Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 22 December 2020 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 22 December 2020. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants C, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants C or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 10 November 2020. Approval has been obtained from Bursa Securities via its letter dated 24 September 2020 for the admission of the Warrants C to the Official List as well as the listing and quotation of the Rights Shares, Warrants C and the new Shares to be issued upon exercise of the Warrants C on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited with the Rights Shares and Warrants C allotted to them and notices of allotment have been despatched to them. However, such admission and the listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are not to be taken as an indication of the merits of the Rights Issue with Warrants.

The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

DGB ASIA BERHAD

[Registration No. 200601001857 (721605-K)]
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,202,508,096 NEW ORDINARY SHARES IN DGB ("DGB SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE TOGETHER WITH UP TO 601,254,048 FREE DETACHABLE WARRANTS IN DGB ("WARRANTS C") ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 22 DECEMBER 2020

Principal Adviser

MERCURY SECURITIES SDN BHD
[Registration No. 198401000672 (113193-W)]
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Tuesday, 22 December 2020 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Wednesday, 30 December 2020 at 5.00 p.m.
Transfer of Provisional Allotments	:	Monday, 4 January 2021 at 4.30 p.m.
Acceptance and payment	:	Friday, 8 January 2021 at 5.00 p.m.
Excess Rights Shares with Warrants C Application and payment	:	Friday, 8 January 2021 at 5.00 p.m.

This Abridged Prospectus is dated 22 December 2020

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE DIRECTORS OF THE COMPANY HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE INQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MERCURY SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRDIGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	-	This abridged prospectus dated 22 December 2020 in relation to the Rights Issue with Warrants
Act	-	Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
AIDC	-	Automatic identification and data capture
Base Case Scenario	-	Assuming that, prior to the Entitlement Date:- (i) none of the outstanding Warrants B as at the LPD are exercised into new Shares; (ii) none of the outstanding SIS Options as at the LPD are exercised into new Shares; and (iii) none of the SIS Options which may be granted up to its maximum allowable amount pursuant to the SIS Options Undertaking are granted and exercised into new Shares, and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Bloomberg	-	Bloomberg Finance Singapore L.P. and its affiliates
BNM	-	Bank Negara Malaysia
Board	-	The Board of Directors of the Company
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	-	Bursa Malaysia Securities Berhad
By-Laws	-	The by-laws governing the SIS
CAGR	-	Compound annual growth rate
CDS	-	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	-	Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Central Hub	-	Warehouse and regional delivery hub to be set up in the Klang Valley
Circular	-	Circular to the Shareholders dated 14 October 2020 in relation to the Corporate Exercises
CLI	-	CLI Investment Limited, a subsidiary of the Company

Closing Date	-	8 January 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants C
CMSA	-	Capital Markets and Services Act, 2007 of Malaysia as amended from time to time and any re-enactment thereof
Code	-	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
Consolidated Shares	-	New DGB Shares after the Share Consolidation
Consolidated Warrants B	-	Adjusted Warrants B after the Share Consolidation
Constitution	-	Constitution of the Company
Convertible Securities	-	Collectively, the SIS Options and Warrants B
Corporate Exercises	-	Collectively, the Share Consolidation and Rights Issue with Warrants
COVID-19	-	Coronavirus disease 2019
Deed Poll B	-	Deed poll constituting the Warrants B dated 25 June 2018
Deed Poll C	-	Deed poll constituting the Warrants C dated 7 December 2020
DGB or the **Company**	-	DGB Asia Berhad
DGB Group or the **Group**	-	Collectively, DGB and its subsidiaries
DGB Networks	-	DGB Networks Sdn Bhd, a wholly-owned subsidiary of the Company
DGB Shares or **Shares**	-	Ordinary shares in the Company
Directors	-	The directors of the Company for the time being
East Coast Hub	-	Warehouse and regional delivery hub to be located at the east coast of Peninsular Malaysia
EGM	-	Extraordinary general meeting of the Company
Entitled Shareholders	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	-	22 December 2020, at the close of business at 5.00 p.m., on which the names of Shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	-	Earnings per Share
Excess Rights Shares with Warrants C	-	The Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date

Excess Rights Shares with Warrants C Application	-	Application for additional Rights Shares with Warrants C in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable)
Exercise Period	-	Any time within a period of 3 years commencing from and including the date of issue of the Warrants C to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issue of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	-	RM0.12, being the price at which 1 Warrant C is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll C
First Phase	-	First phase of the Group's investment in the business of smart vending machines through procurement and acquisition of 200 smart vending machines to be self-owned and operated, using the proceeds raised from the Private Placement August 2020. Further details as set out in Section 2.7(i) of this Abridged Prospectus
FMCG	-	Fast-moving consumer goods
Foreign-Addressed Shareholders	-	Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants
FPE	-	Financial period ended
FYE	-	Financial year(s) ended / ending, as the case may be
Government	-	Government of Malaysia
GP	-	Gross profit
IMR Report	-	The independent market research report dated 3 December 2020 prepared by Infobusiness
Infobusiness	-	Infobusiness Research & Consulting Sdn Bhd, an independent market researcher
IoT	-	Internet-of-Things
JVA	-	A joint venture agreement entered into between DGB Networks and XOX Media Sdn Bhd on 15 June 2020
LAT	-	Loss after taxation
LBT	-	Loss before taxation
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time
LPD	-	24 November 2020, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	-	Loss per Share

LTD	-	4 December 2020, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
Market Day(s)	-	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that, prior to the Entitlement Date:- (i) all the outstanding Warrants B as at the LPD are exercised into new Shares; (ii) all the outstanding SIS Options as at the LPD are exercised into new Shares; and (iii) all the SIS Options which may be granted up to its maximum allowable amount pursuant to the SIS Options Undertaking are granted and exercised into new Shares, and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
MCO	-	Movement control order issued by the Malaysian Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Mercury Securities or the **Principal Adviser**	-	Mercury Securities Sdn Bhd
Minimum Scenario	-	Assuming that, prior to the Entitlement Date:- (i) none of the outstanding Warrants B as at the LPD are exercised into new Shares; (ii) none of the outstanding SIS Options as at the LPD are exercised into new Shares; and (iii) none of the SIS Options which may be granted up to its maximum allowable amount pursuant to the SIS Options Undertaking are granted and exercised into new Shares, and the Rights Issue with Warrants is undertaken based on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 83,333,334 Rights Shares together with 41,666,666 Warrants C based on an issue price of RM0.12 per Rights Share to arrive at RM10.0 million
NA	-	Net assets
Northern Hubs	-	Warehouse and regional delivery hub to be located at the northern region
NPA	-	Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	-	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed

DEFINITIONS (CONT'D)

PAT	-	Profit after taxation
PBT	-	Profit before taxation
Ping-U	-	An e-commerce logistics service provider of the Group which allows customers to send and collect parcels anytime at designated delivery and collection points known as "Ping-U Points" at their convenience. Ping-U also provides point-to-point, point-to-door, door-to-point and door-to-door delivery services, including same-day delivery for customers who wish to send parcels urgently. Further details are set out in Section 5(i)(a) of this Abridged Prospectus
Private Placement June 2020	-	Private placement exercise of 99,435,000 Shares, which was completed on 19 June 2020
Private Placement August 2020	-	Private placement exercise of 349,916,000 Shares, which was completed on 11 August 2020
Provisional Allotments	-	The Rights Shares with Warrants C provisionally allotted to Entitled Shareholders
Record of Depositors	-	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
RFID	-	Radio-frequency identification device
Rights Issue with Warrants	-	Renounceable rights issue of up to 1,202,508,096 Rights Shares together with up to 601,254,048 free detachable Warrants C on the basis of 6 Rights Shares together with 3 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 1,202,508,096 new Shares to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	-	Ringgit Malaysia and sen respectively
RSF	-	Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	-	The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time
Rules on Take-Overs, Mergers and Compulsory Acquisitions	-	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	-	Securities Commission Malaysia
Second Phase	-	Second phase of the Group's investment in the business of smart vending machines. Further details as set out in Section 5(ii)(b) of this Abridged Prospectus
Share Consolidation	-	Consolidation of every 10 Shares into 1 Share, which was completed on 25 November 2020
Share Registrar	-	ShareWorks Sdn Bhd

Shareholders	-	Registered holders of the Shares
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time
SIS	-	Share issuance scheme of the Company which took effect on 11 February 2014 for a period of 10 years
SIS Options	-	Options granted or which may be granted under the SIS pursuant to the By-Laws governing the SIS, where each holder of the SIS Options can subscribe for 1 new Share for every 1 SIS Option held
SIS Options Undertaking	-	An undertaking dated 11 August 2020 by the Company that it will not grant any further SIS Options beyond 108,971,490[(1)] SIS Options (being the maximum allowable amount that may be granted under the SIS that was computed based on the issued share capital of the Company as at 11 August 2020) until the completion of the Rights Issue with Warrants. Note:- (1) Between 11 August 2020 and the LPD, the Company has granted 108,000,000 SIS Options (before the Share Consolidation). As at the LPD, the Company may grant another 97,149 SIS Options (after adjustment arising from the Share Consolidation) until the completion of the Rights Issue with Warrants.
Southern Hub	-	Warehouse and regional delivery hub to be located at the southern region
TEAP	-	Theoretical ex-all price
TWD	-	New Taiwan dollar
Undertakings	-	The written undertakings from the Undertaking Shareholders dated 25 August 2020 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Right Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM10.0 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholders	-	Collectively, Tan Sik Eek (Executive Director of DGB) and Nicholas Wong Yew Khid (Executive Director of DGB)
VWAP	-	Volume-weighted average market price
Warrants B	-	The outstanding DGB warrants 2018/2021 issued by the Company pursuant to the Deed Poll B and expiring on 26 June 2021
Warrants C	-	Up to 601,254,048 free detachable warrants in DGB to be allotted and issued pursuant to the Rights Issue with Warrants

