

CE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Registration No.200201018747 (586410-P)

**Unaudited financial statements for the
2nd half of financial year ended 31 July 2024**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CE TECHNOLOGY BERHAD ("CET" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	INDIVIDUAL 6 MONTHS		CUMULATIVE PERIOD	
	Current Year 6 Months	Preceding Year Corresponding 6 Months	Current Year To-Date	Preceding Year Corresponding Period
	31.07.2024 RM'000	31.07.2023 RM'000	31.07.2024 RM'000	31.07.2023 RM'000
Revenue	44,041	25,584	74,909	66,748
Cost of sales	(30,384)	(21,136)	(55,481)	(53,642)
Gross profit	13,657	4,448	19,428	13,106
Other income	296	313	507	2,136
Administrative expenses	(5,978)	(8,991)	(10,062)	(15,651)
Finance costs	(1,484)	(1,409)	(2,850)	(2,817)
Profit/(Loss) before tax	6,491	(5,639)	7,023	(3,226)
Income tax expense	(1,902)	705	(1,865)	686
Total comprehensive income for the period	-	-	-	-
Total comprehensive income/(loss) attributable to owners of the Company	4,589	(4,934)	5,158	(2,540)
Basic / Diluted earnings per share attributable to owners of the Company (sen) ⁽²⁾ :	1.33	(1.43)	1.49	(0.73)

Notes:

- (1) The basis of preparation of the Condensed Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Earnings per share for the 6-month financial period ended ("FPE") 31 July 2024 is computed based on the Company's issued shares as at the end of the respective reporting period. Diluted earnings per share equals basic earnings per ordinary share as there is no dilutive potential shares outstanding during the financial period.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	INDIVIDUAL 6 MONTHS		CUMULATIVE PERIOD	
	Current Year	Preceding Year	Current Year	Preceding Year
	6 Months	Corresponding	To-Date	Corresponding
	31.07.2024	31.07.2023	31.07.2024	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) after taxation for the period	4,589	(4,934)	5,158	(2,540)
Other comprehensive expenses	-	-	-	-
- Foreign currency translation difference				
Total comprehensive income/(loss) for the period	4,589	(4,934)	5,158	(2,540)

Note:

- (1) The basis of preparation of the Condensed Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2023 and the accompanying explanatory notes attached to this interim financial report.

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CE TECHNOLOGY BERHAD
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CONDENSED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.07.2024	Audited As at 31.07.2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	117,992	121,138
Right-of-use assets	28,335	20,384
Intangible assets	410	89
	<u>146,737</u>	<u>141,611</u>
Current assets		
Inventories	17,518	13,075
Trade receivables	19,658	7,664
Other receivables, deposits and prepayments	3,431	4,410
Current tax assets	1,621	1,735
Cash and bank balances	3,372	17,147
	<u>45,600</u>	<u>44,031</u>
TOTAL ASSETS	<u>192,337</u>	<u>185,642</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	27,186	27,186
Retained profits	85,564	80,787
Total equity attributable to owners of the Company	<u>112,750</u>	<u>107,973</u>
Non-current liabilities		
Others Payable	-	2,722
Borrowings	19,183	20,975
Government grant	351	302
Lease liabilities	20,789	14,990
Deferred tax liabilities	6,965	5,214
	<u>47,288</u>	<u>44,203</u>
Current liabilities		
Trade payables	3,115	1,180
Other payables and accruals	14,814	17,602
Borrowings	9,673	9,626
Government grant	14	14
Lease liabilities	4,683	5,044
	<u>32,299</u>	<u>33,466</u>
TOTAL LIABILITIES	<u>79,587</u>	<u>77,669</u>
TOTAL EQUITY AND LIABILITIES	<u>192,337</u>	<u>185,642</u>
Net assets per share ⁽²⁾ (RM)	0.33	0.31

Notes:

- (1) The basis of preparation of the Condensed Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is computed based on the Company's total number of issued shares as at the end of the respective financial reporting period.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Non-distributable Share Capital RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<u>Unaudited financial year ended 31 July 2024</u>			
Opening balance as at 01.08.2023	27,186	80,787	107,973
Profit after taxation as at 31.07.2024	-	5,158	5,158
Dividend paid	-	(381)	(381)
Closing balance as at 31.07.2024	27,186	85,564	112,750
<u>Audited financial year ended 31 July 2023</u>			
Opening balance as at 01.08.2022	27,186	83,915	101,101
Loss after taxation as at 31.07.2023	-	(2,540)	(2,540)
Dividend paid	-	(588)	(588)
Closing balance as at 31.07.2023	27,186	80,787	107,973

