

CREATIVE TECHNOLOGY LTD

FIRST HALF YEAR ENDED 31 DECEMBER 2022 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT	2
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	5
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	8
OTHER INFORMATION	13

UNAUDITED RESULTS FOR THE FIRST HALF YEAR ENDED 31 DECEMBER 2022

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	GROUP		
	Half year ended 31 December		
	2022	2021	% change
	US\$'000	US\$'000	+ / (-)
Sales, net	28,211	34,156	(17)
Cost of goods sold	(22,297)	(22,563)	(1)
Gross profit	5,914	11,593	(49)
Expenses:			
Selling, general and administrative	(11,561)	(11,889)	(3)
Research and development	(9,297)	(7,655)	21
Total expenses	(20,858)	(19,544)	7
Interest income	567	71	n.m.
Other income	30	296	(90)
Other gains, net	3,886	9,740	(60)
Interest expense on lease liabilities	(50)	(86)	(42)
(Loss) profit before income tax	(10,511)	2,070	n.m.
Income tax expense	(66)	(842)	(92)
Net (loss) profit	(10,577)	1,228	n.m.
Attributable to:			
Equity holders of the Company	(10,591)	1,241	n.m.
Non-controlling interests	14	(13)	n.m.
(Loss) profit per share attributable to equity holders of the Company			
- Basic (US\$ per share)	(0.15)	0.02	n.m.
- Diluted (US\$ per share)	(0.15)	0.02	n.m.

n.m. - not meaningful

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	Half year ended		
	31 December		
	2022	2021	% change
	US\$'000	US\$'000	+ / (-)
Net (loss) profit	(10,577)	1,228	n.m.
Other comprehensive (loss) income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI"):			
Fair value loss	(99)	(620)	(84)
Total comprehensive (loss) income for the period	(10,676)	608	n.m.
Attributable to:			
Shareholders of the Company	(10,690)	621	n.m.
Non-controlling interests	14	(13)	n.m.
Total comprehensive (loss) income for the period	(10,676)	608	n.m.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 December 2022 US\$'000	30 June 2022 US\$'000	31 December 2022 US\$'000	30 June 2022 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	61,174	71,294	55,250	62,530
Trade receivables	4,122	2,814	29	47
Amounts due from subsidiaries	-	-	30,010	22,500
Inventories	16,697	20,754	101	631
Other current assets	2,392	2,672	1,036	972
	84,385	97,534	86,426	86,680
Non-current assets:				
Financial assets at fair value through profit or loss (FVPL)	452	508	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	8,332	7,331	-	-
Amounts due from subsidiaries	-	-	7,863	6,693
Investments in subsidiaries	-	-	11,752	11,752
Property and equipment	100	157	15	24
Right-of-use assets (ROU)	4,062	2,369	3,566	1,667
Other non-current assets	148	147	-	-
	13,094	10,512	23,196	20,136
Total assets	97,479	108,046	109,622	106,816
LIABILITIES				
Current liabilities:				
Trade payables	2,931	6,052	17	103
Amounts due to subsidiaries	-	-	16,344	15,807
Other creditors, accrued liabilities and provisions	14,551	14,135	5,860	5,532
Contract liabilities	136	161	-	-
Lease liabilities	2,049	2,086	1,667	1,719
Current income tax liabilities	-	1	-	-
	19,667	22,435	23,888	23,161
Non-current liabilities:				
Amounts due to subsidiaries	-	-	46,451	46,684
Lease liabilities	2,556	298	2,354	-
Deferred income tax liabilities	8,526	8,301	-	-
	11,082	8,599	48,805	46,684
Total liabilities	30,749	31,034	72,693	69,845
NET ASSETS	66,730	77,012	36,929	36,971
EQUITY				
Share capital	49,040	49,040	49,040	49,040
Treasury shares	(16,035)	(16,035)	(16,035)	(16,035)
Fair value reserve	2,144	2,243	-	-
Other reserves	42,581	42,187	29,042	28,648
Retained earnings (accumulated losses)	(11,379)	(788)	(25,118)	(24,682)
	66,351	76,647	36,929	36,971
Non-controlling interests	379	365	-	-
Total equity	66,730	77,012	36,929	36,971

