



Spindex Industries Limited
(Incorporated in the Republic of Singapore)
(Registration No. 198701451M)

Condensed Interim Financial Statements
For 6 months ended 31 December 2022

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	GROUP		Increase/ (Decrease) %
		6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000	
Revenue	4	94,155	108,477	(13.2)
Cost of sales		(78,218)	(87,418)	(10.5)
Gross profit		15,937	21,059	(24.3)
Other income		1,946	2,300	(15.4)
Reversal of impairment loss on trade receivables		-	8	NM
Distribution and selling expenses		(1,702)	(1,866)	(8.8)
Administrative expenses		(8,206)	(10,236)	(19.8)
Profit from operations		7,975	11,265	(29.2)
Financial expenses		(207)	(167)	24.0
Share of loss in joint venture		(66)	(64)	3.1
Profit before tax	5	7,702	11,034	(30.2)
Income tax expense	6	(1,642)	(2,178)	(24.6)
Profit for the period		6,060	8,856	(31.6)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation		(8,686)	1,513	NM
Total comprehensive income attributable to:				
Owners of the Company		(2,626)	10,369	NM
Earnings per share attributable to owners of the Company (cents per share)				
- Basic		5.25	7.68	
- Diluted		5.25	7.68	

Note: NM – Not Meaningful

B. Condensed Interim Statements of Financial Position

	Note	GROUP		COMPANY	
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	84,616	91,668	277	373
Right-of-use assets		6,350	7,706	131	178
Deferred tax assets		366	394	-	-
Investment in subsidiaries		-	-	52,749	43,815
Investment in joint venture		1,245	1,311	1,681	1,681
		<u>92,577</u>	<u>101,079</u>	<u>54,838</u>	<u>46,047</u>
Current assets					
Inventories		34,679	41,521	2,254	3,230
Trade receivables		38,859	39,619	6,665	5,142
Other receivables and deposits		2,216	1,768	105	108
Prepayments		1,458	2,315	22	24
Due from subsidiaries (non-trade)		-	-	305	641
Due from subsidiaries (trade)		-	-	4	18
Cash and cash equivalents		37,953	45,639	2,325	14,176
		<u>115,165</u>	<u>130,862</u>	<u>11,680</u>	<u>23,339</u>
Current liabilities					
Trade payables		16,633	20,293	109	137
Other payables and accruals		17,819	25,617	1,738	3,664
Refund liabilities		2,187	2,267	1,556	1,610
Provision for defects		1,365	1,703	-	-
Due to subsidiaries (trade)		-	-	6,306	6,416
Loans and borrowings	10	7,343	11,507	7,343	11,507
Lease liabilities		717	1,367	94	92
Provision for tax		1,015	906	-	-
		<u>47,079</u>	<u>63,660</u>	<u>17,146</u>	<u>23,426</u>
Net current assets/(liabilities)		<u>68,086</u>	<u>67,202</u>	<u>(5,466)</u>	<u>(87)</u>
Non-current liabilities					
Loans and borrowings	10	2,563	3,212	2,563	3,212
Lease liabilities		431	741	40	87
Deferred tax liabilities		4,982	5,020	8	7
Provision for restoration costs		249	206	-	-
		<u>8,225</u>	<u>9,179</u>	<u>2,611</u>	<u>3,306</u>
Net assets		<u>152,438</u>	<u>159,102</u>	<u>46,761</u>	<u>42,654</u>
Equity attributable to owners of the Company					
Share capital	12	13,145	13,145	13,145	13,145
Reserves		139,293	145,957	33,616	29,509
Total equity		<u>152,438</u>	<u>159,102</u>	<u>46,761</u>	<u>42,654</u>

