

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	<b>As at 31.01.2023 Unaudited RM'000</b>	<b>As at 31.07.2022 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	65,648	66,369
Right-of-use assets	17,525	16,579
Investment property	1,263	1,272
Investment in an associate	1,040	1,087
Deferred tax assets	-	415
	<u>85,476</u>	<u>85,722</u>
<b>Current Assets</b>		
Inventories	31,122	25,383
Trade receivables	26,595	25,039
Other receivables	1,758	1,977
Tax recoverable	4	40
Short-term investments	2,279	2,046
Cash and bank balances	4,693	4,024
	<u>66,451</u>	<u>58,509</u>
<b>TOTAL ASSETS</b>	<b>151,927</b>	<b>144,231</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	55,383	55,383
Reserves	47,598	39,846
	<u>102,981</u>	<u>95,229</u>
<b>Non-controlling Interests</b>	-	-
<b>Total Equity</b>	<b>102,981</b>	<b>95,229</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	307	139
Hire purchase payables	715	424
Borrowings	12,338	13,218
Deferred tax liabilities	818	303
	<u>14,178</u>	<u>14,084</u>
<b>Current Liabilities</b>		
Lease liabilities	515	223
Hire purchase payables	908	429
Borrowings	6,850	7,227
Bank overdraft	-	194
Trade payables	17,294	16,768
Other payables	5,775	8,854
Tax payables	1,938	66
Provision for warranties	1,488	1,157
	<u>34,768</u>	<u>34,918</u>
<b>Total Liabilities</b>	<b>48,946</b>	<b>49,002</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>151,927</b>	<b>144,231</b>
Net assets per stock unit attributable to ordinary equity holders of the company (RM)	<u>1.8336</u>	<u>1.6956</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 JANUARY 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 Months Ended		6 Months Ended	
	31-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	39,126	26,585	77,682	43,393
Other income	60	588	125	649
Changes in inventories of finished goods	1,425	516	2,823	175
Raw material and consumables used	(21,506)	(14,524)	(45,367)	(25,719)
Purchase of trading inventories	(1,332)	(774)	(1,332)	(774)
Depreciation and amortisation	(1,169)	(1,095)	(2,282)	(2,120)
Employee benefits	(8,011)	(5,409)	(14,730)	(9,430)
Other operating expenses	(2,254)	(2,247)	(5,620)	(3,961)
Finance costs	(334)	(224)	(640)	(485)
Share of loss of associate	(23)	(24)	(48)	(49)
Profit before tax	5,982	3,392	10,611	1,679
Income tax expense	(1,729)	(124)	(2,859)	(110)
Profit for the period	4,253	3,268	7,752	1,569
Other comprehensive income :				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	4,253	3,268	7,752	1,569
Profit attributable to:				
Equity holders of the company	4,253	3,268	7,752	1,569
Total comprehensive income attributable to:				
Equity holders of the company	4,253	3,268	7,752	1,569
Earnings per share attributable to equity holders of the company:				
Basic and diluted (sen)	7.57	5.85	13.80	2.91

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
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**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The following amounts have been charged/ (credited) in arriving at profit before tax:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>31-Jan-23</b>	<b>31-Jan-22</b>	<b>31-Jan-23</b>	<b>31-Jan-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income	(29)	(20)	(55)	(36)
Interest expenses	328	220	631	476
Interest expense on lease liabilities	6	4	9	9
Depreciation	1,169	1,094	2,281	2,119
Amortisation of golf club membership	1	1	1	1
Impairment of trade receivable	36	-	36	-
Provision for warranties	128	213	826	(177)
Inventories written down to net realisable value	19	-	19	-
Loss/ (gain) on disposal of plant and equipment	-	(3)	4	56
Loss/ (gain) on foreign exchange				
- realised	(84)	115	109	59
- unrealised	(121)	75	(120)	45

Save as disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 JANUARY 2023**

(The figures have not been audited)

	←	Attributable to Equity Holders of the Company	← Distributable →	→
		Non- distributable		
	Share capital RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
<b>At 1 Aug 2022</b>	55,383	1,006	38,840	95,229
Issuance of new share	-	-	-	-
Other comprehensive income	-	-	-	-
Profit for the period	-	-	7,752	7,752
Total comprehensive income for the period	-	-	7,752	7,752
<b>At 31 January 2023</b>	<b>55,383</b>	<b>1,006</b>	<b>46,592</b>	<b>102,981</b>
<b>At 1 Aug 2021</b>	46,625	1,006	30,798	78,429
Issuance of new share	8,758	-	-	8,758
Other comprehensive profit	-	-	-	-
Profit for the period	-	-	1,569	1,569
Total comprehensive profit for the period	-	-	1,569	1,569
<b>At 31 January 2022</b>	<b>55,383</b>	<b>1,006</b>	<b>32,367</b>	<b>88,756</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