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	Half year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Cash flows from operating activities:		
Net (loss) profit	(10,577)	1,228
Adjustments for:		
Income tax expense	66	842
Depreciation	1,165	1,207
Employee share-based expenses	394	494
Gain on disposal of property and equipment	-	(10,008)
Write-off of right-of-use assets	409	-
Fair value loss on financial assets at FVPL	56	13
Currency translation (gain) loss	(1,028)	261
Interest income	(567)	(71)
Interest expense on lease liabilities	50	86
	<u>(10,032)</u>	<u>(5,948)</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	(1,308)	(1,233)
Inventories	4,057	(891)
Other assets and receivables	432	(134)
Trade payables	(3,121)	1,301
Accrued liabilities and provisions	416	(345)
Contract liabilities	(25)	(196)
Cash used in operations	<u>(9,581)</u>	<u>(7,446)</u>
Interest received	414	67
Income tax paid	(13)	(599)
Net cash used in operating activities	<u>(9,180)</u>	<u>(7,978)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(20)	(77)
Proceeds from sale of property and equipment	-	10,571
Proceeds from sale of financial assets at FVOCI	-	14
Purchase of financial assets at FVOCI	(1,100)	(254)
Net cash (used in) provided by investing activities	<u>(1,120)</u>	<u>10,254</u>
Cash flows from financing activities:		
Principal payment of lease liabilities	(1,061)	(934)
Interest paid on lease liabilities	(50)	(86)
Net cash used in financing activities	<u>(1,111)</u>	<u>(1,020)</u>
Net (decrease) increase in cash and cash equivalents	(11,411)	1,256
Cash and cash equivalents at beginning of financial year	71,294	86,202
Effects of currency translation on cash and cash equivalents	1,291	(272)
Cash and cash equivalents at end of the period	<u>61,174</u>	<u>87,186</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Statements of Changes in Equity of the Group

	Share Capital US\$'000	Treasury Shares US\$'000	Fair Value Reserve US\$'000	Other Reserves US\$'000	Retained Earnings (Accumulated Losses) US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
FY2023								
Balance at 1 July 2022	49,040	(16,035)	2,243	42,187	(788)	76,647	365	77,012
Loss for the period	-	-	-	-	(10,591)	(10,591)	14	(10,577)
Other comprehensive loss for the period	-	-	(99)	-	-	(99)	-	(99)
Total comprehensive loss for the period	-	-	(99)	-	(10,591)	(10,690)	14	(10,676)
Employee share-based expense	-	-	-	394	-	394	-	394
Total transactions with owners, recognised directly in equity	-	-	-	394	-	394	-	394
Balance at 31 December 2022	49,040	(16,035)	2,144	42,581	(11,379)	66,351	379	66,730
FY2022								
Balance at 1 July 2021	49,040	(16,035)	3,231	41,244	10,181	87,661	373	88,034
Profit for the period	-	-	-	-	1,241	1,241	(13)	1,228
Other comprehensive income for the period	-	-	(620)	-	-	(620)	-	(620)
Total comprehensive income for the period	-	-	(620)	-	1,241	621	(13)	608
Employee share-based expense	-	-	-	494	-	494	-	494
Transfer upon disposal of investments	-	-	(9)	-	9	-	-	-
	-	-	(9)	494	9	494	-	494
Total transactions with owners, recognised directly in equity	-	-	(9)	494	9	494	-	494
Balance at 31 December 2021	49,040	(16,035)	2,602	41,738	11,431	88,776	360	89,136

Statements of Changes in Equity of the Company

	Share Capital US\$'000	Treasury Shares US\$'000	Other Reserves US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
FY2023					
Balance at 1 July 2022	49,040	(16,035)	28,648	(24,682)	36,971
Total comprehensive loss for the period	-	-	-	(436)	(436)
Employee share-based expense	-	-	394	-	394
Balance at 31 December 2022	49,040	(16,035)	29,042	(25,118)	36,929
FY2022					
Balance at 1 July 2021	49,040	(16,035)	27,705	(2,893)	57,817
Total comprehensive loss for the period	-	-	-	(4,094)	(4,094)
Employee share-based expense	-	-	494	-	494
Balance at 31 December 2021	49,040	(16,035)	28,199	(6,987)	54,217

CHANGES IN THE COMPANY'S SHARE CAPITAL

Issued and paid up capital

As at 31 December 2022, the Company's issued and paid up capital excluding treasury shares comprises 70,396,649 (30 June 2022: 70,396,649) ordinary shares.

As at 31 December 2022, the Company's issued and paid up share capital was US\$49.04 million (30 June 2022: US\$49.04 million).