In this Abridged Prospectus, all references to "the Company" are to DGB and references to "we", "us", "our" and "ourselves" are to the Company and, where the context otherwise requires, the subsidiaries of the Company. All references to "you" in this Abridged Prospectus are to the Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT'D)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ADVISERS' DIRECTORY

COMPANY SECRETARY	:	Tea Sor Hua (MACS 01324) (SSM PC NO.: 201908001272) 77C, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya, Selangor Tel : +603 - 7725 1777 Fax : +603 - 7722 3668
PRINCIPAL ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Tel : +603 - 6203 7227 Fax : +603 - 6203 7117
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Messrs Gary Teh & Ngiam Advocates & Solicitors Unit 1608, 16th Floor Block A, Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya, Selangor Tel : +603 – 7732 9323 Fax : +603 – 7733 5326
SHARE REGISTRAR	:	ShareWorks Sdn Bhd No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan Tel : +603 - 6201 1120 Fax : +603 - 6201 3121
REPORTING ACCOUNTANTS	:	Al Jafree Salihin Kuzaimi PLT (AF 1522) 555, Jalan Samudra Utara 1 Taman Samudra 68100 Batu Caves, Selangor Tel : +603 – 6185 9970 Fax : +603 – 6184 2524
INDEPENDENT MARKET RESEARCHER	:	Infobusiness Research & Consulting Sdn Bhd C4-3A-2, Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Wilayah Persekutuan Tel : +603 – 6205 3930 Fax : +603 – 6205 3927 Director: Kenneth Fong Kin Hon (Bachelor of Commerce (major in Accounting and Finance) from the University of Western Australia)
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Key information	Summary

(i) Number of Rights Shares to be issued and basis of allotment

Basis: 6 Rights Shares together with 3 free Warrants C for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.

	Minimum Scenario	Base Case Scenario	Maximum Scenario
Number of Rights Shares to be issued	83,333,334	961,382,928	1,202,508,096
Number of Warrants C attached	41,666,666	480,691,464	601,254,048

The Rights Shares with Warrants C which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants C Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications; and
(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications.

The Excess Rights Shares with Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants C will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants C are allotted. Please refer to Section 10.6 of this Abridged Prospectus for further information.

(ii) Issue price of the Rights Shares and the Exercise Price

Issue price of the Rights Shares: RM0.12 per Rights Share
Exercise Price for the Warrants C: RM0.12 per Warrant C

Please refer to Section 2.2 of this Abridged Prospectus for further information.

(iii) Undertakings

Undertaking Shareholders and undertaking amount	:	• Tan Sik Eek (Executive Director of DGB): RM5.0 million • Nicholas Wong Yew Khid (Executive Director of DGB): RM5.0 million
Minimum Rights Shares to be subscribed for pursuant to the Undertakings	:	83,333,334 Rights Shares (representing 6.9% of the total number of 1,202,508,096 Rights Shares available for subscription under the Maximum Scenario)

Undertaking Shareholders	As at the LPD		Minimum Scenario		Maximum Scenario	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sik Eek	100,000	0.06	41,766,667	17.15	700,000	0.05
Nicholas Wong Yew Khid	100,000	0.06	41,766,667	17.15	700,000	0.05
Total issued Shares	**160,230,488**	**100.00**	**243,563,822**	**100.00**	**1,402,926,112**	**100.0**

Please refer to Sections 3 and 8.3 of this Abridged Prospectus for further information.

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Summary
(iv) Utilisation of proceeds	The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
(i) Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	Within 24 months	6,000	60,000	60,000
(ii) Expansion of the smart vending machines business	Within 24 months	3,100	15,000	15,000
(iii) Marketing expenses	Within 24 months	-	20,000	20,000
(iv) Working capital	Within 24 months	-	9,466	13,401
(v) Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	-	10,000	35,000
(vi) Estimated expenses for the Corporate Exercises	Immediate	900	900	900
Total		**10,000**	**115,366**	**144,301**

Please refer to Section 5 of this Abridged Prospectus for further information.

(v) Risk factors

You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

(a) the Group's Ping-U business faces competition from similar service providers and are subject to losses arising from disruptions to its facilities, robberies, thefts and/or accidents;
(b) the Group's smart vending machine business may face uncertainty in future earnings, the products carried in the smart vending machines are dependent on consumer preferences and there is a risk of vandalism and damage to the machines;
(c) the Group does not have long-term contracts with the customers for its AIDC business and are prone to foreign exchange risks arising from the sales and purchases of its AIDC products that are denominated in foreign currencies;
(d) the Group's products are prone to technology changes and the Group's performance may be affected if it cannot react quickly to the technology changes; and
(e) COVID-19 may have an impact to the Group's future earnings.

Please refer to Section 6 of this Abridged Prospectus for further information.

(vi) Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants C must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.

The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants C is on **Friday, 8 January 2021 at 5.00 p.m**.

Please refer to Section 10 of this Abridged Prospectus for further information.

Registration No. 200601001857 (721605-K)

DGB ASIA BERHAD

[Registration No. 200601001857 (721605-K)]
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

Third Floor, No. 77, 79 &
81, Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

22 December 2020

Board of Directors:-

Dato' Seri Abdul Azim Bin Mohd Zabidi *(Independent Non-Executive Chairman)*
Dato' Kua Khai Shyuan *(Executive Director)*
Tan Sik Eek *(Executive Director)*
Nicholas Wong Yew Khid *(Executive Director)*
Ong Tee Kein *(Independent Non-Executive Director)*
Ho Jien Shiung *(Non-Independent Non-Executive Director)*

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,202,508,096 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE TOGETHER WITH UP TO 601,254,048 FREE DETACHABLE WARRANTS C ON THE BASIS OF 6 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS C FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 22 DECEMBER 2020

1. INTRODUCTION

On 1 September 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 25 September 2020, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 24 September 2020, granted its approval for the following:-

(i) Share Consolidation;

(ii) listing and quotation of up to 200,418,036 Consolidated Shares;

(iii) listing and quotation of up to 34,890,390 Consolidated Warrants B;

(iv) listing and quotation of up to 1,202,508,216[(1)] Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(v) admission to the Official List and listing and quotation of up to 601,254,108[(1)] Warrants C to be issued pursuant to the Rights Issue with Warrants;

(vi) listing and quotation of up to 601,254,108 new Shares to be issued arising from the exercise of the Warrants C;

(vii) listing and quotation of up to 47,873,432 additional Consolidated Warrants B to be issued arising from the adjustments as a result of the Rights Issue with Warrants in accordance with the provisions of the Deed Poll B; and

(viii) listing and quotation of up to 47,873,432 new Shares to be issued arising from the exercise of the additional Consolidated Warrants B.

Note:-

(1) Bursa Securities approved the issuance of up to 1,202,508,216 Rights Shares and 601,254,108 Warrants C based on the Maximum Scenario.

However, as at the LPD, the existing number of 1,602,304,967 issued Shares and 348,903,904 Warrants B were consolidated into 160,230,488 Consolidated Shares 34,890,379 Consolidated Warrants B respectively, after disregarding the fractional entitlements pursuant to the Share Consolidation.

As such, this has resulted in a reduction in the maximum number of Rights Shares with Warrants C that may be issued under the Maximum Scenario as disclosed in this Abridged Prospectus.

The approval of Bursa Securities for the above is subject to the following conditions:-

Condition	Status of compliance
(i) DGB and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be complied
(ii) DGB and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(iii) DGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(iv) DGB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The Board is pleased to inform that the Shareholders had, during the EGM held on 10 November 2020, approved the Corporate Exercises.

On 25 November 2020, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

On 7 December 2020, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.12 per Rights Share as well as the Exercise Price at RM0.12 per Warrant C.

On 8 December 2020, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 22 December 2020.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by Mercury Securities or the Company in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 1,202,508,096 Rights Shares together with up to 601,254,048 free detachable Warrants C on a renounceable basis of 6 Rights Shares together with 3 free Warrants C for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.12 per Rights Share.

The actual number of Rights Shares and Warrants C to be issued will depend on the eventual subscription level for the Rights Issue with Warrants. As at the LPD, the total number of issued shares of the Company is 160,230,488 Shares. The Company has the following outstanding Convertible Securities as at the LPD:-

(i) 34,890,379 outstanding Warrants B;

(ii) 5,200,000 granted SIS Options which have yet to be exercised; and

(iii) up to 97,149 SIS Options which may be granted by the Company until the completion of the Rights Issue with Warrants pursuant to the SIS Options Undertaking.

As the Rights Shares and Warrants C are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants C if Entitled Shareholders so choose to.