**MCE HOLDINGS BERHAD (Registration No: 201501033021 (1158341-K))**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 31 JANUARY 2023**  
(The figures have not been audited)

	<b>6 months ended 31-Jan-23 RM'000 (Unaudited)</b>	<b>6 months ended 31-Jan-22 RM'000 (Unaudited)</b>
<b>CASH FLOWS (FOR)/ FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,611	1,679
Adjustments for :		
Depreciation	2,281	2,119
Other interest expense	631	476
Interest expense on lease liabilities	9	9
Impairment of trade receivable	36	-
Inventories written down to net realisable value	19	-
Amortisation of golf club membership	1	1
Share of loss of associate	48	49
Interest income	(22)	(20)
Interest income received on short-term investments	(33)	(16)
Short term accumulated compensated absences	(38)	131
Provision/ (reversal) for warranties	826	(177)
Loss on disposal of plant and equipment	4	56
Unrealised loss on foreign exchange	(120)	45
	14,253	4,352
Operating profit before working capital changes	14,253	4,352
Receivables	(1,373)	(8,853)
Inventories	(5,759)	(3,039)
Payables	(2,891)	8,450
	4,230	910
Cash generated from operations	4,230	910
Tax paid	(112)	(52)
Tax refund	92	-
Interest paid	(640)	(485)
	3,570	373
Net cash generated from operating activities	3,570	373
<b>CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES</b>		
Interest income	22	20
Interest income received on short-term investments	33	16
Purchase of property, plant and equipment	(703)	(3,517)
Placement of short-term investment	(233)	1,380
Proceeds from disposal of plant and equipment	14	155
	(867)	(1,946)
Net cash (for)/ generated from investing activities	(867)	(1,946)
<b>CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of ordinary share	-	8,758
Repayment of bankers' acceptance	(22,998)	(12,100)
Drawdown of bankers' acceptance	22,619	7,400
Repayment of hire purchase obligations	(443)	(628)
Repayment of lease liabilities	(140)	(49)
Drawdown of term loan	-	568
Repayment of term loan	(878)	(902)
	(1,840)	3,047
Net cash (for)/ generated from financing activities	(1,840)	3,047
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	863	1,474
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	3,830	4,491
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	4,693	5,965
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	4,693	5,965
Bank overdraft	-	-
	4,693	5,965

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 July 2022.

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of Preparation**

This condensed consolidated interim financial statement (Condensed Report) has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report should be read in conjunction with the audited financial statements of MCE Holdings Berhad (‘The Group’) for the financial year ended 31 July 2022. These explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2022.

**A2. Significant Accounting Policies**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements of the Group for the year ended 31 July 2022.

The adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretation that came into effect and did not have any significant impact on the unaudited consolidated financial statements upon their initial application.

- Amendments to MFRS 3: Reference to the Conceptual Framework (effective from 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use (effective from 1 January 2022)
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract (effective from 1 January 2022)
- Annual Improvements to MFRS Standards 2018-2020 (effective from 1 January 2022)

The Group has not early adopted the following new or revised standards, amendments or IC Interpretations which are applicable to the Group that have been issued by the MASB but are not yet effective for the Group’s current financial period ended 31 January 2023:

<b>MFRS, Amendments to MFRS and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. Significant Accounting Policies (Cont'd)**

<b>MFRS, Amendments to MFRS and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The adoption of the above pronouncements will not have any financial impact to the Group.

**A3. Disclosure of Audit Report Qualification**

The auditors' report of the Group's most recent audited financial statements for the financial year ended 31 July 2022 did not contain any qualification.

**A4. Seasonal or Cyclical Factors Affecting Operations**

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

**A5. Unusual Items Affecting the 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 Group for the financial period ended 31 January 2023.

**A6. Material Changes in Estimates**

There were no changes in estimates that have a material effect in the current quarter.





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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A9. Segmental Reporting (Cont'd)**

Cumulative 6 months  
ended 31 January  
2023

Automotive Parts	Healthcare Services	Elimination	Consolidated
RM'000	RM'000	RM'000	RM'000

**Revenue**

Revenue	77,682	-	-	77,682
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**Results**

Segment results	11,598	(72)	-	11,526
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Interest expenses				(640)
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Share of loss of an associate				(48)
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Unallocated expenses				(227)
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Profit before taxation				10,611
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Cumulative 6 months  
ended 31 January  
2022

Automotive Parts	Healthcare Services	Elimination	Consolidated
RM'000	RM'000	RM'000	RM'000

**Revenue**

Revenue	43,393	-	-	43,393
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**Results**