Note:

(1) The basis of preparation of the Condensed Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2023 and the accompanying explanatory notes attached to this interim financial report.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE PERIOD	
	Current Year Ended 31.07.2024 RM'000	Comparative Year Ended 31.07.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	7,023	(3,226)
Adjustments for:		
Depreciation of property, plant and equipment	5,942	5,098
Depreciation of right-of-use assets	1,227	2,035
Amortisation of government grant	(14)	(14)
Amortisation of intangible assets	41	59
Interest expense	2,850	2,817
Interest income	(284)	(717)
Inventories written off	-	290
Property, plant and equipment written off	-	2
Unrealised loss/(gain) on foreign exchange	420	(987)
(Gain)/Loss on disposal of property, plant and equipment	(7)	51
Fair value loss/(gain) on other payables	127	(127)
Gain on reassessment and modification of leases	-	(1)
Operating profit before working capital changes	<u>17,325</u>	<u>5,280</u>
(Increase)/Decrease in inventories	(4,443)	1,804
(Increase)/Decrease in trade and other receivables	(11,383)	10,162
Decrease in trade and other payables	(3,714)	(11,768)
Cash (used in)/generated from operations	<u>(2,215)</u>	<u>5,478</u>
Tax paid	-	(1,180)
Net cash (used in)/from operating activities	<u>(2,215)</u>	<u>4,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	284	717
Withdrawal/(Placement) of deposit pledged to a licensed bank	1,440	(40)
Purchase of property, plant and equipment	(11,867)	(12,529)
Purchase of right-of-use assets	(114)	(198)
Purchase of intangible assets	(363)	-
Proceed from disposal of property, plant and equipment	15	155
Net cash used in investing activities	<u>(10,605)</u>	<u>(11,895)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayments) of bankers' acceptance	3,995	(5,111)
Repayments of term loans	(1,419)	(945)
Repayments of fixed loans	(358)	(292)
(Repayments)/Drawdown of bank overdraft	(3,964)	3,964
Drawdown/(Payments) of lease liabilities	4,218	(2,757)
Dividends paid	(381)	(588)
Receipts of government grant	63	-
Interest paid	(1,630)	(1,609)
Net cash from/(used in) financing activities	<u>524</u>	<u>(7,338)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,296)	(14,935)
Effects of exchange rate changes on cash and cash equivalents	(39)	1,070
Cash and cash equivalents at beginning of the financial period	<u>15,707</u>	<u>29,572</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>3,372</u>	<u>15,707</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)⁽¹⁾

	CUMULATIVE PERIOD	
	Current Year Ended 31.07.2024 RM'000	Comparative Year Ended 31.07.2023 RM'000
Cash and cash equivalents at end of the year comprised:		
Deposits with a licensed bank	-	1,492
Cash and bank balances	3,372	15,655
Less : Placement of deposit pledged to a licensed bank	-	(1,440)
	3,372	15,707

Note:

(1) The basis of preparation of the Condensed Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2023 and the accompanying explanatory notes attached to this interim financial report.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JULY 2024

A1 Basis of Preparation

The interim condensed financial statements of CE Technology Berhad (“CET” or the “Company”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting as issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 July 2023.

A2 Adoption of New MFRSs and Amendments to MFRSs

New MFRSs adopted during the financial year

The Company adopted the following Amendments of the MFRS Framework that were issued by the MASB during the financial year:

Title	Effective Date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
<i>Amendments to MFRS 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

The adoption of the above Amendments did not have any material effect on the financial performance or position of the Company.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JULY 2024 (CONTINUED)

A2 Adoption of New MFRSs and Amendments to MFRSs (CONTINUED)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

A3 Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 July 2023.

A4 Seasonal and Cyclical Factors

The business operations of the Company are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Company during the financial period under review

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JULY 2024 (CONTINUED)

A6 Changes in Estimates

There were no material changes in estimates that have a material effect on the financial period under review.

A7 Debt and Equity Securities

There were no changes in the debt and equity securities for the 6-month FPE 31 July 2024.