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants C are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who subscribe for the Rights Shares. The Warrants C are exercisable into new Shares and each Warrant will entitle the Warrant C Holder to subscribe for 1 new Share at the Exercise Price. The Warrants C will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants C will be issued in registered form and constituted by the Deed Poll C. The salient terms of the Warrants C are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants C and new Shares to be issued arising from the exercise of the Warrants C will be credited directly into the respective CDS Accounts of successful applicants and holders of Rights Shares who exercise their Warrants C (as the case may be). No physical certificates will be issued to the successful applicants of the Rights Shares with Warrants C, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants C.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants C cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants C. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants C in proportion to their acceptance of the Rights Shares entitlements.

The Rights Shares and Warrants C which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares with Warrants C Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

Notices of allotment will be despatched to the successful applicants of the Rights Shares with Warrants C within 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants C or such other period as may be prescribed by Bursa Securities.

The Warrants C will be admitted to the Official List and the listing and quotation of Warrants C will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares and Warrants C.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

<u>Issue price of the Rights Shares</u>

The Board had fixed the issue price of the Rights Shares at RM0.12 per Rights Share after taking into consideration, amongst others, the following:-

(i) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;

(ii) the TEAP(1) of DGB Shares of RM0.1466, calculated based on the 5-day VWAP of DGB Shares up to and including the LTD of RM0.3857; and

(iii) the rationale for the Rights Issue with Warrants, as set out in Section 4 of this Abridged Prospectus.

The issue price of RM0.12 per Rights Share represents a discount of approximately 18.14% to the TEAP of DGB Shares of RM0.1466, calculated based on the 5-day VWAP of DGB Shares up to and including the LTD of RM0.3857.

Note:-

(1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

A = Number of Rights Shares
B = Number of Warrants C
C = Number of existing Shares
X = Issue price of the Rights Shares
Y = Exercise Price
Z = 5-day VWAP of DGB Shares up to and including the LTD

and the ratio of A:B:C is 6:3:1, in accordance with the entitlement basis of 6 Rights Shares together with 3 free Warrants C for every 1 existing Share held.

Exercise Price

The Board had fixed the Exercise Price at RM0.12 per Warrant C after taking into consideration the following:-

(i) the TEAP of DGB Shares of RM0.1466, calculated based on the 5-day VWAP of DGB Shares up to and including the LTD of RM0.3857;

(ii) the future prospects of the Group, further details of which are set out in Section 7.5 of this Abridged Prospectus; and

(iii) to fix an exercise price that makes the Warrants C attractive for the purposes of enhancing the subscription level of the Rights Shares.

The Exercise Price per Warrant C represents a discount of approximately 18.14% to the TEAP of DGB Shares of RM0.1466, calculated based on the 5-day VWAP of DGB Shares up to and including the LTD of RM0.3857.

2.3 Ranking of the Rights Shares and new Shares arising from the exercise of the Warrants C

(i) Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such Rights Shares.

(ii) New Shares to be issued arising from exercise of the Warrants C

The new Shares to be issued pursuant to the exercise of the Warrants C shall, upon allotment, issuance and full payment of the exercise price of the Warrants C, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **Friday, 8 January 2021**.

2.5 Salient terms of the Warrants C

The salient terms of the Warrants C to be issued pursuant to the Rights Issue with Warrants are set out below:-

Issuer	:	DGB
Issue size	:	Up to 601,254,048 Warrants C
Form and detachability	:	The Warrants C will be issued in registered form and constituted by the Deed Poll C. The Warrants C which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants C shall be 100 units of Warrants C, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants C	:	3 years commencing on and including the date of issuance of the Warrants C.
Exercise Period	:	The Warrants C may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants C to the close of business at 5.00 p.m. (Malaysia time) on the market day immediately preceding the date which is the third (3rd) anniversary from the date of issuance of the Warrants C. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	RM0.12 per Warrant C. The Exercise Price and/or the number of Warrants C in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.
Subscription rights	:	Each Warrant C shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll C.
Mode of exercise	:	The holders of the Warrants C are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants C to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.

Adjustments to the Exercise Price and/or the number of the Warrants C	:	Subject to the provisions of the Deed Poll C, the Exercise Price and/or the number of Warrants C in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants C, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll C. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
Rights of the Warrant C holders	:	The Warrants C do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants C exercise their Warrants C for new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants C	:	The new Shares to be issued pursuant to the exercise of the Warrants C in accordance with the provisions of the Deed Poll C shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants C, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants C.
Rights of the Warrants C holders in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants C (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants C; and

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

		(ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions in the Deed Poll C, every holder of the Warrants C shall be entitled to exercise his Warrants C at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the holders of the Warrants C credited as fully paid subject to the prevailing laws, and such holder of Warrants C shall entitled to receive out of the assets of the Company which would be available in liquidation if the holder of the Warrants C would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all subscription rights shall lapse and cease to be valid for any purpose.
Modification of rights of Warrants C holders	:	Save as otherwise provided in the Deed Poll C, a special resolution of the Warrant C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants C holders.
Modification of the Deed Poll C	:	Any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed, executed by the Company and expressed to be supplemental to the Deed Poll C. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). No amendment or addition may be made to the provisions of the Deed Poll C without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrants C holders.
Listing status	:	Bursa Securities had on 24 September 2020 approved the admission of the Warrants C to the Official List and the listing and quotation of the Warrants C and new Shares to be issued arising from the exercise of the Warrants C on the ACE Market of Bursa Securities. The listing and quotation of the Warrants C on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants C.
Transferability	:	The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Governing laws	:	The Deed Poll C shall be governed by the laws of Malaysia.

2.6 Details of other corporate exercises

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants, the Board confirmed that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion.

2.7 Details of past fund-raising exercises undertaken by the Company

(i) Private Placement August 2020

On 11 August 2020, the Company completed a private placement exercise involving the issuance of 349,916,000 new Shares (representing 30% of the then existing total number of issued Shares prior to the Private Placement August 2020), raising total proceeds of RM19.8 million. The status of utilisation of the proceeds as at the LPD is as below:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement August 2020	Actual proceeds raised		Actual utilisation as at the LPD		Balance unutilised	
		RM'000	%	RM'000	%	RM'000	%
(i) Investment in the business of smart vending machines(1)	Within 24 months	13,460	68.0	6,108	75.8	7,352	62.6
(ii) Expenses in relation to the Private Placement August 2020	Immediate	400	2.0	384	4.8	16	0.1
(iii) Working capital(2)	Within 24 months	5,945	30.0	1,560	19.4	4,385	37.3
Total		**19,805**	**100.0**	**8,052**	**100.0**	**11,753**	**100.0**

Notes:-

(1) As at the LPD, the Group has commenced the deployment of 5 machines in shopping malls and office building in Klang Valley. The remaining 195 machines are still in the midst of development. The Group expects to complete the deployment of all 200 machines under the First Phase by the first quarter of 2022.

(2) The balance working capital is to fund the Group's general operating and administrative requirements.

(ii) Private Placement June 2020

On 19 June 2020, the Company completed a private placement exercise which involved the issuance of 99,435,000 new Shares (representing 10% of the existing total number of issued Shares prior to the private placement), raising total proceeds of RM2.2 million. As at the LPD, the proceeds have been fully utilised as follows:-

Utilisation of proceeds	Timeframe for utilisation from completion of the Private Placement June 2020	Actual proceeds raised		Actual utilisation as at the LPD		Balance unutilised	
		RM'000	%	RM'000	%	RM'000	%
(i) Working capital	Within 24 months	2,151	97.0	2,151	97.0	-	-
(ii) Expenses in relation to the Private Placement June 2020	Immediate	66	3.0	66	3.0	-	-
Total		**2,217**	**100.0**	**2,217**	**100.0**	**-**	**-**

[THE REST OF THIS PAGE IS INTENTIONALL LEFT BLANK]

3. MINIMUM SUBSCRIPTION LEVEL AND SHAREHOLDERS' UNDERTAKINGS

DGB intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertakings from the Undertaking Shareholders. Details of the Undertakings are as follows:-

	Existing direct shareholding as at the LPD		Subscription pursuant to the Undertakings *(based on the issue price of RM0.12 per Rights Share)*							
			Entitlement				Excess application			
Undertaking Shareholders	**No. of Shares**	**%(1)**	**No. of Rights Shares**	**%(2)**	**No. of Warrants C**	**%(3)**	**No. of Rights Shares**	**%(2)**	**No. of Warrants C**	**%(3)**
Tan Sik Eek	100,000	0.06	600,000	0.72	300,000	0.72	41,066,667	49.28	20,533,333	49.28
Nicholas Wong Yew Khid	100,000	0.06	600,000	0.72	300,000	0.72	41,066,667	49.28	20,533,333	49.28

	Total Rights Shares with Warrants C to be subscribed pursuant to the Undertakings				Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
Undertaking Shareholders	**No. of Rights Shares**	**%(2)**	**No. of Warrants C**	**%(3)**	**No. of Shares held after the Rights Issue with Warrants**	**%(4)**
Tan Sik Eek	41,666,667	50.0	20,833,333	50.0	41,766,667	17.15
Nicholas Wong Yew Khid	41,666,667	50.0	20,833,333	50.0	41,766,667	17.15

Notes:-

(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.