Employee share options plan

The Company did not issue any treasury shares under the Creative Share Option Scheme (2019) in the first half year of FY2023 (first half year of FY2022: Nil).

As at 31 December 2022, there were 1,500,000 unissued ordinary shares under the options granted to eligible employees and directors (31 December 2021: 1,550,000).

Treasury shares

As at 31 December 2022, the Company held 4,603,351 (31 December 2021: 4,603,351) treasury shares against 70,396,649 (31 December 2021: 70,396,649) issued ordinary shares excluding treasury shares.

The movement of treasury shares for the period is as follows:

	Half year ended	
	31 December	
	2022	2021
Balance at beginning of period	4,603,351	4,603,351
Issued for employee share options plan	-	-
Balance at end of period	<u>4,603,351</u>	<u>4,603,351</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 30 June 2022, except for the mandatory adoption of new standards effective as of 1 July 2022. The adoption of the new standards has no significant impact on the financial statements.

2. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after accounting for:

	GROUP	
	Six months ended	
	31 December	
	2022	2021
	US\$'000	US\$'000
<u>Income</u>		
Grant income	30	296
<u>Expenses</u>		
Write-back (write-off/write-down) for inventory obsolescence	66	(286)
Depreciation	(1,165)	(1,207)
Foreign exchange gain (loss)	1,099	(355)
Gain on disposal of property and equipment	-	10,008
Write-off of right-of-use assets	(409)	-

3. INCOME TAX

Tax expense attributable to profit is made up of:

	GROUP	
	Six months ended	
	31 December	
	2022	2021
	US\$'000	US\$'000
Current income tax	(13)	(842)
Deferred income tax - under provision in prior financial years	(53)	-
	(66)	(842)

4. DIVIDENDS

No dividends have been recommended in the first half year of FY2023 and no dividends were recommended or declared for the same period last year.

5. NET ASSETS VALUE

	GROUP		COMPANY	
	31 December 2022 US\$	30 June 2022 US\$	31 December 2022 US\$	30 June 2022 US\$
Net asset value per ordinary share	0.95	1.09	0.52	0.53

6. FAIR VALUE MEASUREMENTS

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

<u>Group</u>	US\$'000			
	Level 1	Level 2	Level 3	Total
31 December 2022				
Financial assets at FVPL	-	-	452	452
Financial assets at FVOCI	1,578	6,654	100	8,332
	<u>1,578</u>	<u>6,654</u>	<u>552</u>	<u>8,784</u>
30 June 2022				
Financial assets at FVPL	-	-	508	508
Financial assets at FVOCI	1,677	5,554	100	7,331
	<u>1,677</u>	<u>5,554</u>	<u>608</u>	<u>7,839</u>

Fair values for listed equity securities are determined using quoted market prices at the balance sheet date. These instruments are included in Level 1.

Fair values for unlisted equity securities determined by reference to the last transacted price are included in Level 2.

Fair values for unlisted equity securities and fund investments determined using net asset values which approximate the fair value of the investments are included in Level 3.

7. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments are as follows:

	GROUP	
	31 December 2022 US\$'000	30 June 2022 US\$'000
Financial assets, at FVPL	452	508
Financial assets, at FVOCI	8,332	7,331
Financial assets, at amortised cost	66,171	74,714
Financial liabilities, at amortised cost	20,879	21,662

8. GROUP BORROWINGS

	GROUP	
	31 December 2022 US\$'000	30 June 2022 US\$'000
Amount repayable:		
<u>In one year or less, or on demand</u>		
Secured	2,049	2,086
Unsecured	-	-
	<u>2,049</u>	<u>2,086</u>
<u>After one year</u>		
Secured	2,556	298
Unsecured	-	-
	<u>2,556</u>	<u>298</u>
Total	<u>4,605</u>	<u>2,384</u>

Secured borrowings relate to lease liabilities which are secured over right-of-use assets.

9. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
<u>Group and Company</u>				
31 December 2022				
Beginning and end of period	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>
30 June 2022				
Beginning and end of period	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>

10. SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
GROUP				
1 July 2022 to 31 December 2022				
Sales	9,879	8,403	9,929	28,211
(Loss) profit after total expenses	(14,401)	166	(709)	(14,944)
Interest income	567	-	-	567
Other income	30	-	-	30
Other gains (losses), net	4,041	(106)	(49)	3,886
Interest expense on lease liabilities	(42)	(6)	(2)	(50)
(Loss) profit before income tax	(9,805)	54	(760)	(10,511)
Income tax (expense) credit	-	(44)	(22)	(66)
Net (loss) profit	(9,805)	10	(782)	(10,577)
Other segment items				
Additions to property and equipment	20	-	-	20
Depreciation	(1,031)	(82)	(52)	(1,165)
Fair value loss on financial assets at FVPL	(56)	-	-	(56)
Segment assets	84,190	6,086	7,203	97,479
Segment liabilities	16,680	1,900	12,169	30,749
GROUP				
1 July 2021 to 31 December 2021				
Sales	13,724	8,695	11,737	34,156
(Loss) profit after total expenses	(8,586)	578	57	(7,951)
Interest income	71	-	-	71
Other income	296	-	-	296
Other (losses) gains, net	(171)	10,007	(96)	9,740
Interest expense on lease liabilities	(81)	(4)	(1)	(86)
(Loss) profit before income tax	(8,471)	10,581	(40)	2,070
Income tax (expense) credit	-	(872)	30	(842)
Net (loss) profit	(8,471)	9,709	(10)	1,228
Other segment items				
Additions to property and equipment	75	2	-	77
Additions to ROU assets	223	286	-	509
Depreciation	(1,098)	(56)	(53)	(1,207)
Fair value loss on financial assets at FVPL	(13)	-	-	(13)
Segment assets	108,580	6,567	9,043	124,190
Segment liabilities	19,773	1,834	13,447	35,054

Summary of net sales by country:

	GROUP	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Singapore	6,580	9,213
United States of America	8,403	8,695
Ireland	9,929	11,737
Other countries	3,299	4,511
	<u>28,211</u>	<u>34,156</u>

Summary of net sales by product category:

	GROUP	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Audio, speakers and headphones	27,062	32,589
Personal digital entertainment	1,126	1,337
Other products	23	230
	<u>28,211</u>	<u>34,156</u>

Summary of property and equipment by country:

	GROUP	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Singapore	92	201
United States of America	2	2
Other countries	6	10
	<u>100</u>	<u>213</u>

Summary of ROU assets by country:

	GROUP	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Singapore	3,566	2,501
Other countries	496	736
	<u>4,062</u>	<u>3,237</u>

OTHER INFORMATION

11. AUDIT

The figures have not been audited or reviewed by our auditors.

12. AUDITORS' REPORT

Not applicable.

13. REVIEW OF GROUP PERFORMANCE

CONSOLIDATED INCOME STATEMENT

Net Sales

Net sales for the first half year of FY2023 decreased by 17% compared to the first half year of FY2022. Sales of the Group's products in the first half year of FY2023 was affected by the uncertain and difficult market conditions due to the on-going geopolitical tensions and Russia-Ukraine war, high energy costs and high inflation rates, which impacted the business environment in many markets for the Group's products. In this challenging business environment, the Group has experienced lower demand for its products during the period.

Gross Profit

Gross profit margin for the first half year of FY2023 was 21% compared to 34% in the first half of FY2022. Included in cost of goods sold in the first half year of FY2023 was US\$0.3 million of employee severance charges (see below). Gross profit margin in the first half year of FY2023 was adversely affected by the difficult business environment with rising inventory and other business costs. In addition, gross profit margin for the first half year of FY2023 was also affected by price reduction for certain of the Group's products.

Net Loss

Net loss for the first half year of FY2023 was US\$10.6 million compared to US\$1.2 million net profit in the first half year of FY2022. The Group undertook an exercise in December 2022 to restructure its operations and reduce costs to be in line with the lower level of business activities. The restructuring exercise included a reduction in worldwide headcount, with the Group incurring US\$3.0 million for employee severance charges and US\$0.4 million in write-off of right-of-use assets pertaining to unoccupied office space after the restructuring exercise. Of the US\$3.0 million employee severance charges, US\$0.3 million was charged to cost of goods sold, US\$0.5 million to selling, general and administrative expenses and US\$2.2 million to research and development expenses. Excluding the effect of restructuring charges, net loss for the first half year of FY2023 was US\$7.2 million. Net loss for the first half year of FY2023 includes interest income of US\$0.6 million and other gains (net) of US\$3.9 million. Net profit for the first half year of FY2022 includes grant income of US\$0.3 million and other gains (net) of US\$9.7 million.

