued on 23 October 2019, was approximately S\$1.0 million (after deducting expenses of approximately S\$0.1 million) (“Net Proceeds”). As at 11 November 2019, the Company had utilised approximately S\$0.1 million as follows:-

Intended use of Net Proceeds	Amount allocated S\$	Amount utilised S\$	Balance available S\$
i) Funding Operating Costs	684,168	100,500*	583,668
ii) Expansion of Existing Business And Making New Strategic Investments and/ or Acquisitions	293,215	-	293,215
	977,383	100,500	876,883

Note:

*The amount utilised under “Funding Operating Costs” was for the purpose of payment to suppliers.

- 15. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual**

The Company has procured undertakings from all its directors and executive officer under Rule 720 (1).

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30 SEPTEMBER 2019**

**16. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual Section B:
Rules of Catalist**

On behalf of the Board of Directors of the Company, we hereby confirm that to the best knowledge of the Directors of the Company nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial statements for the HY2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chan Kee Sieng
Executive Chairman

Chan Kit Moi
Executive Director

BY ORDER OF THE BOARD

Chan Kee Sieng
Executive Chairman
14 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).