



MDR Limited
(Company Registration No: 200009059G)

**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | Group | | Inc/(Dec) % |
|--|-------|-----------------------------------|-----------------------------------|----------------|
| | | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 | |
| | | S\$'000 | S\$'000 | |
| Continuing operations | | | | |
| Revenue | 6 | 82,624 | 95,997 | -14% |
| Cost of sales | 6 | <u>(69,131)</u> | <u>(84,444)</u> | -18% |
| Gross profit | 6 | 13,493 | 11,553 | 17% |
| Other operating income | 7 | 2,372 | 1,767 | 34% |
| Administrative expenses | | (7,941) | (8,051) | -1% |
| Other operating expenses | 8 | (2,605) | (2,566) | 2% |
| Finance costs | 9 | (473) | (460) | 3% |
| Gain arising from derecognition of financial assets | 7 | 8 | 21 | -62% |
| Impairment loss on financial assets | 8 | <u>(7,985)</u> | <u>(27)</u> | N.M. |
| Total expenses | | <u>(18,996)</u> | <u>(11,083)</u> | 71% |
| Operating (loss) profit before share of profit of associate and income tax | | (3,131) | 2,237 | N.M. |
| Share of profit of associate | | <u>2</u> | <u>3</u> | -33% |
| (Loss) Profit before income tax | | (3,129) | 2,240 | N.M. |
| Income tax expense | 10 | <u>(107)</u> | <u>(4)</u> | N.M. |
| (Loss) Profit for the period from continuing operations | | <u>(3,236)</u> | <u>2,236</u> | N.M. |
| Discontinued operations | | | | |
| (Loss) Profit for the period from discontinued operations | 11 | <u>(1,959)</u> | <u>37</u> | N.M. |
| (Loss) Profit for the period | | <u>(5,195)</u> | <u>2,273</u> | N.M. |
| Other comprehensive (loss) income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Net fair value changes in equity securities carried at fair value through other comprehensive income | | <u>(11,636)</u> | <u>17,629</u> | N.M. |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Currency translation differences arising on consolidation | | <u>(202)</u> | <u>(145)</u> | 39% |
| Other comprehensive (loss) income for the period, net of tax | | <u>(11,838)</u> | <u>17,484</u> | N.M. |
| Total comprehensive (loss) income for the period | | <u><u>(17,033)</u></u> | <u><u>19,757</u></u> | N.M. |

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

| | Notes | Group | | Inc/(Dec) % |
|---|-------|-----------------------------------|-----------------------------------|----------------|
| | | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 | |
| | | S\$'000 | S\$'000 | |
| (Loss) Profit attributable to: | | | | |
| Owners of the Company | | (5,188) | 2,232 | N.M. |
| Non-controlling interests | | (7) | 41 | N.M. |
| Total comprehensive (loss) income | | <u>(5,195)</u> | <u>2,273</u> | N.M. |
| Total comprehensive (loss) income attributable to: | | | | |
| Owners of the Company | | (17,026) | 19,753 | N.M. |
| Non-controlling interests | | (7) | 4 | N.M. |
| | | <u>(17,033)</u> | <u>19,757</u> | N.M. |
| Earnings per share (cents): | | | | |
| | 12 | | | |
| From continuing and discontinued operations: | | | | |
| - Basic | | (0.592) | 0.252 | |
| - Diluted | | <u>(0.592)</u> | <u>0.252</u> | |
| From continuing operations: | | | | |
| - Basic | | (0.369) | 0.252 | |
| - Diluted | | <u>(0.369)</u> | <u>0.252</u> | |

N.M. : Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | Notes | Group | | Company | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | 30-Jun-22 S\$'000 | 31-Dec-21 S\$'000 | 30-Jun-22 S\$'000 | 31-Dec-21 S\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 21,116 | 25,009 | 3,149 | 3,891 |
| Trade receivables | 16 | 14,402 | 40,296 | 4,574 | 30,000 |
| Other receivables and prepayments | 17 | 4,467 | 3,294 | 15,360 | 16,794 |
| Inventories | 18 | 19,470 | 13,936 | 654 | 770 |
| Investment in debt securities | 22 | 31,324 | 21,334 | 31,324 | 21,334 |
| Convertible loan | 24 | 2,010 | - | 2,010 | - |
| Income tax recoverable | | 142 | 183 | - | - |
| Total current assets | | 92,931 | 104,052 | 57,071 | 72,789 |
| Non-current assets | | | | | |
| Other receivables and prepayments | 17 | 1,080 | 2,028 | 48 | 48 |
| Investment in subsidiaries | | - | - | 3,328 | 3,328 |
| Investment in an associate | | 32 | 30 | - | - |
| Investment in equity securities | 21 | 97,476 | 78,851 | 97,476 | 78,851 |
| Investment in debt securities | 22 | 10,915 | 20,367 | 10,915 | 20,367 |
| Property, plant and equipment | 19 | 1,841 | 2,098 | 853 | 1,003 |
| Right-of-use assets | 20 | 4,887 | 6,554 | 868 | 1,011 |
| Investment property | 23 | 7,908 | 8,099 | - | - |
| Convertible loan | 24 | - | 2,010 | - | 2,010 |
| Derivative assets | 21 | 225 | 225 | 225 | 225 |
| Total non-current assets | | 124,364 | 120,262 | 113,713 | 106,843 |
| Total assets | | 217,295 | 224,314 | 170,784 | 179,632 |
| Current liabilities | | | | | |
| Bank overdrafts and loans | 25 | 44,176 | 36,704 | 41,088 | 33,387 |
| Trade payables | | 12,348 | 8,820 | 944 | 1,169 |
| Other payables | | 8,012 | 8,195 | 3,973 | 4,655 |
| Lease liabilities | | 4,064 | 4,387 | 750 | 590 |
| Lease liabilities from financial institutions | | 77 | 83 | 70 | 77 |
| Income tax payable | | 143 | 144 | - | - |
| Total current liabilities | | 68,820 | 58,333 | 46,825 | 39,878 |
| Non-current liabilities | | | | | |
| Bank loans | 25 | 2,981 | 3,595 | 2,981 | 3,595 |
| Other payables | | 804 | 1,011 | - | - |
| Lease liabilities | | 1,348 | 2,902 | 158 | 480 |
| Lease liabilities from financial institutions | | 55 | 95 | 54 | 91 |
| Deferred tax liabilities | | 429 | 439 | - | - |
| Total non-current liabilities | | 5,617 | 8,042 | 3,193 | 4,166 |

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | Notes | Group | | Company | |
|--|-------|----------------------|----------------------|----------------------|----------------------|
| | | 30-Jun-22 S\$'000 | 31-Dec-21 S\$'000 | 30-Jun-22 S\$'000 | 31-Dec-21 S\$'000 |
| Capital, reserves and non-controlling interests | | | | | |
| Share capital | 26 | 123,276 | 123,276 | 123,276 | 123,276 |
| Treasury shares | 27 | (2,829) | (2,823) | (2,829) | (2,823) |
| Other reserves | | (5,129) | 6,758 | (6,025) | 5,455 |
| Retained earnings | | 27,027 | 32,166 | 6,344 | 9,680 |
| Equity attributable to owners of the Company | | <u>142,345</u> | <u>159,377</u> | <u>120,766</u> | <u>135,588</u> |
| Non-controlling interests | | 513 | (1,438) | - | - |
| Total equity | | <u>142,858</u> | <u>157,939</u> | <u>120,766</u> | <u>135,588</u> |
| Total liabilities and equity | | <u>217,295</u> | <u>224,314</u> | <u>170,784</u> | <u>179,632</u> |