(2) Based on the total number of 83,333,334 Rights Shares available for subscription under the Rights Issue with Warrants under the Minimum Scenario.

(3) Based on the total number of 41,666,666 Warrants C under the Minimum Scenario.

(4) Based on the enlarged issued share capital of 243,563,822 Shares under the Minimum Scenario.

Pursuant to the Undertakings, the Undertaking Shareholders have:-

(i) irrevocably and unconditionally warranted that they shall not sell or in any other way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertakings up to the Entitlement Date; and

(ii) confirmed that they have sufficient financial means and resources to fulfil their obligations under the Undertakings.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertakings.

The Undertaking Shareholders have confirmed that their subscription for Rights Shares and excess Rights Shares pursuant to the Undertakings will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Rights Issue with Warrants.

In the event that either of the Undertaking Shareholders triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertakings, a separate announcement will be made.

Nonetheless, the Undertaking Shareholders have confirmed that they will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertakings, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

	As at the LPD		**(I) Rights Issue with Warrants**		**(II) After (I) and assuming full exercise of the Warrants C**	
Particulars	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(2)]%**	**No. of Shares**	**[(3)]%**
Issued share capital	160,230,488	100.0	243,563,822	100.0	285,230,488	100.0
Less: Directors, substantial shareholders and their associates	422,970	0.3	83,756,304	34.4	125,422,970	44.0
Shareholders holding less than 100 Shares	8,216	[(4)]-	8,216	[(4)]-	8,216	[(4)]-
Public shareholding spread	**159,799,302**	**99.7**	**159,799,302**	**65.6**	**159,799,302**	**56.0**

Notes:-
(1) Based on the total number of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged total number of 243,563,822 Shares under the Minimum Scenario.
(3) Based on the enlarged total number of 285,230,488 Shares assuming full exercise of the Warrants C.
(4) Negligible.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

(i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants C subsequently;

(ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and

(iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants C which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants C will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants C and will allow Entitled Shareholders to further participate in the future growth of the Company as and when they are exercised.

The exercise of the Warrants C in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants C will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.12 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:-

Utilisation of proceeds		Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario		(1)(4)Base Case Scenario		(1)(2)(4)Maximum Scenario	
			RM'000	%	RM'000	%	RM'000	%
(i)	Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	Within 24 months	6,000	60.0	60,000	52.0	60,000	41.6
(ii)	Expansion of the smart vending machines business	Within 24 months	3,100	31.0	15,000	13.0	15,000	10.4
(iii)	Marketing expenses	Within 24 months	-	-	20,000	17.3	20,000	13.9
(iv)	Working capital	Within 24 months	-	-	9,466	8.2	13,401	9.3
(v)	Acquisition and/or investment in other complementary businesses and/or assets	Within 24 months	-	-	10,000	8.7	35,000	24.2
(vi)	Estimated expenses for the Corporate Exercises	Immediate	(3)900	9.0	(3)900	0.8	(3)900	0.6
Total			**10,000**	**100.0**	**115,366**	**100.0**	**144,301**	**100.0**

Notes:-

(1) The proceeds in excess of the RM10 million under the Minimum Scenario/Base Case Scenario are expected to be utilised up to its respective maximum allocations in the following order:-

(i) expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia;
(ii) expansion of smart vending machines business;
(iii) marketing expenses;
(iv) working capital; and
(v) acquisition and/or investment in other complementary businesses and/or assets.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. The Company may fund the deficit for the respective purposes via internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken. Any surplus of funds in excess of the respective allocations under the Maximum Scenario shall be allocated to the working capital of the Group.

(2) The Board wishes to highlight that the amount of up to approximately RM144.3 million that would be raised under the Maximum Scenario is based on, amongst others, the following assumptions:-

(i) all the outstanding Convertible Securities are granted and/or exercised into new Shares prior to the Entitlement Date; and
(ii) all Entitled Shareholders fully subscribe to their entitlements under the Rights Issue with Warrants.

The Board is of the view that the Maximum Scenario is an unlikely scenario as it is unlikely for all the granted and/or to be granted 5,297,149 SIS Options as well as outstanding 34,890,379 Warrants B as at the LPD to be exercised into new Shares prior to the Entitlement Date in view of:-

(a) the closing market price of DGB Shares as at the LPD of RM0.345;
(b) the exercise price of the granted SIS Options of RM0.55 each as well as the remaining tenure of approximately 38 months from the LPD for the SIS Options which are expiring on 10 February 2024 from the LPD; and
(c) the exercise price of the Warrants B of RM1.20 as well as the remaining tenure of approximately 7 months from the LPD.

(3) If the actual expenses incurred are higher than the budgeted amount of RM0.9 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order as set out in Note (1) above.

(4) In the Company's Circular, based on an illustrative issue price of RM0.06 per Rights Share, it was disclosed that the Rights Issue with Warrants will raise gross proceeds of RM57.7 million under the Base Case Scenario and RM72.2 million under the Maximum Scenario.

Subsequently, on 7 December 2020, the Board had resolved to fix the issue price at RM0.12 per Rights Share. Pursuant to this, the additional proceeds of RM57.7 million and RM72.2 million under the Base Case Scenario and Maximum Scenario respectively will be allocated in the following manner:-

Utilisation of proceeds		**Base Case Scenario**			**Maximum Scenario**		
		Circular (RM'000)	**Additional proceeds (RM'000)**	**Abridged Prospectus (RM'000)**	**Circular (RM'000)**	**Additional proceeds (RM'000)**	**Abridged Prospectus (RM'000)**
(i)	Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	30,000	30,000	60,000	30,000	30,000	60,000
(ii)	Marketing expenses	7,000	13,000	20,000	10,000	10,000	20,000
(iii)	Working capital	4,783	4,683	9,466	6,250	7,151	13,401
(iv)	Acquisition and/or investment in other complementary businesses and/or assets	-	10,000	10,000	10,000	25,000	35,000
	Total	**41,783**	**57,683**	**99,466**	**56,250**	**72,151**	**128,401**

(i) Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia

(a) Overview of Ping-U

In January 2019, the Group ventured into the business of parcel delivery and collection services under the brand name "Ping-U".

Ping-U is an e-commerce logistics service provider which allows customers to send and collect parcels anytime at designated delivery and collection points known as “Ping-U Points” at their convenience. As at the LPD, the Group has a total of 275 Ping-U Points located across the Klang Valley.

Ping-U partners with shops such as bookstores, convenience stores, pet shops, pharmacies and gadget stores located in areas with high footfalls to entice customers in using its service. This provides an added convenience to working adults who may not be at home to pick up their parcels during the day. Users may select a Ping-U Point close to them via the Ping-U mobile application and/or website to pick up their parcels after working hours.

Additionally, Ping-U provides point-to-point, point-to-door, door-to-point and door-to-door delivery services, including same-day delivery for customers who wish to send parcels urgently. “Point” refers to the location to pick-up and/or drop-off the parcel (e.g. convenience stores and pharmacies); “Door” refers to the location of the sender and/or the recipient. Currently, Ping-U engages third-party delivery services to deliver these parcels.

The venture into the parcel delivery and collection business is aimed at generating an additional stream of income to the Group while capitalising on the growth of the e-commerce segment on the back of rising adoption of digitisation by consumers.

(b) Expansion plan

The advancement of internet technologies in Malaysia has led to an increase in e-commerce activities by the public in recent years. Additionally, amidst the COVID-19 pandemic, e-commerce is set to enjoy rapid growth as consumers increasingly conduct their shopping at online platforms to maintain social distancing. In this instance, courier services play an important role in e-commerce in the digital economy.

The deliveries of parcels and documents experienced a surge in demand during the MCO period (between 18 March 2020 and 3 May 2020) when Malaysia imposed a complete restriction on movements and assemblies nationwide, with the closure of all government and private premises, except those involved in essential services, so as to combat COVID-19. Please refer to Section 7.3 of this Abridged Prospectus for further details on the prospects of the courier industry in Malaysia.

One of the important aspects of e-commerce last mile fulfilment solutions include having a large network of hassle-free delivery, collection and drop-off points, warehouses and distribution hubs as well as an ability to maintain a consistent high quality of customer experiences.

Moving forward, the Group intends to expand the number of Ping-U Points as well as the network and delivery coverage. The Group intends to cater to the supply chain requirements of e-commerce companies particularly the small and medium enterprises with limited in-house capabilities as well as under-served and remote areas with no or limited number of courier outlets or options. At this juncture, the Group has yet to identify any specific location for the Ping-U Points. In light of the e-commerce boom and consequential increase in demand for last mile fulfilment services, the Group intends to allocate up to RM60.0 million of funds raised from the Rights Issue with Warrants towards the expansion of Ping-U moving forward. This includes an additional RM30.0 million for the expansion of Ping-U as compared to that illustrated in the Circular.