A8 Dividend Paid

During the financial period under review, the Company has declared and paid out dividends as follows:

- (i) on 29 March 2024, the Board of Directors declared a single tier first interim dividend of RM0.0005 per share in respect of the financial year ended 31 July 2024. The said interim dividend amounting to RM173,056 was paid on 26 April 2024.
- (ii) on 27 June 2024, the Board of Directors declared a single tier second interim dividend of RM0.0006 per share in respect of the financial year ended 31 July 2024. The said interim dividend amounting to RM207,667 was paid on 24 July 2024.

A9 Segmental Reporting

The Company is principally involved in the manufacture and sale of cleanroom gloves. As such, the revenue of the Company for the current financial period under review and the financial period to date is derived entirely from its sale of cleanroom gloves.

The Company is licensed by the Ministry of International Trade and Industry for the manufacture and sale of cleanroom products / critical environment products such as cleanroom gloves, cleanroom face masks, cleanroom wipers and cleanroom coveralls.

The Company currently produces various categories of cleanroom gloves which are used by the semiconductor and niche life sciences industries which require additional protection from micro contamination and electro-static discharge during their operational activities.

The Company's revenue as segmented by countries that it shipped its products to are set out below:

Country/Region	Unaudited			
	Current year 6-month period ended 31 July 2024		Preceding year corresponding 6-month period ended 31 July 2023	
	RM'000	%	RM'000	%
USA	18,872	42.85	9,950	38.89
Malaysia ⁽³⁾	4,348	9.87	3,936	15.39
ASEAN ⁽¹⁾	4,961	11.26	2,810	10.98
Europe	7,570	17.19	2,771	10.83
China	1,350	3.07	1,537	6.01
Japan	3,090	7.02	1,175	4.59
Others ⁽²⁾	3,850	8.74	3,405	13.31
	44,041	100.00	25,584	100.00

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Notes:

- (1) ASEAN comprises Singapore, Thailand and Vietnam.
- (2) Others include Hong Kong, South Korea, South Africa, Taiwan and India.
- (3) The majority of the sales in Malaysia amounting to 9.87.% are actually to two key foreign owned customers who have a procurement center in Malaysia and they will re-export the goods in consolidation with other products to their customers mainly in USA and Europe.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JULY 2024 (CONTINUED)

A10 Profit/(Loss) before taxation

Profit/(Loss) before taxation for the 6-month FPE 31 July 2024 is arrived at after charging/(crediting):-

	Unaudited	
	Current year 6- month period ended 31 July 2024 RM'000	Preceding year corresponding 6- month period ended 31 July 2023 RM'000
Auditors' remuneration	62	48
Directors' remuneration	622	376
Loss/(Gain) on foreign exchange		
-realised	316	1,078
-unrealised	(744)	(2,438)
Interest income	97	(324)

A11 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the 6-month FPE 31 July 2024.

A12 Material Events after the End of the Reporting Period

There were no other material events subsequent to the end of the current financial period.

A13 Contingent Liabilities and Contingent Assets

The Company has the following contingent liability as at 31 July 2024:

	RM'000
Secured:	
Bank guarantees given by a financial institution for:	
- Utility deposit	2,958

The bank guarantees are secured by first party first legal charges over the long-term leasehold land and certain buildings of the Company.

There were no contingent assets as at the date of this interim report.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JULY 2024 (CONTINUED)

A14 Capital Commitments

	RM'000
Capital expenditure in respect of construction of buildings and equipment-in-progress	
- Contracted but not provided for	1,578

A15 Significant related party transactions

There were no significant related party transactions in the financial period under review.

A16 Financial Liabilities

The Company has not entered into any derivatives and does not have any financial liabilities.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of Performance

Current 6-month period vs. preceding year corresponding 6-month period

The Company's revenue increased by RM18.46 million or 72.17% from RM25.58 million (6-month FPE 31 July 2023) to RM44.04 million for the current 6-month FPE 31 July 2024. The increase in revenue is mainly attributable to:

- (i) higher demand from the Semiconductor Industry in the current 6-month period as compared to the preceding year corresponding 6-month period which the demand was on the decline; and
- (ii) increase of demand for the sterile glove with higher value from existing and new customers, particularly customers from the niche life sciences industries such as the pharmaceutical, medical devices, cosmeceutical, nutraceutical, biomedicine, biotech, foodtech, neuroscience, environmental science industries which have very stringent cleanliness requirements.