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

| Group | Share capital S\$'000 | Treasury shares S\$'000 | Capital reserve S\$'000 | Premium on acquisition of non-controlling interests S\$'000 | Investment revaluation reserve S\$'000 | Property revaluation reserve S\$'000 | Currency translation reserve S\$'000 | Retained earnings (Accumulated losses) S\$'000 | Attributable to equity holders of the Company S\$'000 | Non-controlling interests S\$'000 | Total S\$'000 |
|--|--------------------------|----------------------------|----------------------------|--|---|---|---|---|--|--------------------------------------|------------------|
| Balance as at 1 January 2022 | 123,276 | (2,823) | 556 | (881) | 5,433 | 1,696 | (46) | 32,166 | 159,377 | (1,438) | 157,939 |
| Total comprehensive income (loss) for the period | | | | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | - | (5,188) | (5,188) | (7) | (5,195) |
| Gain on disposal of investment securities transferred between reserves | - | - | - | - | (49) | - | - | 49 | - | - | - |
| Other comprehensive loss for the period | - | - | - | - | (11,636) | - | (202) | - | (11,838) | - | (11,838) |
| Total | - | - | - | - | (11,685) | - | (202) | (5,139) | (17,026) | (7) | (17,033) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Purchase of treasury shares | - | (6) | - | - | - | - | - | - | (6) | - | (6) |
| Loss from disposal of non-controlling interests with change in control | - | - | - | - | - | - | - | - | - | 1,958 | 1,958 |
| Total | - | (6) | - | - | - | - | - | - | (6) | 1,958 | 1,952 |
| Balance as at 30 June 2022 | <u>123,276</u> | <u>(2,829)</u> | <u>556</u> | <u>(881)</u> | <u>(6,252)</u> | <u>1,696</u> | <u>(248)</u> | <u>27,027</u> | <u>142,345</u> | <u>513</u> | <u>142,858</u> |
| Balance as at 1 January 2021 | 154,455 | (1,908) | 556 | (881) | (17,536) | 1,583 | 66 | (9,000) | 127,335 | (1,457) | 125,878 |
| Prior period adjustment | - | - | - | - | - | - | - | 1,156 | 1,156 | 29 | 1,185 |
| Balance as at 1 January 2021, restated | <u>154,455</u> | <u>(1,908)</u> | <u>556</u> | <u>(881)</u> | <u>(17,536)</u> | <u>1,583</u> | <u>66</u> | <u>(7,844)</u> | <u>128,491</u> | <u>(1,428)</u> | <u>127,063</u> |
| Total comprehensive income (loss) for the period | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 2,232 | 2,232 | 41 | 2,273 |
| Gain on disposal of investment securities transferred between reserves | - | - | - | - | (1,155) | - | - | 1,155 | - | - | - |
| Other comprehensive profit for the period | - | - | - | - | 17,629 | - | (108) | - | 17,521 | (37) | 17,484 |
| Total | - | - | - | - | 16,474 | - | (108) | 3,387 | 19,753 | 4 | 19,757 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | |
| Purchase of treasury shares | - | (503) | - | - | - | - | - | - | (503) | - | (503) |
| Total | - | (503) | - | - | - | - | - | - | (503) | - | (503) |
| Balance as at 30 June 2021 | <u>154,455</u> | <u>(2,411)</u> | <u>556</u> | <u>(881)</u> | <u>(1,062)</u> | <u>1,583</u> | <u>(42)</u> | <u>(4,457)</u> | <u>147,741</u> | <u>(1,424)</u> | <u>146,317</u> |

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| Company | Share capital S\$'000 | Treasury shares S\$'000 | Capital reserve S\$'000 | Investment revaluation reserve S\$'000 | Retained earnings (Accumulated losses) S\$'000 | Total S\$'000 |
|--|-----------------------------|-------------------------------|-------------------------------|---|---|------------------|
| Balance as at 1 January 2022 | 123,276 | (2,823) | 22 | 5,433 | 9,680 | 135,588 |
| Total comprehensive loss for the period | | | | | | |
| Loss for the period | - | - | - | - | (3,385) | (3,385) |
| Gain on disposal of investment securities transferred between reserves | - | - | - | (49) | 49 | - |
| Other comprehensive loss for the period | - | - | - | (11,636) | - | (11,636) |
| Total | - | - | - | (11,685) | (3,336) | (15,021) |
| Transactions with owners, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (6) | - | - | - | (6) |
| Waiver of debts from related companies | - | - | 205 | - | - | 205 |
| Total | - | (6) | 205 | - | - | 199 |
| Balance as at 30 June 2022 | <u>123,276</u> | <u>(2,829)</u> | <u>227</u> | <u>(6,252)</u> | <u>6,344</u> | <u>120,766</u> |
| Balance as at 1 January 2021 | 154,455 | (1,908) | 22 | (17,536) | (31,179) | 103,854 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 635 | 635 |
| Gain on disposal of investment securities transferred between reserves | - | - | - | (1,155) | 1,155 | - |
| Other comprehensive income for the period | - | - | - | 17,629 | - | 17,629 |
| Total | - | - | - | 16,474 | 1,790 | 18,264 |
| Transactions with owners, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (503) | - | - | - | (503) |
| Total | - | (503) | - | - | - | (503) |
| Balance as at 30 June 2021 | <u>154,455</u> | <u>(2,411)</u> | <u>22</u> | <u>(1,062)</u> | <u>(29,389)</u> | <u>121,615</u> |

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | 6 months ended 30 June 2022 S\$'000 | 6 months ended 30 June 2021 S\$'000 |
|---|--|--|
| Operating activities | | |
| (Loss) Profit before income tax from continuing operations | (5,087) | 2,240 |
| (Loss) Profit before income tax from discontinued operations | (1) | 37 |
| | <u>(5,088)</u> | <u>2,277</u> |
| Adjustments for: | | |
| Depreciation of plant and equipment (Note A) | 393 | 495 |
| Depreciation of right-of-use assets (Note A) | 2,161 | 1,824 |
| Interest expenses | 473 | 460 |
| Interest income from fixed deposits | (4) | (6) |
| Interest income from lease receivables | (49) | - |
| Interest income from loans to third parties | (1,351) | (1,466) |
| Interest income from investment in debt securities | (1,981) | (85) |
| Gain on disposal of plant and equipment | (15) | (36) |
| Gain on disposal of right-of-use assets | (3) | (31) |
| Gain on disposal of investment in debt securities | (8) | (21) |
| Plant and equipment written off | 2 | 3 |
| Loss on change in control of subsidiaries | 1,958 | - |
| Loss allowance on investment in debt securities | 6,229 | - |
| Allowance for inventories | 150 | 241 |
| Loss allowance for trade receivables | 1,756 | 27 |
| Share of profit of an associate | (2) | (3) |
| Net foreign exchange gain | <u>(1,778)</u> | <u>(210)</u> |
| Operating cash flows before movements in working capital | 2,843 | 3,469 |
| Trade receivables | (18) | 4,297 |
| Other receivables and prepayments | (225) | 139 |
| Inventories | (5,684) | 4,206 |
| Trade payables | 3,528 | (2,637) |
| Other payables | <u>(414)</u> | <u>327</u> |
| Cash generated from operations | 30 | 9,801 |
| Income tax paid | (77) | (45) |
| Interest received | 53 | 6 |
| Interest received from debt securities | 1,295 | 142 |
| Interest received from loans to third parties | <u>2,193</u> | <u>962</u> |
| Net cash from operating activities | <u><u>3,494</u></u> | <u><u>10,866</u></u> |
| Investing activities | | |
| Proceeds from disposal of plant and equipment | 77 | 66 |
| Purchase of plant and equipment (Note B) | (187) | (770) |
| Proceeds from disposal of quoted equity securities | 1,970 | 19,494 |
| Purchase of quoted equity securities | (22,169) | (11,530) |
| Investment in unquoted equity securities | - | (1,500) |
| Proceeds from disposal of quoted debt securities | - | 4,025 |
| Purchase of quoted debt securities | (15,149) | - |
| Loans to third parties | - | (24,000) |
| Repayment of loan from a third party | <u>24,000</u> | <u>-</u> |
| Net cash used in investing activities | <u><u>(11,458)</u></u> | <u><u>(14,215)</u></u> |