C. Condensed Interim Consolidated Statement of Cash Flows

	GROUP	
	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000
Operating activities		
Profit before tax	7,702	11,034
Adjustments for:		
Depreciation of property, plant and equipment	5,724	5,715
Depreciation of right-of-use assets	853	902
Loss/(Gain) on disposal of property, plant and equipment	16	(23)
Gain on early termination of lease	(31)	-
Interest expense	206	167
Interest income	(177)	(146)
Write-down of inventories	791	694
Reversal of impairment loss on trade receivables	-	(8)
Write-back of provision for defects	(256)	(62)
Share of loss in joint venture	66	64
Unrealised exchange (gain)/loss	(1,874)	913
Operating cash flows before changes in working capital	13,020	19,250
(Increase)/decrease in:		
Inventories	6,196	(8,387)
Trade receivables	784	(3,518)
Other receivables and deposits	(55)	(1,372)
Prepayments	857	2,106
Increase/(decrease) in:		
Trade payables	(3,855)	(247)
Other payables and accruals	(8,252)	(5,180)
Cash flows from operations	8,695	2,652
Income taxes paid	(1,788)	(1,725)
Interest paid	(118)	(55)
Interest received	177	146
Net cash flows generated from operating activities	6,966	1,018
Investing activities		
Purchase of property, plant and equipment	(2,822)	(15,298)
Proceeds from disposal of property, plant and equipment	3	872
Net cash flows used in investing activities	(2,819)	(14,426)
Financing activities		
Dividend paid on ordinary shares	(4,038)	(5,191)
Repayment of principal obligations under lease liabilities	(927)	(890)
Interest paid on lease liabilities	(36)	(72)
Proceed from loans and borrowings	-	14,110
Repayment of loans and borrowings	(4,821)	(1,372)
Net cash flows (used in)/from financing activities	(9,822)	6,585
Net decrease in cash and cash equivalents	(5,675)	(6,823)
Cash and cash equivalents at beginning of financial period	45,639	43,891
Currency alignment on opening cash balances	(2,011)	462
Cash and cash equivalents at end of financial period	37,953	37,530

D. Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Foreign currency translation reserve \$'000	Reserve fund \$'000	Accumulated profits \$'000	Total reserves \$'000	
Group						
As at 1 July 2021	13,145	(8,138)	6,997	135,777	134,636	147,781
Net profit for the period	-	-	-	8,856	8,856	8,856
Other comprehensive income for the period	-	1,513	-	-	1,513	1,513
Total comprehensive income for the period	-	1,513	-	8,856	10,369	10,369
Dividend on ordinary shares	-	-	-	(5,191)	(5,191)	(5,191)
At 31 December 2021	13,145	(6,625)	6,997	139,442	139,814	152,959
At 1 July 2022	13,145	(8,784)	6,997	147,744	145,957	159,102
Net profit for the period	-	-	-	6,060	6,060	6,060
Other comprehensive income for the period	-	(8,686)	-	-	(8,686)	(8,686)
Total comprehensive income for the period	-	(8,686)	-	6,060	(2,626)	(2,626)
Dividend on ordinary shares	-	-	-	(4,038)	(4,038)	(4,038)
At 31 December 2022	13,145	(17,470)	6,997	149,766	139,293	152,438

	Attributable to owners of the Company			Total equity \$'000
	Share capital \$'000	Accumulated profits \$'000	Total reserves \$'000	
Company				
At 1 July 2021	13,145	22,096	22,096	35,241
Net profit, representing total comprehensive income for the period	-	5,106	5,106	5,106
Dividend on ordinary shares	-	(5,191)	(5,191)	(5,191)
At 31 December 2021	13,145	22,011	22,011	35,156
At 1 July 2022	13,145	29,509	29,509	42,654
Net profit, representing total comprehensive income for the period	-	8,145	8,145	8,145
Dividend on ordinary shares	-	(4,038)	(4,038)	(4,038)
At 31 December 2022	13,145	33,616	33,616	46,761

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Spindex Industries Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the 6 months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are to carry on the business as importer, exporter and dealer of mechanical, electrical and electronic parts. The principal activities of the subsidiaries are manufacturing and trading of mechanical, electrical, electronic parts, precision machine parts and other engineering materials.