The RM60.0 million to fund the expansion of Ping-U will be allocated in the following manner:-

Breakdown of utilisation	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
(i) Setting up of facilities to function as warehouses, regional delivery hubs and regional offices(1)	1,400	5,800	5,800
(ii) Setting up of distribution centres(2)	-	8,900	8,900
(iii) Scaling up the number of Ping-U Points and delivery partners(3)	1,000	9,800	9,800
(iv) Software development costs and hiring costs(4)	3,200	34,700	34,700
(v) Subscription fees(5)	400	800	800
Total	**6,000**	**60,000**	**60,000**

Notes:-

(1) Under the Minimum Scenario, the Group intends to set up a facility to function as a warehouse and regional delivery hub in the Klang Valley ("**Central Hub**"). This facility will also serve as Ping-U's headquarters.

Under the Base Case Scenario and Maximum Scenario, in addition to the Central Hub, the Group intends to set up 3 additional warehouses and regional delivery hubs to be located at the northern region ("**Northern Hub**"), southern region ("**Southern Hub**") and the east coast of Peninsular Malaysia ("**East Coast Hub**") respectively.

The set-up costs shall include rental, renovation costs, furniture and fittings as well as utilities and maintenance. At this juncture, the Group has yet to identify the specific premises for the setting up of these warehouses and delivery hubs.

(2) Under the Base Case Scenario and Maximum Scenario, the Group intends to enhance its logistical network coverage and efficiency by setting up to 20 distribution centres across Peninsular Malaysia. These distribution centres are used as a packing and sorting facility for the parcels in the respective states and/or districts before being sent to the Central Hub, Northern Hub, Southern Hub and East Coast Hub respectively.

The set-up costs for the distribution centres shall include the rental, renovation costs, furniture and fittings as well as utilities and maintenance. At this juncture, the Group has yet to identify the specific premises for the setting up of the distribution centres.

(3) In scaling up the business of Ping-U, the Group intends to increase the number of Ping-U Points (i.e. partner locations for pick-up or drop-off of parcels). The Group currently engages third party delivery partners (e.g. courier services and logistics service providers) for its parcel deliveries and does not own any transportation vehicles. As part of the expansion plan, the Group plans to acquire its own vehicles to reduce reliance on third party services.

To do so, the Group will need to equip the Ping-U Points with the necessary devices and hardware (e.g. mobile handheld parcel scanner, wireless portable printer, smart weighing scale/machine and smart locker) to handle the storage and secure retrieval of parcels by users. Additionally, the respective drivers or riders will also need to be equipped with handheld devices for the scanning of such parcels at every point of the delivery process in order to obtain real time tracking of the parcel delivery.

Under the Minimum Scenario, the Group intends to:-
(i) increase the number of Ping-U Points by another 100 locations in the Klang Valley; and
(ii) acquire 5 motorcycles and 2 vans for its fleet of vehicles.

Under the Base Case Scenario and Maximum Scenario, the Group intends to:-
(i) increase the number of Ping-U Points by up to 600 locations throughout Malaysia. Currently, the Group plans to focus the expansion of the Ping-U Points in the Klang Valley, Ipoh, Penang, Alor Setar, Kota Bharu and Johor Bahru; and
(ii) acquire 10 motorcycles and 20 vans for its fleet of vehicles.

The number of vans and motorcycles to be acquired as well as the number of van drivers and motorcycle riders to be employed and/or outsourced shall be in accordance to the increase in demand for Ping-U's services. The vans will also be used to transport the products between the regional delivery hubs and the distribution centres.

In selecting the Ping-U Points, the Group will consider the proximity of these partner's location and the proximity to areas which has high footfalls, as well as the store hours in order to provide a high level of convenience of its users. The Group will also provide training to the selected partners in order to ensure proper handling of the customer's parcels for both pick-ups and returns. At this juncture, the Group has yet to identify the specific Ping-U Points.

(4) The Group intends to hire additional software developers to enhance both the interface and software to support the Ping-U mobile application and website and hire additional staff to support the operations at the warehouse, delivery hubs and distribution centres. The Group currently engages third party delivery partners (e.g. courier services and logistics service providers) for its parcel delivery and does not employ any driver/rider as at the LPD. As such, to support the increase in the number of Ping-U Points, the Group plans to hire its own drivers or riders to deliver the parcels.

Under the Minimum Scenario, the Group intends to hire approximately 6 developers; under the Base Case Scenario and the Maximum Scenario, the Group intends to hire approximately 14 developers. These developers are intended to provide the front-end, back-end and graphics development and enhancement of the Ping-U mobile application and website. Additionally, the developers shall also provide the ongoing integration, updates and maintenance of the Ping-U mobile application and website to ensure smooth running on the respective iOS and Android platform.

Under the Minimum Scenario, the Group intends to hire approximately 1 supervisor, 1 admin executives and 2 sales executives for the Central Hub as well as up to 15 drivers/riders. Van drivers are able to deliver larger quantity of parcels whereas motorcycle riders are able to more efficiently deliver parcels.

Under the Base Case Scenario and the Maximum Scenario, the Group intends to hire the following number of staff for the respective hubs as follows:-

	Supervisors	Admin executives	Sales executives
Central Hub	1	3	4
Northern Hub	1	3	2
Southern Hub	1	3	2
East Cost Hub	1	2	2
Total	**4**	**11**	**10**

The Group also intends to hire up to 200 drivers/riders in anticipation of increased demand for e-commerce fulfilment solutions and following the expansion of the Group's presence nationwide. The Group may also engage and/or partner with third party delivery partners (e.g. courier services and logistics service providers) for the services of drivers/riders, depending on the costs to hire internally as opposed to outsourcing and subject to the availability of the drivers/riders for hiring at the relevant point of time.

For the 20 distribution centres to be set up under the Base Case Scenario and Maximum Scenario, the Group intends to hire approximately 20 supervisors, 20 senior executives and 120 warehousing personnel. This team is intended to be hired for packing and sorting parcels and redistributing the parcels to targeted areas and locations as the Group expands its network and delivery coverage nationwide.

At this juncture, the team composition is an indication only and the actual breakdown of staffs to be hired for the respective roles shall depend on the progress of the Ping-U business moving forward. These additional employees are expected to be hired in stages within a period of 24 months from the receipt of the proceeds from the Rights Issue with Warrants.

(5) Includes subscription for cloud-based data storage and servers, of which the Group expects to have an increasing need for as the business gains tractions, thereby leading to higher number of transactions and data that is being processed by the Group on a daily basis. The Group also intends to subscribe for Google maps services to aid with the delivery of the parcels to enable its drivers/riders to navigate accurately as well as allow real-time tracking of the drivers/riders as well as other relevant software.

(ii) Expansion of the smart vending machines business

(a) Overview of the smart vending machines business

With the recent outbreak of COVID-19, the usage of smart vending machines is expected to increase moving forward. Consumers are expected to conduct more purchases via smart vending machines due to their convenience as well as to reduce the usage of physical cash and minimise human contact especially in the day-to-day purchasing of consumables.

These smart vending machines are intended to carry everyday FMCG such as sweets, candies and other dry snack foods, soft drinks and other similar beverages, sundry consumables such as tissue paper and cigarettes as well as other potential in-demand goods such as hand sanitisers and face masks in light of the current COVID-19 pandemic.

The smart vending machines are also intended to operate 24/7, thus offering convenience to customers as compared to physical shops which are limited by operating hours. Further, the smart vending machines will be installed with ultra-violet sterilisation technology to provide another layer of safety to users.

In addition, the smart vending machines will utilise interactive touchscreen technologies to provide an interactive multimedia display interface and allow for other unique features such as interactive advertising and promotions. They will also be embedded with a cashless payment function where users could pay using either their debit / credit cards or e-wallets such as Touch ’n Go, GrabPay and Boost.

The smart vending machines will be supported by a cloud-based vending management system. In this regard, the cloud-based vending management system will provide real time information for sales data analytics, inventory management, advertising management and vending machine monitoring system.

These smart vending machines are expected to be deployed at, amongst others, hotels, high-rise residential buildings, shopping malls, airports and universities as they would be expected to have relatively higher foot traffic.

As part of the Group’s expansion plans and in light of the opportunities presented by the COVID-19 outbreak, the Group had via the Private Placement August 2020 raised RM19.8 million, part of which shall be channelled towards, amongst others, the procurement and acquisition of the first 200 smart vending machines (“**First Phase**”) as well as the enhancements and maintenance of the smart vending machine systems. Further details of the Private Placement August 2020 are set out in Section 2.7(i) of this Abridged Prospectus.

Apart from the First Phase above, DGB Networks had on 15 June 2020 entered into a JVA with XOX Media Sdn Bhd (“**XOX Media**”), a wholly-owned subsidiary of XOX Bhd, to form a collaborative partnership to monetise the media platform as an advertising, media and content provision business via the deployment of smart vending machines.

In addition, DGB Networks had on 9 October 2020 entered into a collaboration agreement with GEM Pay Sdn Bhd (“**GEM Pay**”), a subsidiary of NetX Holdings Berhad, whereby GEM Pay will supply contactless payment terminals and/or cashless e-wallet payment solutions for the smart vending machines of the Group.

(b) Expansion plan

In light of the COVID-19 pandemic, personal protective equipment, such as 3-ply face masks are in high demand. The Malaysian Government had also on 1 August 2020 effected the requirement for the Malaysian public to wear face masks in an effort to curb the spread of the disease. The Group has managed to collaborate with a mask manufacturer and commenced the sale of face masks through the smart vending machines that has been deployed under the First Phase.