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|--|-----------------------------------|-----------------------------------|
| | S\$'000 | S\$'000 |
| Financing activities | | |
| Purchase of treasury shares | (6) | (503) |
| Interest paid | (473) | (460) |
| Repayment of lease liabilities | (2,337) | (1,844) |
| Repayment of lease liabilities from financial institutions | (46) | (192) |
| Repayment of bank borrowings | (753) | (13,061) |
| Proceeds from bank borrowings | 7,687 | 22,483 |
| Net cash from financing activities | <u>4,072</u> | <u>6,423</u> |
| Net (decrease) increase in cash and cash equivalents | (3,892) | 3,074 |
| Cash and cash equivalents at beginning of period | 25,009 | 12,324 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (1) | 2 |
| Cash and cash equivalents at end of period | <u>21,116</u> | <u>15,400</u> |

Note

A. Depreciation expense:

Included in depreciation expense of \$2,554,000 (30 June 2021: \$2,319,000) in the statement of cash flows is \$2,452,000 (30 June 2021: \$2,091,000) which is classified in other operating expenses (Note 8) with the remaining classified in cost of sales.

B. Purchase of property, plant and equipment:

During the six months ended 30 June 2022, the Group acquired plant and equipment with an aggregate cost of \$187,000 (30 June 2021: \$972,000) of which \$Nil (30 June 2021: \$202,000) was acquired under finance lease arrangements.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

MDR Limited (the Company) is incorporated and domiciled in Singapore and its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The primary activities of the Company are that of investment holding and provision of after-market services for mobile communication devices and consumer electronic products.

The principal activities of the Group are:

- a) provision of after-market services for mobile equipment and consumer electronic products;
- b) distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards and cosmetics (including skin care products);
- c) the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions; and
- d) investment

2 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 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 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 year ended 31 December 2021.

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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Valuation of inventories

In determining the net realisable value of the inventories, an estimation of the net realisable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the latest selling prices and the saleability of these inventories. The carrying amount of inventories as at 30 June 2022 is disclosed in Note 18 to the condensed interim consolidated financial statements.

Recoverable amount of property, plant and equipment and right-of-use assets for non-performing outlets

Determining whether property, plant and equipment and right-of-use assets are impaired where indicators of impairment exist requires an estimation of the recoverable amount of these assets. The recoverable amount is based on the value in use of the cash-generating unit, to which the assets belong to. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates.

The carrying amount of property, plant and equipment and right-of-use assets as at 30 June 2022 are disclosed in Notes 19 and 20 to the condensed interim consolidated financial statements respectively.

Valuation of debt securities

The Group makes allowances for expected credit losses based on an assessment of the recoverability of the debt securities measured at amortised cost and fair value through other comprehensive income. The impairment provisions for debt securities are based on assumptions about risk of default of the issuer and the exposure on default. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the financials of the issuers, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the debt securities and loss allowance in the period in which such estimate has been changed.

The justification on the provision of expected credit loss allowance for the debt securities and the carrying amount of debt securities as at 30 June 2022 is disclosed in Note 22 to the condensed interim consolidated financial statements.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2 BASIS OF PREPARATION (CONT'D)

2.2. Use of judgements and estimates (cont'd)

Expected credit loss on loan to third parties

The Group makes allowances for expected credit losses based on an assessment of the recoverability of other receivables. The impairment provisions for other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, existing market conditions, quality and valuation of the collaterals as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the other receivables and loss allowance in the period in which such estimate has been changed.

The justification on the provision of expected credit loss allowance for the loan to third parties and the carrying amounts of other receivables are disclosed in Note 16 to the condensed interim consolidated financial statements.

3 SEASONAL OPERATIONS

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

4 SEGMENT AND REVENUE INFORMATION

For management purposes, the Group is organised into four business segments, After-Market Services ("AMS"), Distribution Management Solutions ("DMS"), Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") and Investment.

AMS provides after market services for mobile equipment and consumer electronic products; DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards and cosmetics products; DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions; Investment segment primarily comprises investment in marketable securities.

The segments are the basis which the Group reports information to the Group's key operating decision makers for the purposes of resource allocation and assessment of the segment information.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

(a) Reportable Segment

| 1 January 2022 to 30 June 2022 \$'000 | <----Continuing Operation-----> | | | | | | Total |
|---|---------------------------------|-----------------|----------------|-----------------|---------------------------|--------------|-----------------|
| | AMS | DMS | DPAS | Investment | Discontinued Operation | Unallocated | |
| Segment revenue | | | | | | | |
| External | 7,923 | 66,777 | 2,043 | 5,881 | - | - | 82,624 |
| Inter-segment | - | - | - | - | - | - | - |
| | <u>7,923</u> | <u>66,777</u> | <u>2,043</u> | <u>5,881</u> | <u>-</u> | <u>-</u> | <u>82,624</u> |
| Segment result | 60 | (280) | 498 | (3,789) | (1,959) | (447) | (5,917) |
| Net foreign exchange gain | | | | | | | 809 |
| Gain on disposal of plant and equipment | | | | | | | 15 |
| Gain on disposal of right-of-use assets | | | | | | | 3 |
| Loss before income tax & share of associate results | | | | | | | <u>(5,090)</u> |
| Share of profit of associate | | | | | | | 2 |
| Loss before income tax | | | | | | | <u>(5,088)</u> |
| Income tax expense | | | | | | | <u>(107)</u> |
| Net loss for the period | | | | | | | <u>(5,195)</u> |
| Segment assets | <u>7,535</u> | <u>53,638</u> | <u>11,059</u> | <u>144,710</u> | <u>353</u> | <u>-</u> | <u>217,295</u> |
| Segment liabilities | <u>(5,889)</u> | <u>(19,899)</u> | <u>(4,008)</u> | <u>(44,069)</u> | <u>-</u> | <u>(572)</u> | <u>(74,437)</u> |
| Other segment information | | | | | | | |
| Capital expenditure – property, plant and equipment | 20 | 100 | 67 | - | - | - | 187 |
| Capital expenditure – right-of-use assets | 198 | 297 | - | - | - | - | 495 |
| Depreciation – property, plant and equipment | 155 | 176 | 62 | - | - | - | 393 |
| Depreciation – right-of-use assets | 356 | 1,740 | 65 | - | - | - | 2,161 |
| Plant and equipment written off | - | 2 | - | - | - | - | 2 |
| Interest income (recorded under revenue) | - | - | - | (3,332) | - | - | (3,332) |
| Interest income (recorded under other operating income) | - | (49) | (4) | - | - | - | (53) |
| Interest expenses | 30 | 118 | 60 | 265 | - | - | 473 |
| Gain on disposal of investment in debt securities | - | - | - | (8) | - | - | (8) |
| Allowance for inventories | 45 | 100 | 6 | - | - | - | 151 |
| Loss allowance for trade receivables | - | - | 11 | 1,745 | - | - | 1,756 |
| Loss allowance on investment in debt securities | - | - | - | 6,229 | - | - | 6,229 |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