2. Basis of preparation

2.1 *Basis of preparation*

The condensed interim consolidated financial statements for the 6 months ended 31 December 2022 of the Group 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 condensed interim financial statements are presented in Singapore Dollars (SGD or \$), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (\$'000) except otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s and the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 *Use of judgements and estimates*

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2022. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

2.3 Use of judgements and estimates (cont'd)

Management is of the opinion that there is no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue and Segment Information

(a) *Disaggregation of revenue*

	Imaging and printing		Machinery and automotive systems		Consumer product and others*		Total Revenue	
	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
China	242	2,200	28,841	37,546	957	739	30,040	40,485
Singapore	13	34	333	443	237	408	583	885
ASEAN (excluding Singapore)	18,077	17,843	710	677	5,981	6,265	24,768	24,785
USA, Europe and others	36	253	10,752	12,628	27,976	29,441	38,764	42,322
	18,368	20,330	40,636	51,294	35,151	36,853	94,155	108,477
Timing of transfer of goods								
At a point in time	18,368	20,330	40,636	51,294	35,151	36,853	94,155	108,477

*Others – include data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(b) *Business Segments*

	Imaging and printing		Machinery and automotive systems		Consumer product and others*		Adjustments and eliminations		Group	
	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000	6 mths ended 31 Dec 2022 \$'000	6 mths ended 31 Dec 2021 \$'000
Revenue										
External customers	18,368	20,330	40,636	51,294	35,151	36,853	-	-	94,155	108,477
Inter-segment	358	934	8,406	12,418	6,305	4,767	(15,069)	(18,119)	-	-
Total revenue	18,726	21,264	49,042	63,712	41,456	41,620	(15,069)	(18,119)	94,155	108,477
Segment profit	3,109	3,946	6,881	9,958	5,947	7,155			15,937	21,059
Distribution and selling expenses	(332)	(350)	(735)	(882)	(635)	(634)			(1,702)	(1,866)
Reversal of impairment loss on trade receivables	-	-	-	8	-	-			-	8
Unallocated other income									1,946	2,300
Unallocated expenses									(8,206)	(10,236)
Operating profit									7,975	11,265
Financial expenses									(207)	(167)
Share of loss in joint venture									(66)	(64)
Income tax expense									(1,642)	(2,178)
Net profit									6,060	8,856
Assets										
Trade receivables	4,844	6,821	21,407	26,221	12,608	10,439			38,859	43,481
Unallocated assets									168,883	189,611
Total assets									207,742	233,092
Liabilities										
Provision for defects	266	234	589	591	510	424			1,365	1,249
Unallocated liabilities									53,939	78,884
Total liabilities									55,304	80,133
Other segment information										
Depreciation of plant and machinery	854	824	1,890	2,079	1,634	1,493			4,378	4,396
Unallocated depreciation of other assets									1,346	1,319
Depreciation expense for the financial period									5,724	5,715

* Others – include data storage, telecommunications and others

5. Profit before taxation

5.1 Significant items

	Group	
	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021
	\$'000	\$'000
Sales of scrap	1,286	1,951
Interest income	177	146
(Loss)/Gain on disposal of property, plant and equipment	(16)	23
Gain on disposal of right-of-use assets	31	-
Government grants	410	3
Depreciation of property, plant and equipment	(5,724)	(5,715)
Depreciation of right-of-use assets	(853)	(902)
Provision of inventory obsolescence	(791)	(694)
Write-back of provision for defects	256	62
Foreign exchange gain/(loss), net	486	(434)
Reversal of impairment loss on trade receivables	-	8

5.2 Related party transactions

There are no material related party transactions between the Group and the related parties apart from those disclosed elsewhere in the financial statements.