The smart vending machines which are available 24/7 are able to cater to the needs of the general working population, especially those who may use public transports to commute to work and is unable to wait for the respective pharmacies, supermarkets and stores to open as they adhere to certain operating hours. The smart vending machines may also carry other personal protective equipment such as hand sanitisers, face shields and rubber gloves, all of which are in demand during the COVID-19 pandemic.

Notwithstanding the opportunities associated with the pandemic as set out above, brand owners are also able to acquire, rent and/or customise the machines to be placed on their premises or for events. The gamification feature on the smart vending machine is well suited for brand owners to utilise at events or product launches. The brand owners are able to design a game on the digital screen of the vending machine which can be customised to align with the theme of the respective product launch or event to attract the attention from the guests.

The smart vending machines also allow the Group to generate an additional stream of revenue via advertisement placements. The large digital screens on the vending machines are able to catch the attention of the passerby's and represents an alternative form of advertising to brand owners. Further, the sales data analytics that is integrated with the smart vending machine is able to provide the brand owners an important insight on types of products sold at the respective locations as well as the preferred payment mode.

Further to the above, as set out in Section 7.4 of this Abridged Prospectus, the Group believes that the prospects of the vending machine industry in Malaysia will continue to grow as more and more companies are making vending machines an important part of their distribution channels. The rising adoption of smart vending machines incorporating artificial intelligence and IoT to improve consumer shopping experience is also driving expansion in the vending machine market.

In addition, with the ongoing uncertainties brought about from the COVID-19 pandemic, the consumers are expected to conduct more purchases via smart vending machines due to their convenience as well as to reduce the usage of physical cash and minimise human contact especially in the day-to-day purchasing of consumables.

In view of the above, upon completion of First Phase of the smart vending machines, the Group intends to allocate up to RM15.0 million of proceeds for the expansion of its smart vending machines business ("**Second Phase**").

The Group will allocate the proceeds for Second Phase in the following manner:-

	Minimum Scenario (RM'000)	Base Case Scenario / Maximum Scenario (RM'000)
Procurement and installation of smart vending machines(1)	1,000	7,000
Features, software, hardware and systems enhancement(2)	2,100	8,000
	3,100	**15,000**

Notes:-

(1) Based on quotations obtained from third-party suppliers / service providers, the Group intends to procure and install approximately 40 units and 280 units of smart vending machines under the Minimum Scenario and Base Case Scenario / Maximum Scenario respectively. The Group expects to commence the deployment of the smart vending machines for the Second Phase upon completion of the First Phase (i.e. to commence in the second quarter of 2022).

(2) The Group's smart vending machines offer features that are dependent on the latest technological advancements as well as any developments in artificial intelligence. Additionally, these machines are intended to operate 24/7. Hence, timely updates to the machine features and software as well as ongoing maintenance for the hardware and systems are required.

The lead time for the manufacture of one batch (i.e. 20 units) of smart vending machine is expected to be approximately 1 month. The Group will continuously assess the demand for the smart vending machines and will commission the production of the smart vending machines in stages.

(iii) Marketing expenses

The Group intends to allocate up to RM20.0 million under the Base Case Scenario and Maximum Scenario to implement various marketing initiatives over the course of 24 months for its smart vending machines business and Ping-U. This includes an additional RM13.0 million under Base Case Scenario and additional RM10.0 million under Maximum Scenario for marketing expenses as compared to the illustration in the Circular.

The marketing initiatives includes the following:-

(a) advertising and branding expenses such as Ping-U branded delivery boxes, on-car wrap and/or uniforms for the riders/drivers to promote the Group's Ping-U brand;

(b) implementation of digital marketing campaigns on social media platforms such as YouTube, Instagram and Twitter to create a heightened brand awareness;

(c) engaging social media influencers which are key opinion leaders (KOL) (i.e. online personalities who are regarded as experts in a related field) to feature the Company's smart vending machines and Ping-U in their online videos or social media profiles;

(d) promotions, discounts and other reward programmes to attract new users and encourage users to use the smart vending machines and/or Ping-U's e-commerce fulfilment services; and

(e) guerrilla roadshows and events in high-traffic locations, including malls, campuses and etcetera, subject to the COVID-19 situation.

Depending on various factors which may impact the marketing initiatives to be adopted by the Group, including the severity of the COVID-19 pandemic, the Group is only able to finalise the respective marketing and promotional campaigns at the relevant time. As such, the breakdown of funds for the respective campaigns cannot be determined at this juncture.

(iv) Working capital

As at the LPD, the Group has cash and bank balances of RM13.6 million. This includes the balance proceeds of RM11.8 million from the Private Placement August 2020. Please refer to Section 2.7(i) of this Prospectus for further details on the Private Placement August 2020.

Notwithstanding the above, the Group will require additional funds for the Group's working capital requirements for its AIDC business and its hotel business which is operated by its newly acquired subsidiary, CLI. The working capital will be utilised to fund these business' day-to-day operations and is expected to be able to provide more flexibility to the Group in terms of cash flow management during the COVID-19 pandemic. The breakdown of the working capital is as follows:-

Working capital	Percentage allocation (%)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Payment of salaries to staff of the Group	60.0	5,680	8,041
Operating expenses and administrative expenses such as utilities, rental costs, transportation costs and other miscellaneous items(1)	40.0	3,786	5,360
Total	**100.0**	**9,466**	**13,401**

Note:-

(1) The actual breakdown of these expenses between the business segments cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant time.

(v) Acquisition and/or investment in other complementary businesses and/or assets

The allocation of up to RM10.0 million under the Base Case Scenario and up to RM35.0 million under the Maximum Scenario of the proceeds raised shall be utilised to finance any suitable and viable potential business(es) / investment(s) and/or strategic acquisition(s) in similar or other complementary businesses and/or assets, within 24 months from completion of the Rights Issue with Warrants. The Rights Issue with Warrants may allow the Group to capitalise on suitable and viable investment opportunities as and when it arises, which may in turn generate positive returns to the Group, thereby increasing Shareholders' value.

These potential business(es) / investment(s) and/or strategic acquisition(s) may include those relating to the Group's existing core businesses as well as businesses relating to the e-commerce last mile fulfilment solutions business, the smart vending machines business or such other businesses and/or assets which the Board may deem beneficial and are complementary to the Group's business expansion.

As at the LPD, the Board has yet to identify any specific business and/or assets for acquisition and/or investment. The Company will make the necessary announcement(s) as provided for in the Listing Requirements as and when it has entered into any agreement in relation to the acquisition and/or investment of the complementary business and/or assets. In the event that Shareholders' approval and/or other regulatory approvals are required, the necessary approvals will be sought.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for in Sections 5(i), 5(ii), 5(iii), 5(iv) and 5(vi) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee of the Company. The status of utilisation for Sections 5(i) to 5(vi) of this Abridged Prospectus will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

If the Company is unable to identify suitable investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for utilisation of proceeds that has been allocated for the said purpose will be extended for another 12 months and such extension will be announced as well as disclosed in the Company's quarterly results announcements until the Company has successfully identified a suitable business to acquire and/or invest in. If the Company is still unable to identify suitable business to acquire and/or invest in within 36 months from the completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unutilised proceeds back to the Shareholders. In such an event, the Company shall seek the necessary approvals from the Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

Notwithstanding the above, the Board wishes to highlight that the amount of up to approximately RM35.0 million is based on the assumption that all the Convertible Securities are granted and/or exercised prior to the Entitlement Date and the Rights Issue with Warrants is fully subscribed.

(vi) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:-

Estimated expenses	**RM'000**
Professional fees[(1)]	680
Fees to the relevant authorities	85
Printing, despatch, advertising and meeting expenses	110
Miscellaneous charges	25
Total	**900**

<u>Note:-</u>

(1) Comprises estimated professional fees payable to the Principal Adviser, company secretary, Share Registrar, solicitors, Independent Market Researcher and reporting accountants for the Corporate Exercises.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants C would depend on the actual number of Warrants C exercised. The proceeds from the exercise of the Warrants C will be received on an “as and when basis” over the tenure of the Warrants C.

Strictly for illustrative purposes, based on the Exercise price of RM0.12 per Warrant C, the Company will raise gross proceeds of up to approximately RM72.2 million upon full exercise of the Warrants C under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants C in the future will be used to finance future working capital requirements including payment of salaries to staff of the Group, operating expenses and administrative expenses such as utilities, rental costs, transportation costs, marketing costs and other miscellaneous items. The exact breakdown and the timeframe for utilisation of the proceeds cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Group

6.1.1 Risks relating to the Group’s Ping-U business

(i) Competition from other similar service providers

The Group currently faces stiff competition from existing competitors and the introduction of new market players. As the number of similar service providers increase, business margins are compressed in order to be competitive in the courier industry. Competitors may resort to lowering prices and are constantly seeking to differentiate themselves from other similar service providers through innovative marketing campaigns bundled with attractive and interesting deals and discounts to entice users.