| 1 January 2021 to 30 June 2021 \$'000 | <----Continuing Operation-----> | | | | | | Total |
|---|---------------------------------|-----------------|----------------|-----------------|---------------------------|--------------|-----------------|
| | AMS | DMS | DPAS | Investment | Discontinued Operation | Unallocated | |
| Segment revenue | | | | | | | |
| External | 8,795 | 81,690 | 1,310 | 4,202 | - | - | 95,997 |
| Inter-segment | - | - | - | - | - | - | - |
| | <u>8,795</u> | <u>81,690</u> | <u>1,310</u> | <u>4,202</u> | <u>-</u> | <u>-</u> | <u>95,997</u> |
| Segment result | 189 | 46 | 41 | 2,490 | - | (561) | 2,205 |
| Net foreign exchange gain | | | | | | | 2 |
| Gain on disposal of plant and equipment | | | | | | | 36 |
| Gain on disposal of right-of-use assets | | | | | | | 31 |
| Profit before income tax & share of associate results | | | | | | | <u>2,274</u> |
| Share of profit of associate | | | | | | | 3 |
| Profit before income tax | | | | | | | <u>2,277</u> |
| Income tax expense | | | | | | | (4) |
| Net profit for the period | | | | | | | <u>2,273</u> |
| Segment assets | <u>6,449</u> | <u>55,966</u> | <u>10,727</u> | <u>137,170</u> | <u>342</u> | <u>142</u> | <u>210,796</u> |
| Segment liabilities | <u>(4,541)</u> | <u>(18,821)</u> | <u>(3,964)</u> | <u>(37,928)</u> | <u>-</u> | <u>(410)</u> | <u>(65,664)</u> |
| Other segment information | | | | | | | |
| Capital expenditure – property, plant and equipment | 530 | 438 | 4 | - | - | - | 972 |
| Depreciation – property, plant and equipment | 163 | 184 | 148 | - | - | - | 495 |
| Depreciation – right-of-use assets | 349 | 1,379 | 96 | - | - | - | 1,824 |
| Plant and equipment written off | - | 3 | - | - | - | - | 3 |
| Interest income (recorded under revenue) | - | - | - | (1,551) | - | - | (1,551) |
| Interest income (recorded under other operating income) | - | (1) | (5) | - | - | - | (6) |
| Interest expenses | 42 | 141 | 66 | 211 | - | - | 460 |
| Gain on disposal of investment in debt securities | - | - | - | (21) | - | - | (21) |
| Allowance for (Reversal of allowance for) inventories | 45 | 199 | (3) | - | - | - | 241 |
| Loss allowance for trade receivables | - | - | 27 | - | - | - | 27 |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

(b) Geographical information

| | Revenue from external customers | |
|-------------------------------|---------------------------------------|---------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Continuing Operation | | |
| Singapore | 80,581 | 94,687 |
| Malaysia | 2,043 | 1,310 |
| | <u>82,624</u> | <u>95,997</u> |
| Discontinued Operation | | |
| Myanmar | - | - |
| | <u>82,624</u> | <u>95,997</u> |
| | | |
| | Non-current assets | |
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Continuing Operation | | |
| Singapore | 118,045 | 111,696 |
| Malaysia | 7,977 | 8,225 |
| | <u>126,022</u> | <u>119,921</u> |
| Discontinued Operation | | |
| Myanmar | 352 | 341 |
| | <u>126,374</u> | <u>120,262</u> |

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

| | Group | | Company | |
|--|-------------------------|-----------------------------|-------------------------|-----------------------------|
| | 30 June 2022 S\$'000 | 31 December 2021 S\$'000 | 30 June 2022 S\$'000 | 31 December 2021 S\$'000 |
| Financial assets | | | | |
| Financial instruments, designated as at FVTOCI | 115,844 | 100,724 | 115,844 | 100,724 |
| Financial instruments designated as at FVTPL | 3,934 | 3,934 | 3,934 | 3,934 |
| Amortised cost (including cash and cash equivalents) | 63,001 | 88,438 | 45,241 | 68,759 |
| | <u>182,779</u> | <u>193,096</u> | <u>165,019</u> | <u>173,417</u> |
| Financial liabilities | | | | |
| Amortised cost | 65,560 | 54,314 | 48,887 | 42,239 |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6 REVENUE, COST OF GOODS SOLD AND GROSS PROFIT

The Group operates in four business segments – After Market Services (AMS), Distribution Management Solutions (DMS), Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS), and Investment.

The breakdown of revenue and cost of goods sold and spare parts are as follows:

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|---|--|--|
| | S\$'000 | S\$'000 |
| Revenue | | |
| AMS | 7,923 | 8,795 |
| DMS | 66,777 | 81,690 |
| DPAS | 2,043 | 1,310 |
| Investment | 5,881 | 4,202 |
| | <u>82,624</u> | <u>95,997</u> |
| Cost of Goods Sold and Spare Parts | | |
| AMS | (5,823) | (6,566) |
| DMS | (61,951) | (76,785) |
| DPAS | (1,357) | (1,093) |
| Investment | - | - |
| | <u>(69,131)</u> | <u>(84,444)</u> |
| Gross Profit | | |
| AMS | 2,100 | 2,229 |
| DMS | 4,826 | 4,905 |
| DPAS | 686 | 217 |
| Investment | 5,881 | 4,202 |
| | <u>13,493</u> | <u>11,553</u> |
| GP% | | |
| AMS | 27% | 25% |
| DMS | 7% | 6% |
| DPAS | 34% | 17% |
| Investment | 100% | 100% |
| | <u>16%</u> | <u>12%</u> |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7 OTHER OPERATING INCOME

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|--|--|--|
| | S\$'000 | S\$'000 |
| <u>Interest income:</u> | | |
| Fixed deposits | 4 | 6 |
| Lease interest income | 49 | - |
| Rental income | 1,212 | 758 |
| Liabilities written back | - | 3 |
| <u>Government grants:</u> | | |
| Wage credit | 34 | 27 |
| Job support scheme | 2 | 674 |
| Work life grant | 25 | - |
| Job growth incentive | 25 | - |
| Small business recovery grant | 40 | - |
| Insurance compensation | - | 174 |
| Gain on disposal of plant and equipment | 15 | 36 |
| Gain on disposal of right-of-use assets | 3 | 31 |
| Foreign currency exchange gain | 810 | - |
| Others | 153 | 58 |
| | <u>2,372</u> | <u>1,767</u> |
| Gain arising from derecognition of financial assets: | | |
| Gain on disposal of investment in debt securities | <u>8</u> | <u>21</u> |
| | <u>8</u> | <u>21</u> |
| | <u>2,380</u> | <u>1,788</u> |

Higher rental income in 1H-22 was due to the recovery of rental support from a principal for the leases of certain outlets and rental contribution from DPAS division with the premises fully leased to a third party since December 2021.