Selling, general and administrative expenses in the first half year of FY2023 decreased by 3% compared to the first half year of FY2022. Excluding employee severance charges as mentioned above, selling, general and administrative expenses in the first half year of FY2023 decreased by 7% compared to the first half year of FY2022, due mainly to reduction of certain variable selling expenses in line with lower sales.

Research and development expenses in the first half year of FY2023 increased by 21% compared to the first half year of FY2022. Excluding the employee severance charges as mentioned above, research and development expenses in the first half year of FY2023 remained at about the same level compared to the first half year of FY2022.

Other gains (net) of US\$3.9 million in the first half year of FY2023 include foreign exchange gain of US\$1.1 million, gain on sale of intellectual property assets of US\$3.1 million, and US\$0.4 million loss on write-off of right-of-use assets as mentioned above. Other gains (net) of US\$9.7 million in the first half year of FY2022 include US\$10.0 million gain on disposal of a property located in the United States of America by a wholly-owned subsidiary, and foreign exchange loss of US\$0.3 million.

The functional currency of the Company and its subsidiaries is predominantly the US dollar and accordingly, gains and losses resulting from the translation of monetary assets and liabilities denominated in currencies other than the US dollar are reflected in the determination of net income (loss). The exchange differences were due mainly to the cash and cash equivalent balances held by the Group. Cash and cash equivalents were held mainly in US dollar and Singapore dollar, with the balance mainly in Euro, British Pound and Japanese Yen. The exchange gain in the first half of FY2023 was due mainly to the appreciation of Singapore dollar against the US dollar. The exchange loss in the first half year of FY2022 was due mainly to the depreciation of Euro, British Pound and Japanese Yen against the US dollar.

Income tax expense of US\$0.8 million in the first half year of FY2022 was mainly relating to tax payable on the gain on disposal of the property located in the United States of America.

BALANCE SHEETS

The decrease in cash and cash equivalents was due mainly to net cash used in operating activities (see below). The increase in financial assets at FVOCI was due mainly to additional investments. The increase in right-of-use assets and lease liabilities was due mainly to lease renewals. The increase in trade receivables was due mainly to higher level of sales towards the end of the first half of FY2023 due to holiday season, compared to the end of the second half of FY2022. The decrease in inventories and trade payables were due mainly to higher level of inventory purchases as at June 2022 to build up inventories to cushion the effects of supply chain disruptions, and lower level of operating activities towards the end of the first half year of FY2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities of US\$9.2 million in the first half year of FY2023 was due mainly to operating loss for the period and decrease in trade payables, offset partially by a decrease in inventories. Net cash used in operating activities of US\$8.0 million in the first half year of FY2022 was due mainly to operating loss for the period and an increase in trade receivables, offset partially by an increase in trade payables.

Net cash used in investing activities of US\$1.1 million in the first half year of FY2023 (first half year of FY2022: US\$10.3 million net cash provided by investing activities) was due mainly to additional investments in financial assets at FVOCI.

Net cash used in financing activities of US\$1.1 million in the first half year of FY2023 (first half year of FY2022: US\$1.0 million) was due mainly to payment of lease and interest on lease liabilities.

14. VARIANCE FROM PROSPECT STATEMENT

There is no significant variance in operating performance of the Group from the previous prospect statement.

15. PROSPECTS

The overall business environment remains uncertain with the continuing heightened geopolitical tensions and on-going Russia-Ukraine war, and with business costs and inflation rates remaining high. With these uncertain and difficult business conditions, the market for the Group's products remains challenging.

Following the successful restructuring exercise that was undertaken by Mr. Sim Wong Hoo, Creative's late Chairman and Chief Executive Officer, the Group is now much leaner and more flexible with a lower operating cost structure to weather the challenges and adverse external impacts to its business environment. Creative's Board is now actively working with the management team to set new strategic directions and develop new capabilities for the Group, while remaining focused on its core strengths to work towards profitability and sustainable growth of the business.

The Group is cautiously optimistic on its outlook for the second half year of FY2023 with market sentiment and the supply chain environment improving. The Group targets to maintain revenue at the current level and, following the restructuring exercise, the Group expects an improvement in operating results with higher gross profit margin and reduced operating expenses, and to report a lower operating loss for the period.

16. INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

17. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

NG KEH LONG
COMPANY SECRETARY
14 February 2023

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Kheng Nam
Acting Chairman

Ng Kai Wa
Acting Vice Chairman