For the 6-month FPE 31 July 2024, the Company's gross profit ("GP") increased by approximately RM9.21 million or 206.9% from RM4.45 million (6-month FPE 31 July 2023; GP margin: 17.4%) to RM13.66 million (GP margin: 31.01%) for the 6-month FPE 31 July 2024. The increase in GP and GP margin were mainly due to the following:

- (i) higher revenue recorded in the current financial period as explained above; and
- (ii) lower product unit cost due to economies of scale and lower raw material cost.

The Company recorded profit before tax ("PBT") of RM6.49 million for the current 6-month ended 31 July 2024, representing an increase of RM12.13 million or 215.09% as compared to a loss before tax ("LBT") of RM5.64 million during the preceding corresponding financial period.

The profit before tax ("PBT") in the current financial period was mainly attributable to:-

- (i) higher revenue recorded as explained above; and
- (ii) higher gross profit recorded as explained above.

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B2 Commentary on Prospects

The Company's current capacity for high-end cleanroom gloves is 43 million pieces per month. Going forward, the Company plans to carry out the following business plan / strategies:

- (i) to leverage on the Company's in-house R&D capability and state-of-the-art facilities to produce more stringent and high-end varieties of cleanroom gloves in particular the Sterile Class 10 & 100 cleanroom gloves for use in the life sciences industries to meet new and future requirements in particular Aseptic applications;
- (ii) to launch a new range of electro-static discharge (ESD) Class 100 cleanroom gloves which are in demand by amongst others, the wafer fabrication, nano technology and aerospace industries;
- (iii) to continue increasing the Company's manufacturing capacities for both the front-end and back-end operations via the setting-up of additional raw nitrile gloves manufacturing and a new and state of the art cleanroom post-processing capacity at its own land near the Company's existing manufacturing facilities.

As at the date of this announcement, the additional front end manufacturing capacity has been partially completed with the commissioning of the first additional higher capacity line. In view of the current environment, the second higher capacity line is expected to be commissioned by December 2024 while the third higher capacity line will be commissioning by mid-2025.

The market has indicated that the semiconductor industry is recovering and will also push up further by the surge of interest in and use of generative AI. This is reflective in the Company revenue for the 6-month FPE 31 July 2024 which is around 43% higher than 6-month FPE 31 Jan 2024.

The total estimated investment of around RM115 million on the capacity expansion is being financed through a combination of internally generated funds and borrowings from financial institutions. The increase in investment cost is mainly due to significant increase in the cost of building and engineering materials besides much higher labour costs.

Upon full completion of the above expansion plans, the Company's cleanroom post-processing capacity is expected to increase from 43 million pieces a month to a maximum of approximately 83 million pieces a month. This represents an approximate four-fold increase in capacity as compared to prior to the Company's listing on the LEAP Market of Bursa Securities of 20 million pieces a month.

The Company's new state-of-the-art cleanroom post processing facilities (Plant D) is also equipped with an in-house microbiological testing laboratory which has the capability to carry out a full range of very detailed and specific tests for its sterile cleanroom gloves required by end users in the high-end Life Sciences industries such as biotech, pharmaceutical, labtech, nutraceutical, foodtech, etc. To date, the Company has commenced business with several new customers in Australia, USA and Europe to supply sterile cleanroom gloves for the high-end Life Science Industries and we expect this trend to grow further.

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- (iv) to explore opportunities of diversifying into the manufacturing and sales of other cleanroom products / critical environment products which we are licensed to manufacture and are synergistic to our existing business such as cleanroom face masks, cleanroom wipers and cleanroom coveralls. This intended expansion in the Company's product line-up is part of the Company's plan to become a one-stop centre of providing critical environment solutions and supplying a wide range of cleanroom products to the critical environment industries in response to the needs and enquiries for such products from existing customers.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects of the Company's financial performance will remain good and favourable.

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PART C – OTHER INFORMATION

C1 Status of Corporate Proposals

There was no corporate proposal announced but pending completion as at the date of this report.

C2 Material Litigation

The Company was not engaged in any material litigation as at the date of this report.

C3 Dividend

There was no dividend proposed by the Board of Directors of the Company as at the date of this report.

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