Insurance compensation in 1H-21 pertained to the claim in relation to damaged equipment and raw materials due to the flooding incident in April 2020 that affected DPAS division.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8 OTHER OPERATING EXPENSES

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|---|--|--|
| | S\$'000 | S\$'000 |
| Rental expenses | 1 | 196 |
| Depreciation expenses - plant and equipment | 356 | 362 |
| Depreciation expenses - right-of-use assets | 2,096 | 1,729 |
| Plant and equipment written off | 2 | 3 |
| Allowance for inventories | 150 | 241 |
| Foreign currency exchange loss | - | 35 |
| | <u>2,605</u> | <u>2,566</u> |
| Impairment loss on financial assets: | | |
| Loss allowance for trade receivables | 1,756 | 27 |
| Loss allowance on investment in debt securities | 6,229 | - |
| | <u>7,985</u> | <u>27</u> |
| | <u>10,590</u> | <u>2,593</u> |

Higher loss allowance for trade receivables in 1H-22 was in relation to coupon interest accrued for certain distressed debt securities.

Loss allowance on investment in debt securities in 1H-22 was recorded, in view of the significant increase in credit risk of certain distressed debt securities.

9 FINANCE COSTS

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|---|--|--|
| | S\$'000 | S\$'000 |
| Interest expense on bank loans | 320 | 283 |
| Interest expense on lease liabilities | 149 | 168 |
| Interest expense on lease liabilities from financial institutions | 4 | 9 |
| | <u>473</u> | <u>460</u> |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10 INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|--|--|--|
| | S\$'000 | S\$'000 |
| Current tax | 115 | 4 |
| Overprovision in respect of prior years: | | |
| - current tax | (8) | - |
| Tax expense | <u>107</u> | <u>4</u> |

11 INCOME STATEMENT FOR DISCONTINUED OPERATIONS

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|--|--|--|
| | S\$'000 | S\$'000 |
| Revenue | - | - |
| Cost of sales | - | - |
| Gross Profit | - | - |
| Administrative expenses | - | - |
| Other operating expenses | (1,959) | 37 |
| (Loss) Profit before income tax | (1,959) | 37 |
| Income tax expense | - | - |
| (Loss) Profit for the period from discontinued operations | <u>(1,959)</u> | <u>37</u> |
| (Loss) Profit attributable to: | | |
| Owners of the Company | (1,958) | 1 |
| Non-controlling interests | (1) | 36 |
| | <u>(1,959)</u> | <u>37</u> |

Discontinued operations relate to operations in Myanmar inclusive of MDR Myanmar Co., Ltd, Golden Myanmar Sea Co., Ltd, Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Co., Ltd, which ceased their business operations in 2017.

The increase in Other operating expenses is due to the loss on change in control of subsidiaries of \$1,958,000 which pertains to the deconsolidation of certain Myanmar business related dormant subsidiaries, Golden Myanmar Sea (S) Pte. Ltd., Golden Myanmar Sea Co., Ltd and MDR Golden Myanmar Sea Co., Ltd, in which the Group de-recognised the carrying amount of the non-controlling interest mainly in relation to the cumulative losses incurred from FY2013 to FY2017.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12 EARNINGS PER SHARE

| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
|---|-----------------------------------|-----------------------------------|
| | Cents | Cents |
| From continuing and discontinued operations: | | |
| - Basic | (0.592) | 0.252 |
| - Fully diluted | (0.592) | 0.252 |
| From continuing operations: | | |
| - Basic | (0.369) | 0.252 |
| - Fully diluted | (0.369) | 0.252 |
| From discontinued operations: | | |
| - Basic | (0.224) | N.M. |
| - Fully diluted | (0.224) | N.M. |

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue of 875,702,685 during the period (30 June 2021: 884,741,036).

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 875,702,685 (30 June 2021: 884,741,036).

As at 30 June 2021, all the unexercised warrants had expired.

13 NET ASSET VALUE

| | Group | | Company | |
|-----------------------------------|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | Cents | Cents | Cents | Cents |
| Net Asset Value ("NAV") per share | 16.26 | 18.20 | 13.79 | 15.48 |

The NAV per share as at 30 June 2022 is calculated based on 875,672,570 (excluding 31,404,983 ordinary shares held as treasury shares) (31 December 2021: 875,752,570 ordinary shares, excluding 31,324,983 ordinary shares held as treasury shares).

14 DIVIDENDS

No interim dividend has been proposed for the periods ended 30 June 2022 and 30 June 2021.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

15 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions were entered into by the Group with related parties at terms agreed between the parties during the financial year. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the period, the Group entered into the following related party transactions:

| <u>Nature of transactions</u> | Group | |
|--|-----------------------------|-----------------------------|
| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
| | S\$'000 | S\$'000 |
| <i>Transactions with companies owned by common Directors:</i> | | |
| Rental payments | 171 | 171 |
| <i>Transactions with related parties (Directors of wholly owned subsidiaries):</i> | | |
| Rental income | - | (2) |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, unless otherwise stated in the respective notes to the financial statements.

16 TRADE RECEIVABLES

| | Group | | Company | |
|---|--------------|------------------|--------------|------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Third parties | 8,027 | 6,794 | 1,665 | 1,235 |
| Accrued income | 4,087 | 4,806 | 89 | 73 |
| Accrued interest receivables from debt securities | 3,528 | 2,304 | 3,528 | 2,304 |
| Loan receivables from third parties | 2,749 | 28,011 | 2,749 | 28,011 |
| Others | - | 533 | - | - |
| Related parties | 163 | 166 | - | - |
| | 18,554 | 42,614 | 8,031 | 31,623 |
| Less: Loss allowance for trade receivables | (4,152) | (2,318) | (3,457) | (1,623) |
| | 14,402 | 40,296 | 4,574 | 30,000 |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

16 TRADE RECEIVABLES (CONT'D)

The average credit period on sales is 30 days (2021 : 30 days). No interest is charged on outstanding trade receivables.

Loss allowance for trade receivables of \$1,756,000 (30 June 2021 : \$27,000) has been determined for the six months ended 30 June 2022, mainly in relation to the interest receivables pertaining to investment in debt securities, arising from significant increase in credit risk of certain distressed bonds.

The decrease in loan receivables from third parties is mainly due to repayment of loan by a third-party company.

In assessing the recoverability of the loans, management had determined that no impairment is required based on the net realisable value of the collaterals.

17 OTHER RECEIVABLES AND PREPAYMENTS

| | Group | | Company | |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | 30 June 2022 S\$'000 | 31 December 2021 S\$'000 | 30 June 2022 S\$'000 | 31 December 2021 S\$'000 |
| Deposits | 1,368 | 1,432 | 213 | 163 |
| Prepayments | 236 | 315 | 62 | 103 |
| Third parties | 4,169 | 3,801 | 1 | 50 |
| | 5,773 | 5,548 | 276 | 316 |
| Subsidiaries | - | - | 18,277 | 19,671 |
| | 5,773 | 5,548 | 18,553 | 19,987 |
| Less: Loss allowance for other receivables | | | | |
| - subsidiaries | - | - | (3,145) | (3,145) |
| - others | (226) | (226) | - | - |
| | (226) | (226) | (3,145) | (3,145) |
| | 5,547 | 5,322 | 15,408 | 16,842 |
| Analysed as: | | | | |
| Current | 4,467 | 3,294 | 15,360 | 16,794 |
| Non-current | 1,080 | 2,028 | 48 | 48 |
| | 5,547 | 5,322 | 15,408 | 16,842 |

Receivables from third parties of \$4.2 million as at 30 June 2022 comprised mainly of \$1.4 million advance payment for inventory purchase and lease receivables of \$1.7 million.