Segment results	2,611	(74)	-	2,537
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Interest expenses				(485)
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Share of loss of an associate				(49)
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Unallocated expenses				(324)
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Profit before taxation				1,679
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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A9. Segmental Reporting (Cont'd)**

<u>Assets &amp; liabilities as at 31 January 2023</u>	Automotive Parts	Healthcare Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000

**Assets & liabilities**

Segmental assets	156,007	33,762	(47,485)	142,284
Unallocated assets				9,643
Consolidated total assets				<u>151,927</u>

Segmental liabilities	57,340	6,552	(17,485)	46,407
Unallocated liabilities				2,539
Consolidated total liabilities				<u>48,946</u>

**Other information**

Capital expenditure	703	-	-	703
Depreciation and amortisation	2,282	-	-	2,282

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

**A10. Material Events Subsequent to the end of the Reporting Period**

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial period under review.

**A12. Contingent Liabilities and Contingent Assets**

The Group has no material contingent liabilities and assets as at 31 January 2023.

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of Performance**

Comparison to preceding year corresponding quarter

For the second quarter ended 31 January 2023, the Group achieved consolidated revenue of RM39.126 million which was approximately 47.17% higher than the preceding year corresponding quarter.

The Group recorded a profit after tax of RM4.253 million for the current quarter as compared to profit after tax of RM3.268 million in the preceding year corresponding quarter mainly due to higher demand from car maker to clear the sales backlog before the end of SST exemption by 31 March 2023 and improvement in operational efficiency.

**B2 Material Changes in Profit before Taxation for the Current Quarter with Immediate Preceding Quarter**

	<b>Current Quarter 31 January 2023 RM'000</b>	<b>Preceding Quarter 31 October 2022 RM'000</b>
Revenue	39,126	38,556
Pre-tax profit	5,982	4,629
Pre-tax profit margin	15.29%	12.01%

For the current quarter, the Group achieved revenue of RM39.126 million, representing increase of 1.48% as compared to the preceding quarter ended 31 October 2022. The increase was attributable to higher demand from car maker to clear the sales backlog before the end of SST exemption by 31 March 2023. The Group recorded a pre-tax profit of RM5.982 million for the quarter under review as compared to pre-tax profit of RM4.629 million for the preceding quarter. Pre-tax profit margin has increased from 12.10% to 15.29% as compared to the preceding quarter.

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B3 Prospects Commentary**

Malaysian Automotive Association (“MAA”) expects the Total Industry Volume (“TIV”) for year 2023 to decline by nearly 10% to 650,000 units compared with year 2022. However, it is notable that the all-time high of 720,658 units recorded in year 2022 were partly due to the post-pandemic pent-up demand and sales tax exemption which will end on 31 March 2023. Despite a lower TIV forecasted by MAA, the introduction of new models by car makers in year 2023 is expect to entice and sustain consumer’s buying interest.

The Group remains vigilant and cautious in facing higher operating cost which arise from escalating raw material prices, fluctuation of foreign exchange rate and increase in labour cost. The Group will continue to monitor the situation and take appropriate measures and strategies to safeguard and insulate its operations and business.

These strategies implemented include strengthening and implementing key initiatives to optimize its costs and enhancing its existing business network, seeking out new collaborations and business opportunities to grow and broaden its product mix and earning base.

The Group is cautiously optimistic that its’ performance will be consistent and sustainable for the remaining two quarters of the financial year.

**B4 Variance of Actual Profit from Forecast Profit & Shortfall on Profit Guarantee**

There is no profit forecast prepared for public release and no profit guarantee provided by the Group for the current financial period.

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.01.23	31.01.22	31.01.23	31.01.22
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	1,250	47	2,021	47
- (Over) provision in prior years	-	-	(92)	-
	1,250	47	1,929	47
Deferred tax:				
- current year	479	77	930	63
Tax expense	1,729	124	2,859	110

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B6 Status of Corporate Proposals**

On 6 January 2023, Bursa securities approved the listing and quotation of up to 5,616,200 new ordinary shares (“Placement Shares”), representing approximately 10% of the total number of issued shares of the Company.

On 27 March 2023, the Private Placement has been completed following the listing and quotation of 5,616,200 Placement Shares on the Main Market of Bursa Securities.

There were no other corporate proposals announced by the Company as at the date of issue of this quarterly report.

**B7 Group Borrowings and Debt Securities**

Group borrowings as at 31 January 2023:

	<u>RM'000</u>
(a) Secured borrowings	20,811
Unsecured borrowings	822
	<u>21,633</u>
(b) Short term	
- lease liabilities	515
- hire purchase payables	908
- term loan	1,841
- banker acceptance	5,009
	<u>8,273</u>
Long term	
- lease liabilities	307
- hire purchase payables	715
- term loan	12,338
	<u>13,360</u>
Total borrowings	<u>21,633</u>

All the above borrowings are denominated in Ringgit Malaysia.