6. Taxation

	Group	
	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021
	\$'000	\$'000
Current income tax expense	1,549	1,772
Deferred income tax expense relating to origination and reversal of temporary differences	93	406
	<u>1,642</u>	<u>2,178</u>

7. Dividends

	Group and Company	
	6 mths ended 31 Dec 2022	6 mths ended 31 Dec 2021
	\$'000	\$'000
Declared and paid during the period		
Dividend on Ordinary Shares:		
Final exempt (one-tier) dividend for FY2022 of 3.50 (FY2021: 4.50) cents per ordinary share	4,038	5,191
	<u>4,038</u>	<u>5,191</u>

8. Net Asset Value

	Group		Company	
	31 Dec 2022 (cents)	30 Jun 2022 (cents)	31 Dec 2022 (cents)	30 Jun 2022 (cents)
Net asset value per ordinary share	132.14	137.91	40.53	36.97

Net asset value per ordinary share was based on 115,365,000 ordinary shares in issue as at 31 December 2022 (30 June 2022 : 115,365,000).

9. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired property, plant and equipment with an aggregated cost of \$3,390,000 (31 December 2021: \$16,001,000). The net book value of the assets disposed by the Group during the six months ended 31 December 2022 were \$22,000 (31 December 2021: \$849,000).

10. Loans and borrowings

	Group		Company	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current:				
Obligations under hire purchase arrangement	54	54	54	54
Bank loans				
- 2.00% p.a. fixed rate SGD bank loan	1,237	1,225	1,237	1,225
- 2.33% p.a. fixed rate SGD bank loan	-	6,022	-	6,022
- 2.59% p.a. fixed rate USD bank loan	-	4,206	-	4,206
- 5.38% p.a. fixed rate SGD bank loan	6,052	-	6,052	-
	7,343	11,507	7,343	11,507
Non-current:				
Obligations under hire purchase arrangement	13	40	13	40
Bank loans				
- 2.00% p.a. fixed rate SGD bank loan	2,550	3,172	2,550	3,172
	2,563	3,212	2,563	3,212
Total loans and borrowings	9,906	14,719	9,906	14,719

2% p.a. fixed rate SGD bank loan

The loan pertains to a Temporary Bridging Loan of \$5,000,000 that was granted by Enterprise Singapore in FY2021. It bears fixed interest of 2% per annum and is repayable over a period of 5 years. This facility requires the Group to maintain a gearing ratio of not more than 125% and debt coverage ratio of not less than 120%.

10. Loans and borrowings (cont'd)

5.38% p.a. fixed rate SGD bank loan

The Group has bank loan that bear interest 5.38% (30 June 2022:2.33%) after rollover. The loan is repayable within the next 6 months and still allow to rollover with no restriction at then agreed interest rate.

Obligations under hire purchase arrangement

The hire purchase obligation is secured by a charge over the motor vehicle. The obligation is denominated in SGD and the implicit discount rate is 2.28% (2022:2.28%) per annum.

11. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 30 June 2022:

	Group		Company	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Financial assets				
Trade receivables	37,717	38,439	6,372	4,771
Other receivables and deposits	1,736	1,681	105	108
Due from subsidiaries	-	-	309	659
Cash and cash equivalents	37,953	45,639	2,325	14,176
Total financial assets carried at amortised cost	<u>77,406</u>	<u>85,759</u>	<u>9,111</u>	<u>19,714</u>
Financial liabilities				
Trade payables	16,633	20,293	109	137
Other payables and accruals	17,438	25,221	1,527	3,446
Due to subsidiaries	-	-	6,306	6,416
Loans and borrowings	9,906	14,719	9,906	14,719
Lease liabilities	1,148	2,108	134	179
Total financial liabilities carried at amortised cost	<u>45,125</u>	<u>62,341</u>	<u>17,982</u>	<u>24,897</u>

12. Share Capital

	Group and Company	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Issued and fully paid		
At beginning and end of financial period		
- 115,365,000 ordinary shares	13,145	13,145

The total number of issued shares excluding treasury shares as at 31 December 2022 was 115,365,000 (30 June 2022: 115,365,000).