Other receivables and prepayments (non-current)

This pertains to rental and utility deposits for leases and lease receivables, that are more than 1 year.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

18 INVENTORIES

| | Group | | Company | |
|---|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Spare parts, handsets, Accessories and prepaid cards | 18,872 | 13,381 | 654 | 770 |
| Raw materials | 598 | 555 | - | - |
| | 19,470 | 13,936 | 654 | 770 |

During the six months ended 30 June 2022, an allowance for inventory obsolescence of \$150,000 (30 June 2021: \$241,000) was made.

19 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with an aggregate cost of \$187,000 (30 June 2021: \$972,000) and disposed of assets with a net book value amounting to \$62,000 (30 June 2021: \$30,000).

As at 30 June 2022, the carrying amount of the Group's property, plant and equipment was inclusive of an allowance for impairment of renovation of \$47,000 (30 June 2021: \$93,000) for certain non-performing outlets of DMS business.

20 RIGHT-OF-USE ASSETS

As at 30 June 2022, the carrying amount of the Group's right-of-use assets relate to the leases of its office premises, retail outlets and service centres of \$4.9 million (30 June 2021: \$6.6 million), nett of allowance for impairment of \$516,000 (30 June 2021: \$348,000) for leases of certain non-performing outlets of DMS business.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

21 INVESTMENT IN EQUITY SECURITIES

| | Group | | Company | |
|---|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2021 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Investments in quoted equity instruments designated as at FVTOCI | 95,777 | 77,152 | 95,777 | 77,152 |
| Investments in unquoted equity instruments designated as at FVTPL | 1,699 | 1,699 | 1,699 | 1,699 |
| | <u>97,476</u> | <u>78,851</u> | <u>97,476</u> | <u>78,851</u> |

The Group measures its quoted equity securities at fair value through other comprehensive income.

During the six months ended 30 June 2022, the Group has invested \$22.2 million (30 June 2021: \$11.5 million) and disposed of certain quoted equity securities with a cumulative fair value of \$2.0 million (30 June 2021: \$19.5 million). The cumulative gain on disposal of \$49k (30 June 2021: gain on disposal of \$1.2 million) was reclassified from Investment revaluation reserve to retained earnings.

The fair values of these securities are based on the quoted bid prices in an active market on the last market day of the period. Accordingly, these securities are classified under Level 1 of the fair value hierarchy. A net fair value decrease of \$1.6 million (30 June 2021: net fair value increase of \$17.6 million) was recorded for the period ended 30 June 2022.

In April 2021, the Company subscribed for an unquoted equity security and entered into a put option arrangement to require the contracting party to purchase the unquoted equity security for a portion of the said shareholdings, to be exercised any time until 31 March 2022. The put option arrangement has been extended till 5 January 2023 on 31 December 2021.

As at 30 June 2022 and 31 December 2021, the unquoted equity investment and put options were valued at \$1,699,000 and \$225,000 respectively.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

21 INVESTMENT IN EQUITY SECURITIES (CONT'D)

As at 30 June 2022, the Group invested in quoted investment securities of companies which are broadly categorised within the following business sectors:

| Business Sectors | % |
|-------------------------|---------------|
| Real estate | 42.4% |
| Agriculture | 18.1% |
| Financials | 17.2% |
| Infrastructure | 11.2% |
| Leisure and hospitality | 5.4% |
| Technology | 3.8% |
| Communication Services | 1.3% |
| Healthcare | 0.4% |
| Education | 0.2% |
| TOTAL | 100.0% |

Below is the key information of the investment securities as at 30 June 2022:

| By Market Concentration | % |
|--------------------------------|---------------|
| \$1 billion and above | 86.8% |
| \$500 million to \$1 billion | 6.0% |
| \$200 million to \$500 million | 6.6% |
| \$200 million and below | 0.6% |
| TOTAL | 100.0% |

| By Geographical (based on market value) | % |
|--|---------------|
| SGX | 74.1% |
| HKEX | 24.4% |
| SIX | 0.9% |
| ASX | 0.6% |
| TOTAL | 100.0% |

| By Currencies (based on market value) | % |
|--|---------------|
| SGD | 62.3% |
| HKD | 24.4% |
| USD | 11.8% |
| CHF | 0.9% |
| AUD | 0.6% |
| TOTAL | 100.0% |

Weighted portfolio Information (based on simple weighted average calculation)

| | |
|-----------------------|-----------------|
| Market Capitalisation | \$23.86 billion |
| Dividend Yield | 5.15% |
| 5-year Beta | 0.933 |
| P/B | 0.54x |
| EV/EBITDA | 11.64x |
| Debt/EBITDA | 5.32x |

(Data derived from SGX "Stock Screener" or Yahoo Finance as at 30 June 2022)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

22 INVESTMENT IN DEBT SECURITIES

| | Group | | Company | |
|---|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Quoted debt securities, at amortised cost | 27,151 | 26,600 | 27,151 | 26,600 |
| Quoted debts securities, fair value through other comprehensive income | 20,067 | 23,572 | 20,067 | 23,572 |
| Less: Loss allowance on investment in debt securities | (4,979) | (8,471) | (4,979) | (8,471) |
| | <u>42,239</u> | <u>41,701</u> | <u>42,239</u> | <u>41,701</u> |
| Analysed as: | | | | |
| Current | 31,324 | 21,334 | 31,324 | 21,334 |
| Non-current | 10,915 | 20,367 | 10,915 | 20,367 |
| | <u>42,239</u> | <u>41,701</u> | <u>42,239</u> | <u>41,701</u> |

The Group measures its quoted debt securities at amortised cost and fair value through other comprehensive income.

During the six months ended 30 June 2022, the Group has invested \$15.1 million (30 June 2021: \$Nil), redeemed \$34k (30 June 2021: \$2.6 million) and disposed \$Nil (30 June 2021: \$1.3 million) respectively in debt securities.

The total investment in debt securities designated as amortised cost of \$27.2 million was deemed to be impaired as the bond issuer defaulted in payment in January 2021. During FY2021, Tsinghua announced a restructuring proposal that shows favourable recovery options to the bondholder and accordingly a reversal of loss allowance of \$3.5 million was recorded in the six months ended 30 June 2022.

For investment in debt securities designated as fair value through other comprehensive income, an allowance of \$9.7 million was recorded in the six months ended 30 June 2022 as the debt securities were assessed with a significant increase in credit risk.

As at 30 June 2022, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors (excluding Tsinghua bond):

| Business Sectors | % |
|-------------------------|---------------|
| Real estate | 100.0% |
| TOTAL | 100.0% |

Below is the key information of the bonds as at 30 June 2022:

| By Geographical (based on purchase consideration) | % |
|--|---------------|
| HKEX | 44.5% |
| SGX | 55.5% |
| TOTAL | 100.0% |

| By Currencies (based on purchase consideration) | % |
|--|---------------|
| USD | 98.0% |
| SGD | 2.0% |
| TOTAL | 100.0% |

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

22 INVESTMENT IN DEBT SECURITIES (CONT'D)

| By Credit Rating (based on purchase consideration) | % |
|---|---------------|
| CCC+ | 7.2% |
| CCC | 1.2% |
| CCC- | 4.1% |
| Non-rated | 87.5% |
| TOTAL | 100.0% |

(Data extracted from S&P Global Ratings, where applicable)

Weighted portfolio Information (based on simple weighted average calculation)

| | |
|-------------------|------------|
| Yield to Maturity | 765.3% |
| Duration | 0.11 years |

23 INVESTMENT PROPERTY

| | Group | | Company | |
|---|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Leasehold land and building | | | | |
| At beginning of year | 8,099 | - | - | - |
| Currency realignment | (191) | - | - | - |
| Reclassification from right-of-use assets due to change in use | - | 8,099 | - | - |
| At end of period/ year | <u>7,908</u> | <u>8,099</u> | <u>-</u> | <u>-</u> |

There was a change in use of leasehold land and building from owner-occupied to investment property with effect from 1 December 2021. Accordingly, the leasehold land and building was classified from right-of-use to investment property carried at fair value.