In order to stay ahead of the competition, the Group may need to incur additional costs to run marketing, advertising and promotional activities for the continuous acquisition of consumers to use its products and services. There is no assurance that the Group will be able to raise enough proceeds from the Rights Issue with Warrants to fund the planned marketing and promotional initiatives to complement the Ping-U expansion plan. A lack of awareness of the Group’s products or an inability to provide competitive promotional activities to the consumers may cause the Group to be unsuccessful in growing its market share and compete against other competitors.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

(ii) Losses arising from major disruptions to its facilities, robberies, thefts and/or accidents

The Group's fulfilment services are dependent on its facilities such as warehouses, regional delivery hubs, distribution centres and regional offices to be set up using the proceeds from the Rights Issue with Warrants. It is also dependent on its riders/drivers who will be handling the delivery of the parcels. Any major disruptions to the Group's facilities such as fire, power failure, or the occurrence of robberies, accidents or thefts during the transit of the parcels may have an adverse impact on the Group's reputation and business operations.

There can be no assurance that the insurance coverage, policies and procedures to be secured by the Group would be adequate to cover the damages and losses that may arise from such incidents. If any risks are uninsured or where the insurance protection is not sufficient to cover such risk, the Group may have to bear such losses, damages or liabilities and consequently its business and financial condition may suffer a material adverse impact.

6.1.2 Risks relating to the Group's smart vending machine business

(i) Uncertainty of future earnings

While the Group is currently in the midst of developing and deploying the First Phase of its smart vending machines, there is no guarantee that such deployment of the vending machines will be successful. Although conventional vending machines are generally widely used, the additional costs invested by the Group to enhance the vending machines to include interactive touchscreen technologies, ultra-violet sterilisation technology and gamification features is an innovation which has not been fully proven.

There is an inherent risk that the development of the enhanced digital features of the smart vending machines may not have the desired uptake or acceptance by the Group's target market. There is also no assurance that other businesses and corporations are willing to spend money to advertise on the Group's smart vending machines.

Although the Group targets to deploy the smart vending machines at high footfall locations, there is no guarantee that the Group is able to secure contracts to set up the smart vending machines at these locations and/or will be renewed on favourable terms (or at all) on expiry.

(ii) Dependency on consumer preferences

The Group's smart vending machine business is dependent upon consumer awareness and market acceptance of the innovative features of the smart vending machines as well as the products sold in the smart vending machines. The Group may not be able to anticipate and react to trends within the FMCG market in a timely manner or accurately assess the impact that such trends may have on consumer preferences. Failure to respond to changes in consumer preferences or anticipate market trends may adversely affect the Group's future revenues and performance.

Although the Group strives to establish market recognition for its smart vending machines, it is too early in the life cycle of the development of the smart vending machines to determine whether the smart vending machines will achieve and maintain satisfactory levels of acceptance and convince brand owners to allow its products to be distributed to the retail consumers via the smart vending machines.

(iii) Risk of vandalism and damage to the smart vending machines

Currently, the Group has not procured any insurance coverage for its smart vending machines. The smart vending machines that have been deployed are subject to the act of vandalism which may cause damage and loss to the products as well as the smart vending machines. In such an event, the Group may not be able to recover the investment cost for such smart vending machines.

6.1.3 Risks relating to the Group's AIDC business

(i) Absence of long-term contracts with customers

The Group does not have any long-term contracts with its customers as the Group's sales from the AIDC business are based on issuance of purchase orders as and when required. This is due to the nature of its business and the prevailing industry practice, where orders from customers are usually secured on an as-needed basis.

As the specifications and value of its products vary from order to order depending on the customers' requirements and hence, depending on the specifications, number and value of orders secured and implemented by the Group in a particular year, the Group's revenue may fluctuate from year to year. Such fluctuations may have a material adverse impact on its business operations and financial performance.

(ii) Exposure to risks from fluctuations in foreign exchange rate

The Group is the authorised distributor for several brands of AIDC products such as Zebra Technologies, CipherLab, Honeywell AIDC and Matica Technologies. These AIDC products are procured from the brand owners in USD and the Group sells the products in RM. These AIDC products are sold via distribution channels involving third party distributors that are based in Southeast Asia such as Thailand, Singapore, Indonesia and Hong Kong. As such, the Group is exposed to foreign exchange fluctuation risk in view that it purchases and sells these AIDC products in different currencies. There is no assurance that any foreign exchange fluctuation will not have an adverse impact on the Group's earnings.

6.1.4 Rapid changes in technology

The Group's AIDC products such as identification card printer, receipt printer, barcode label printer, data capture hardware and RFID are prone to evolving industry standards and frequent new product innovations and enhancements. As such, the Group's future growth and success in the AIDC business segment would depend on continuing market acceptance of its products, and its ability to develop new products to meet the requirements of customers.

The Group's Ping-U business relies on the smooth running of the Ping-U mobile application and being updated with the latest technological advancement as well as the timely resolution of any technological errors. Additionally, the Group's fulfilment business requires having a reliable warehouse management software to ensure the parcels are properly sorted and delivered in a timely manner.

Further, the Group's development of certain enhanced digital features for its smart vending machines such as gamification feature and the cloud-based vending management system, are prone to the rapid changes in technology.

There is no assurance that the Group may be able to react quickly to compete against its competitors due to rapid technology changes and the Group's business and financial performance may be adversely affected.

6.1.5 Risks relating to the impact of COVID-19 on the Group's businesses

Over the last few months, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have resulted in adverse impact to the performance of the world's economies including Malaysia. Even with the gradual relaxation of lockdown measures moving forward, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. Until a vaccine and/or a cure can be developed and mass-distributed to the general population, the dampening effects of the COVID-19 pandemic on consumer spending is expected to remain in the foreseeable future.

The Group's Ping-U business faced minimal disruptions as the business was able to operate as usual during the MCO in view that courier services were classified as essential. As for the Group's AIDC business, apart from the sales from a customer in Thailand recorded in March 2020, the Group did not record any sales from the AIDC business mainly due to the customers being cautious on their spending during the COVID-19 pandemic.

Notwithstanding the above, the Group recorded an increase in revenue by RM3.03 million or 53.91% based on the annualised revenue for 9-month FPE 30 September 2020 and 15-month FPE 31 December 2019 of RM8.65 million and RM5.62 million respectively. This was mainly due to a sales order from a customer in Thailand amounting to RM3.7 million for the Group's AIDC business in March 2020 as well as the higher sales recorded from the Group's Ping-U business. Please refer to Section 4(i), Appendix I of this Abridged Prospectus for further details on the Group's financial performance for the 9-month FPE 30 September 2020.

Based on the Group's latest unaudited financial statements for the 9-month FPE 30 September 2020, AIDC and Ping-U business segments were the main contributors to the Group's revenue. Any impact of the COVID-19 pandemic to these business segments may impact the Group's future financial performance.

The Group's AIDC business involves foreign distributors and suppliers, there is no certainty on how COVID-19 will impact the Group's ability to procure and sell AIDC products in the future should there be stricter restrictions in cross-border movements. As it is, the Group's AIDC business faces intense price competition. Any global financial downturn arising from the COVID-19 pandemic could further aggravate the situation and result in more intense price competition and lower revenue contribution from this segment.

As for the Group's Ping-U business, its business expansion may be impacted by the COVID-19 pandemic including delays in obtaining necessary licenses, potential delay in the setting up of facilities to function as warehouses, regional delivery hubs, regional offices and distribution centres, if the Government imposed stricter lockdown measures. Further, the spending by corporations and customers for the advertisement placements on the smart vending machines may not be a priority over their respective working capital requirements and staff welfare requirements during the COVID-19 pandemic. In such event, the Group's revenue from advertisement placement on the machines will be affected.

6.2 Risks relating to the Rights Issue with Warrants

(i) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of the Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants. In the event the Rights Shares have been allotted to the successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) and/or their transferee(s), if applicable, and the Rights Issue with Warrants is subsequently cancelled or terminated other than due to a stop order issued by the SC pursuant to Section 245 of the CMSA, a return of monies to the successful applicants can only be achieved by way of cancellation of share capital under the Act.

Such cancellation may require the approval of the Shareholders by way of a special resolution in a general meeting, consent of the Company's creditors (where applicable) and either the confirmation of the High Court of Malaya or a solvency statement by the Board. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

In the event the Rights Issue with Warrants cannot be implemented or completed for any reason, the Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares with Warrants C including the Excess Rights Shares with Warrants C within 14 days after the Company becomes liable to do so, in accordance with the relevant provisions of the CMSA. If such monies are not repaid within 14 days after the Company becomes liable to do so, the Company will repay such monies in accordance with Section 245(7) of the CMSA.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in.

In view of the foregoing, there can be no assurance that the Shares (together with any new Shares issued pursuant to the exercise of the Warrants C) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after the completion of the Rights Issue with Warrants.

The Warrants C are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants C will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants C will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants C will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants C.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Global economy

The global economy started to recover in the third quarter of 2020. As many major advanced and emerging economies eased COVID-19 containment measures, the resumption in production and trade activity led to an improvement in labour market conditions, and consequently private sector expenditure.