There were no sales, transfers, disposal, cancellation, and/or use of treasury shares for the financial period ended 31 December 2022.

There were no treasury shares as at 31 December 2022 and 30 June 2022.

The Company has no subsidiary holdings as at 31 December 2022.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Spindex Industries Ltd and its subsidiaries as at 31 December 2022 and the related condensed profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for 6-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Spindex Group is an integrated solution provider of precision-machined components and assemblies for use in machinery & automotive systems, imaging & printing equipment, consumer-lifestyle and healthcare products.

Revenue

For most of 2022, the major economies were impacted by the war in Ukraine, increasing inflationary pressures and higher interest rates. In China, Covid -19 remained a major factor in restraining the economy. Arising from the increasing uncertainty, demand softened across a broad base of the global economy.

Under challenging conditions, the Group's revenue declined 13.2% to \$94.2 million in H1 FY2023 over the preceding half year. The decline was broad based across the business sectors of the Group. The MA business sector registered a 20.9% fall in revenue, with Automotive Systems impacted by the slowdown of car sales in China whereas Machinery was affected by a decline in the property market in China and the general slowdown around the world. The IP and CP business sectors recorded smaller decline of 9.4% and 4.6% respectively as their sales too were affected by weaker global demand.

Revenue by Business Sector	H1 FY2023 S\$'m (1)	H1 FY2022 S\$'m (2)	H2 FY2022 S\$'m (3)	Change (1-2) / (2) (%)
Machinery and Automotive Systems (MA)	40.6	51.3	43.6	-20.9%
Imaging and Printing (IP)	18.4	20.3	17.8	-9.4%
Consumer Product and Others (CP)	35.2	36.9	36.1	-4.6%
Total	94.2	108.5	97.5	-13.2%

Profitability

While revenue declined 13.2% in H1 FY2023, costs of sales fell by a smaller 10.5% as inflationary pressures contributed to higher prices for utilities, transportation and some raw materials. This resulted in the gross profit falling 24.3% to \$15.9 million and a compression of gross profit margin from 19.4% in the preceding half year to 16.9%.

Operating expenses were broadly lower tracking the decline in revenue. Higher interest rates have added to financial expenses. With the full utilisation of reinvestment allowances of the Malaysian plant, the Group's effective tax rate increased slightly to 21.3%. On a lower gross profit and a higher effective tax rate, the Group's net profit for H1 FY2023 declined 31.6% to \$6.1 million.

Cash Flow & Balance Sheet

For the six months ended 31 December 2022, the net cash inflow from operating activities remained healthy at \$7.0 million. After the purchase of property, plant and equipment, distribution of dividends and the repayment of loans and borrowings, the cash and cash equivalents of the Group as at 31 December 2022 was \$38.0 million.

With loans and borrowings totaling \$9.9 million as at 31 December 2022, the Group remains in net cash and is in a strong financial position to selectively invest to improve its competitive position for the long term.

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

The result is in line with the sentiments expressed in the prospect statement disclosed in the previous results announcement.

4. 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 operating period and the next 12 months.

The Group expects the cautious and uncertain environment to prevail for the rest of the current financial year. With interest rates and inflationary pressures expected to stay elevated and the war in Ukraine continuing, consumers and businesses are likely to remain cautious.

The Group will focus on growing and serving its customers by remaining relevant to them while at the same time managing the costs pressures to mitigate their financial impact. Steady progress will continue to be made to improve the Group's core competencies and right sizing of resources will be carried out to optimize the group cost competitiveness over the longer term.

5. Dividend information

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
No

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

6. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared or recommended in the current reporting period.

- 7. If the Group has obtained a general mandate from shareholders for IPTs, 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 an interested person transaction mandate.

- 8. Confirmation by the Board of Directors pursuant to Rule 705(5) of the listing manual.**

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the half year ended 31 December 2022, to be false or misleading in any material aspect

- 9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai
Chairman
10 February 2023