Fair value measurement of the Group's leasehold land and building

The Group's leasehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's leasehold land and building was performed as at 31 December 2021 by independent valuer, Jones Lang Wootton. Based on management's assessment using sale comparison approach for comparable properties sharing similar characteristic, there were no changes to the fair value as at 30 June 2022.

24 CONVERTIBLE LOAN

The convertible loan pertains to a convertible loan extended to a third party company in 2020 with a maturity of 2 years from the date of disbursement that bore interest at 5.5% per annum. The loan is secured with the personal guarantee from the controlling shareholder of the borrower and a corporate guarantee from another company controlled by the same shareholder. The convertible loan was extended for a further one year on 31 December 2021. The Group measures the convertible loan at fair value through profit or loss. As at 31 December 2021, the convertible loan of \$1.5 million was valued at \$2.0 million, resulted in a fair value gain of \$0.5 million. The amount was reclassified as current assets under "Convertible loan" as at 30 June 2022.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

25 BANK OVERDRAFTS AND LOANS

| | Group | | Company | |
|---------------------------------------|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Secured - at amortised costs</u> | | | | |
| Bank overdrafts | 25,302 | 23,606 | 25,302 | 23,606 |
| Bank loans | 17,651 | 11,892 | 14,563 | 8,575 |
| | 42,953 | 35,498 | 39,865 | 32,181 |
| <u>Unsecured - at amortised costs</u> | | | | |
| Bank loans | 4,204 | 4,801 | 4,204 | 4,801 |
| | 4,204 | 4,801 | 4,204 | 4,801 |
| Total | 47,157 | 40,299 | 44,069 | 36,982 |
| Analysed as: | | | | |
| Current | 44,176 | 36,704 | 41,088 | 33,387 |
| Non-current | 2,981 | 3,595 | 2,981 | 3,595 |
| | 47,157 | 40,299 | 44,069 | 36,982 |

Bank overdrafts and loans comprised mainly of bank loans of \$3.1 million secured for the financing of property in Malaysia for DPAS operations, bank overdrafts and term loans of \$25.3 million and \$14.6 million respectively for the investment in equity and debt securities and term loans of \$4.2 million for working capital.

The secured borrowings comprise bank loan of \$3.1 million secured against an open legal mortgage over a commercial property in Malaysia and bank overdrafts and term loans of \$39.9 million secured against the investments in quoted equity and debt securities.

Management has assessed and confirmed that there is no breach of any bank covenants as at 30 June 2022.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

26 SHARE CAPITAL

| | <u>Group and Company</u> | | | |
|------------------------|---------------------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | Number of ordinary shares | | S\$'000 | S\$'000 |
| Issued and paid up: | | | | |
| At beginning of year | 907,077,553 | 907,077,553 | 123,276 | 154,455 |
| Capital reduction | - | - | - | (31,179) |
| At end of period/ year | <u>907,077,553</u> | <u>907,077,553</u> | <u>123,276</u> | <u>123,276</u> |

27 TREASURY SHARES

| | <u>Group and Company</u> | | | |
|------------------------------------|---------------------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | Number of ordinary shares | | S\$'000 | S\$'000 |
| At beginning of year | 31,324,983 | 19,689,283 | 2,823 | 1,908 |
| Repurchased during the period/year | 80,000 | 11,635,700 | 6 | 915 |
| At end of period/ year | <u>31,404,983</u> | <u>31,324,983</u> | <u>2,829</u> | <u>2,823</u> |

28 SUBSEQUENT EVENTS

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

F. OTHER INFORMATION

- 1(i) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Buy Back

Under the Share Buy Back Mandate (first approved by the Shareholders on 28 September 2018 and last renewed at the Annual General Meeting on 27 July 2022), the Company bought back 80,000 ordinary shares during 1H-22. The amount paid, including brokerage fees, totaled \$5,769 and was deducted against shareholders' equity.

Share Capital and Treasury Shares

There were no movements in the Company's issued share capital for the period ended 30 June 2022. The total number of ordinary shares in issue was 907,077,553 of which 31,404,983 was held by the Company as treasury shares as at 30 June 2022. The treasury shares held represents 3.59% of the total number of issued shares (excluding treasury shares). The share capital was \$123,276,197 as at 30 June 2022.

There were no movements in the Company's issued share capital for the period ended 30 June 2021. The total number of ordinary shares in issue was 907,077,553 of which 25,996,683 was held by the Company as treasury shares as at 30 June 2021. The treasury shares held represents 2.95% of the total number of issued shares (excluding treasury shares). The share capital was \$154,454,814 as at 30 June 2021.

Warrants

On 18 June 2018, the Company issued 149,196,713,931 warrants and these warrants were subsequently listed on the SGX-ST on 22 June 2018. Each warrant carries the right to subscribe for one new ordinary shares in the capital of the Company.

As at 31 June 2021, all the unexercised warrants had expired. Tranche 1 warrants expired on 17 December 2018, Tranche 2 warrants expired on 17 December 2019 and Tranche 3 warrants expired on 17 June 2021.

Share Award Scheme

On 28 September 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan. As at 30 June 2022, no share award had been granted.

F. OTHER INFORMATION (CONT'D)

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

| | Number of ordinary shares | |
|--|----------------------------------|---------------------|
| | 30-Jun-22 | 31-Dec-21 |
| Total number of issued shares | 907,077,553 | 907,077,553 |
| Less: Treasury shares | <u>(31,404,983)</u> | <u>(31,324,983)</u> |
| Total number of issued shares excluding treasury | <u>875,672,570</u> | <u>875,752,570</u> |

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

Not applicable

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

Not applicable

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

The figures have not been audited or reviewed by the auditors of the Company.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).**

Not applicable

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) **Updates on the efforts taken to resolve each outstanding audit issue.**

(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed**

This is not required for any audit issue that is a material uncertainty relating to the going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

F. OTHER INFORMATION (CONT'D)

4. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

Revenue and Profit after income tax

The Group's revenue decreased by 14% from \$96.0 million in 1H-21 to \$82.6 million in 1H-22, mainly from DMS and AMS business, due to slower market demand, but was partially mitigated by the increase in revenue from Investment and DPAS business segments.

Revenue from DMS business decreased by 18% from \$81.7 million in 1H-21 to \$66.8 million in 1H-22 mainly due to reduced sales activities for both prepaid card and handset distribution. Revenue contribution from retail operations was also affected with more consumers switching to SIM only plans. Gross margin for DMS business, however, increased by 1% from 6% to 7% compared to the previous corresponding period.