**B8 Financial Instruments**

The Group enters into forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency arising from purchases.

The Group has no outstanding derivative financial instruments as at 31 January 2023.

**B9 Changes in Material Litigation**

There was no pending material litigation as at 23 March 2023 being a date not earlier than 7 days from the date of this quarterly report.

**B10 Dividends**

No dividend is recommended for the current quarter (Q2-FY2023: Nil).

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B11 Earnings per Share**

The basic and diluted earnings per share are calculated as follows:

	3 months ended		6 months ended	
	31.01.2023	31.01.2022	31.01.2023	31.01.2022
Profit for the period attributable to ordinary equity holders of the company (RM'000)	4,253	3,268	7,752	1,569
Number of ordinary shares in issue ('000)	56,163	55,837	56,163	53,969
Basic and diluted earnings per share (sen)	7.57	5.85	13.80	2.91

**B12 Changes in Presentation of Condensed Consolidated Statement of Comprehensive Income**

The Cost of Sales and Selling & Administrative Expenses presented in the preceding year corresponding quarter are restated according to their nature to align with audited financial statement of MCE Holdings Berhad for the financial year ended 31 July 2022.

The following figures have been reclassified to conform with the presentation of the current quarter: -

	31.01.2022 RM'000	31.01.2022 RM'000 (Restated)
Consolidated Statement of Comprehensive Income (Extract):-		
Cost of sales	(21,281)	-
Gross profit	5,304	-
Selling and administrative expenses	(2,252)	-
Changes in inventories of finished goods	-	516
Raw material and consumables used	-	(14,524)
Depreciation and amortisation	-	(1,095)
Employee benefits	-	(5,409)
Other operating expenses	-	(2,247)

Condensed Consolidated Statements of Cash Flows  
(Extract):-

Interest income	(36)	(20)
Interest income received on short-term investments	-	(16)
Other interest expense	485	476
Interest expense on lease liabilities	-	9
Placement of short-term investment	-	1,380
Net cash (used in) investing activities	(3,326)	(1,946)
Repayment of hire purchase obligations	(677)	(628)
Repayment of lease liabilities	-	(49)
Net increase in cash and cash equivalents	94	1,474
Cash and cash equivalents at beginning of the period	5,906	4,491
Cash and cash equivalents at end of the period	6,000	5,965

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**NOTES TO THE INTERIM FINANCIAL REPORT – 2<sup>nd</sup> QUARTER ENDED 31 JANUARY 2023**

**PART B – ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B13 Memorandum of Understanding (“MOU”)**

- i) The Group had entered into Memorandum of Understandings (“MOU”) with the following strategic partner with the intention to enhance its’ product technology, penetrate into global market and expand its’ existing product range:
- a) MALAYSIA AUTOMOTIVE ROBOTICS AND IoT INSTITUTE (“MARii”) on 9 June 2020 to collaborate on the development of Malaysian Intelligent Transport System (ITS) and other automotive technological systems that is in line with the National Automotive Policy 2020. The major elements in such collaboration include the development of various technological components that enable autonomous driving and other advanced driving capabilities for automotive and non-automotive application e.g. agricultural and consumer sector. The technological components involved are camera, sensor, Light Detection and Ranging (LIDAR), Radio Detection and Ranging (RADAR), recorder, and other electronic and mechatronic components that make up of Advanced Driver Assistance System (ADAS), automatic parking, and all kind of autonomous technology module and system. Other than the autonomous driving system, the collaboration also covers the development of various automotive technological systems and components that include functional switches, electronic control modules, digital meter cluster, and other components that are deemed crucial and strategic in the promotion of local industrial technological enhancement.

The MOU will be beneficial and will enhance the Group’s position and standing in the Industry and enable the Group to play a leading role as the preferred vendor for these technological components to be developed which is in the best interest of the Group.

As at the date of this report, there were no further development to-date.

- b) SOUNDING AUDIO INDUSTRIAL LIMITED (“SA”) on 16 June 2021 with an intention of setting forth a framework for the consultation and exchange of information and technology. The parties have agreed to enter into a definitive agreement on the development, production, marketing and supply of automotive in-vehicle infotainment system for the automotive industries located in Malaysia using the technology and technical assistance provided by SA from China. This MOU shall remain in force for duration of one (1) year and shall automatically be extended on a yearly basis.

As at the date of this report, there were no further development to-date.

**B14 Authorized for issue**

The interim financial statements were authorized by the Board of Directors in accordance with the resolution of the Directors on 29 March 2023.

By Order of the Board,

Lee Wee Hee (MAICSA 0773340)  
SSM Practicing Certificate No. 201908004010  
Company Secretary  
Johor Bahru  
Date: 29 March 2023