Revenue from AMS business decreased by 10% from \$8.8 million in 1H-21 to \$7.9 million in 1H-22, due to lower repair volumes. Gross margin increased by 2% from 25% to 27% compared to previous corresponding period, mainly resulted from a change in repair mix.

Revenue from Investment segment increased by 40% from \$4.2 million in 1H-21 to \$5.9 million in 1H-22, mainly due to the increase in coupon interest income from investment in debt securities by \$1.9 million, partially offset by the decrease in interest income from loan to third parties by \$0.1 million and dividend income from investment in equity securities by \$0.1 million.

Revenue from DPAS business increased by 56% from \$1.3 million in 1H-21 to \$2.0 million in 1H-22, mainly due to the relaxation of COVID-19 restrictions and the gradual recovery of the economy in Malaysia. Gross margin also increased from 17% in 1H-21 to 34% in 1H-22, mainly due to reduced direct costs as certain machineries were fully depreciated in 1H-22.

Other operating income increased by \$0.6 million, mainly due to the increase in rental income by \$0.5 million, derived partially from DPAS business with the lease of the premises to a third party since December 2021 and the recovery of rental support from a principal for the leases of certain outlets under DMS operations. Foreign exchange gain of \$0.8 million was recorded in 1H-22 but was partially offset by the decrease in government grants by \$0.6 million.

Impairment loss on financial assets increased by \$8.0 million mainly due to higher loss allowance for trade receivables by \$1.7 million in relation to coupon interest accrued for certain distressed debt securities and loss allowance on investment in debt securities of \$6.2 million was recorded due to significant increase in credit risk for certain distressed debt securities.

Administrative, other operating expenses and finance expenses remained relatively consistent compared to the previous corresponding period.

Discontinued operations recorded net loss of \$2.0 million, mainly due to loss on change in control of subsidiaries of \$2.0 million which pertains to the deconsolidation of certain Myanmar business related dormant subsidiaries, in which the Group de-recognised the carrying amount of the non-controlling interest.

The Group reported net loss of \$5.2 million in 1H-22, compared to net profit of \$2.3 million in 1H-21, mainly due to the impairment loss of investment in debt securities of \$6.2 million, loss from the change in control of subsidiaries of \$1.9 million and the higher loss allowance for trade receivables by \$1.7 million. The losses were partially mitigated by higher gross profit by \$1.9 million due to the higher gross margin and the increase in other operating income by \$0.6 million.

Excluding the one-off adjustments on impairment of investment in debt securities (\$6.2 million) and the loss due to the change in control of subsidiaries (\$2.0 million), the Group's net profit stood at \$3.0 million.

F. OTHER INFORMATION (CONT'D)

Balance Sheet Analysis

Current assets

Total current assets decreased by \$11.1 million from \$104.1 million as at 31 December 2021 to \$92.9 million as at 30 June 2022, mainly due to the repayment of loan of \$24.0 million extended to a third party company and decrease in cash and bank balances by \$3.9 million. It was partially offset by the increase in other receivables, inventories and investment in debt securities by \$1.2 million, \$5.5 million and \$10.0 million respectively.

Non-current assets

Total non-current assets increased by \$4.1 million from \$120.3 million as at 31 December 2021 to \$124.4 million as at 30 June 2022.

Investment in equity securities increased by \$18.6 million, mainly arose from the addition of equity securities by \$22.2 million, offset by the fair value loss of \$1.6 million as at 30 June 2022.

Investment in debt securities decreased by \$9.5 million, mainly due to the reclassification from non-current assets to current assets, due to the tenure of the debt securities. Right-of-use assets and other receivables decreased by \$1.7 million and \$0.9 million respectively.

Current liabilities

Total current liabilities increased by \$10.5 million from \$58.3 million as at 31 December 2021 to \$68.8 million as at 30 June 2022, mainly due to increase in bank overdrafts and loans by \$7.5 million and trade payables by \$3.5 million. It was partially mitigated by the decrease in lease liabilities by \$0.3 million.

Non-current liabilities

Total non-current liabilities decreased by \$2.4 million from \$8.0 million as at 31 December 2021 to \$5.6 million as at 30 June 2022, mainly due to decrease in lease liabilities arose from the repayments made and long term bank loan by \$1.6 million and \$0.6 million respectively.

Cash Flows

The Group registered cash and cash equivalents of \$21.1 million as at 30 June 2022, representing an outflow of \$3.9 million since 31 December 2021.

Cashflow from operating activities

Net cash inflow of \$3.5 million in 1H-22 arose mainly from positive operating cash flows before movements in working capital of \$2.8 million, interest income received from loans to third parties and debt securities of \$2.2 million and \$1.3 million respectively, partially offset by outflow from the changes in working capital of \$2.8 million, arose from higher inventories.

Cashflow from investing activities

Net cash outflow of \$11.5 million in 1H-22 was mainly due to purchase of quoted equity securities of \$22.2 million and debt securities of \$15.1 million. This was partially mitigated by the proceeds from disposal of quoted equity securities of \$2.0 million and repayment of loan from a third party of \$24.0 million.

Cashflow from financing activities

Net cash inflow of \$4.1 million in 1H-22 was attributable to net proceeds of bank borrowings of \$6.9 million, partially offset by the repayment of lease liabilities of \$2.3 million and interest payment of \$0.5 million.

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

Not applicable

F. OTHER INFORMATION (CONT'D)

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

The Group maintains a cautious outlook for FY2022, despite the relaxation of community and border restrictions since April 2022. While the Singapore economy remains on track to expand in FY2022, slower momentum is expected for wholesale and retail trade related businesses.

The investment division reallocated its portfolio mix in 1H-2022 and added certain distressed debt securities to take advantage of the weakness in the Chinese property high yield bond market. The liquidity and financing issues and industry sentiment however in some of these bonds has resulted in impairments for certain distressed debt securities. Dividend income will remain the main revenue source for the division, with the expectation of higher dividend yield from its equity portfolio with the gradual recovery of the economy.

DMS division's contributions are expected to be modest, from its retail and distribution operations as it faces strong competition from online business platforms. Rising costs and margin pressures have intensified DMS's operating environment. To maintain recurring revenue stream, in September 2021 the division has launched its MVNO service, offering various SIM plans under the trade name "ZYM". ZYM Mobile also offers bundled products and other value-added services and is focused on increasing its subscriber base.

DPAS division is expected to be stable and continues to be profitable, as the Malaysia economy is projected to expand 5.5% in FY2022, driven mainly by a recovery in domestic demand and expansion in exports.

The Group will continue to explore potential business opportunities to enhance its revenue growth and remains committed to exercise cost discipline in its operations.

7. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

F. OTHER INFORMATION (CONT'D)

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

No dividend has been declared or recommended for the period, in view of the current economic uncertainties and dividend consideration would be assessed based on the full year results.

9. Interested Person Transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions. During 1H-22, the following interested person transactions were entered into by the Group:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) |
|---|---|---|
| | \$'000 | \$'000 |
| Pacific Organisation Pte Ltd - Rental expenses | 171 | - |
| Total | 171 | - |

Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own the shares of Pacific Organisation Pte Ltd.

10. Confirmation of Undertakings under Rule 720(1) of the Listing Manual

The Company 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 Mainboard Rules.

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer
12 August 2022

F. OTHER INFORMATION (CONT'D)

Negative Assurance Confirmation under Rule 705(5) of the Listing Manual

We, Mark Leong Kei Wei and Ong Ghim Choon, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half 2022 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mark Leong Kei Wei
Chairman of Audit and Risk Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 12 August 2022