In the United States, private consumption rebounded following a quicker-than-expected recovery in labour conditions. In the euro area, economic activity improved, driven by a rebound in manufacturing production and exports, as services activity lagged. However, in major emerging market economies, sustained weaknesses in labour markets and exports led to a more subdued improvement in economic activity. The People's Republic of China recorded positive growth of 4.9% during the quarter (second quarter of 2020 ("**Q2**"): 3.2%). Industrial activity and government support in the form of public investment were the key drivers of growth. Moreover, firm control over the transmission of COVID-19 locally led to the resumption of private sector activity, with consumer demand lifting growth during the quarter.

The easing of containment measures resulted in an improved regional export performance. The People's Republic of China recorded exceptionally strong export growth. This supported the broader recovery of the region's production value chains, with Singapore, Hong Kong Special Administrative Region and Chinese Taipei also experiencing an expansion in exports. While exports of Indonesia, Korea, Thailand, and Philippines remained in contraction, they are showing an improving trend.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, BNM)

7.2 Malaysian economy

In line with the reopening of the economy from COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020 (Q2 2020: -17.1%). This recovery is seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong electrical and electronics production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (Q2 2020: -16.5%).

The recent resurgence of COVID-19 cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures, the impact is expected to be less severe compared to the containment measures during previous periods. Going into 2021, growth is expected to recover, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market. The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, BNM)

This improvement in growth will also be supported by the recovery in global growth and continued domestic policy support. In particular, consumption and investment activities are projected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. With the reopening of economic activities, a concurrent improvement in labour market conditions is expected. Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, BNM)

7.3 Courier industry in Malaysia

As defined by the Malaysian Communications and Multimedia Commission, courier services are postal services provided in an expedited manner with track and trace service. Courier services encompass speedy and door-to-door pick-up, transport and delivery services, whether for domestic or foreign destinations of documents and parcels, and using one or more modes of transportation. Punctual pick-up and delivery, speedy customs clearance, in-transition traceability, track record and competitive pricing are important elements in overall service quality for consumers. In essence, the demand for courier services stems from the urgent need for companies to be competitive and to thrive in the market place by delivering the right products at the lowest possible cost, in the right quantity, in the right place and at the right time. Such attributes are integral and vital for companies in an increasingly competitive business arena. As a premium service, couriers cost more than the standard postal services.

Courier services also deliver items that a customer is unwilling to entrust to other means of delivery because they are either time-sensitive or required specialised handling as they are fragile and sensitive, such as medical supplies, blood supplies, machine parts and even organs for transport. While there are many industries that utilise courier services, certain industries critically rely on courier companies for expedited same day delivery on a daily basis. Financial institutions must transfer multiple documents and parcels between branches and processing centres on a daily basis during working days. Legal firms need to deliver documents and parcels on very strict deadlines and rely on courier companies to ensure express delivery. Biomedical laboratories use couriers to retrieve and deliver time-critical samples for testing and evaluation. Manufacturing industries rely on couriers to distribute component parts and machinery parts to keep their factories operating smoothly, reducing inventory expenses in the process.

In addition, a product must be able to meet its market window, which is usually only open for a limited period of time. As a result, a delay in time-to-market means that the product will have a shorter product lifecycle, resulting in a loss of revenues or even a complete loss of business to competitors who already have the product in the market. One of the features of the courier industry is that a courier company has a complete chain of custody, which prevents tampering or other malicious or dangerous activities. The courier company obtains the package from the customer and typically retain sole control of the package throughout the delivery process, ensuring that the package remains intact and unscathed until its arrival at the intended destination.

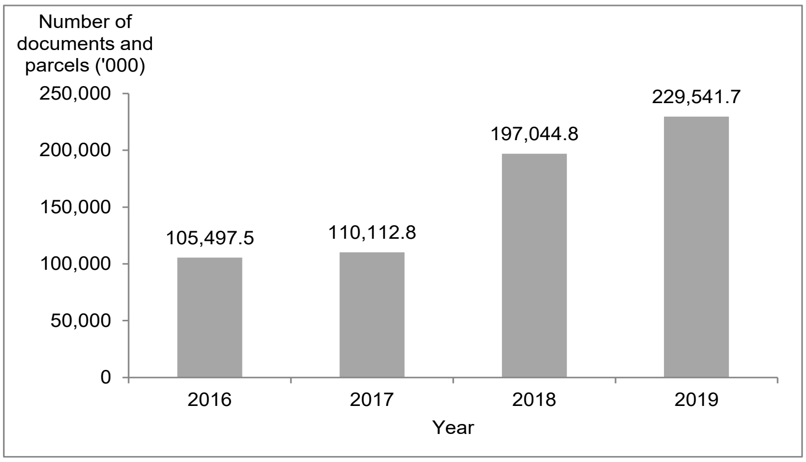
There are no direct substitutes to courier services where time is of essence. For businesses which operate on a time critical basis, the method of conventional postal services is not suitable. Courier services are needed for seamless, expedited or express delivery of documents and parcels. Apart from the timeliness, couriers are highly reliable in comparison to conventional postal services. It is highly unlikely for a document or parcel to get lost somewhere during the process of the delivery. An identification and signature are also required for the document or parcel when delivered. This provides the customer with some recourse if the document or parcel goes missing or it is delivered inaccurately.

On 26 October 2020, the Malaysian Communications and Multimedia Commission announced a moratorium on the issuance of new courier licences, effective from 14 September 2020 until 15 September 2022. Despite the move being positive for existing courier companies as it puts a stop to the entry of new players, aspiring players could still gain entry into the industry via the acquisition of existing companies.

Past performance

The number of documents and parcels delivered domestically more than doubled and increased by a compounded annual growth rate of 29.6% between 2016 and 2019, with deliveries increasing from 105.5 million pieces to 229.5 million pieces. This was due to factors such as the rising proliferation of e-commerce transactions, promptness and extensive pick-up and delivery coverages, upgrading of track and trace systems, and increased automation in document and parcel sorting among the courier companies.

Number of documents and parcels delivered domestically in Malaysia (‘000)



(Source: Malaysian Communications and Multimedia Commission)

Outlook and prospects

The National e-Commerce Strategic Roadmap, which was launched in 2016, seeks to promote growth in online retailing and attract investments in the industry in Malaysia from global players. The target was to increase the share of e-commerce contribution to the national gross domestic product from 7.6% in 2015 to 11.9% in 2020. At the same time, the digital economy is expected to contribute 20.0% to the economy by 2020, up from 17.8% in the country in 2015. With Internet penetration and digital participation already registering consistently high levels in Malaysia, much of the country's population have already adapted well to digital lifestyles.

Courier services play an important role in e-commerce in the digital economy. The synergies generated from both the courier and e-commerce industries have been able to provide much convenience to consumers. In almost all cases, the transportation and distribution in e-commerce transactions are dominated by large volumes of small shipments. For any e-commerce operations, the speed of delivery is critical. As consumers expect the goods to reach them as quickly and effective as possible, the courier industry plays a crucial role in fulfilling that expectation. As a result, the presence of efficient courier companies in the last mile delivery stage is crucial. This is the most important part of the fulfilment process because it is the final part of the purchasing process that the consumer is looking forward to.

The rising popularity of e-commerce business activities such as online shopping for groceries, household goods, electronic products, apparel, sports equipment are driving activities in the courier industry. For years, the e-commerce tide has been steadily taking market share away from the traditional brick and mortar retailers. The large base of third-party sellers hosted on e-commerce platforms offers consumers seemingly endless options in terms of products and brands. These include health and beauty retailers, clothing and footwear retailers, furniture and furnishing stores, do-it-yourself and hardware stores, durable goods retailers, leisure, and personal goods retailers, etcetera. Revenues generated by e-commerce activities in Malaysia are anticipated to increase from RM13.5 billion in 2019 to RM17.8 billion in 2020.

The deliveries of parcels and documents experienced a surge in demand during the MCO period (between 18 March 2020 and 3 May 2020) when Malaysia imposed a complete restriction on movements and assemblies nationwide, with the closure of all government and private premises, except those involved in essential services, so as to combat COVID-19. This was followed by the conditional MCO (between 4 May 2020 and 9 June 2020), with its main goal being to reopen the national economy in a controlled manner. This allowed certain business sectors to resume operations, following rules and standard operating procedures.

The rapid expansion in the usage of credit cards in the country has also generate demand for courier services, as courier companies are appointed by commercial banks in the delivering of credit cards to their consumers. This involves both the issuance of new credit cards, as well as replacements for expired, damaged and lost credit cards. The delivery of credit cards by courier ensures a more reliable and speedy method of delivery as compared to conventional postal services.

The trend towards outsourcing on the part of many businesses has also boosted the courier industry. Outsourcing refers to the strategic decision to contract out one or more activities required by the organisation to a third-party specialist. Logistics is viewed by a large number of companies as a fixed cost, and a strong need to rationalise costs as well as to focus on core competencies drive them to outsource this function, so as to turn it into a variable cost. Additional factors such as increasing industrialisation and rising population, along with the corresponding higher volumes of business activities and further expansion of the economy in Malaysia, will inevitably lead to an increase in demand for courier services.

After growing by 16.5% in 2019, the courier industry in Malaysia is anticipated to expand by 28.6% in 2020 with 295.2 million pieces of documents and parcels delivered domestically, from 229.5 million pieces recorded in 2019. This is expected to further increase by 23.9% in 2021, with 365.8 million pieces of documents and parcels to be delivered.

(Source: IMR Report prepared by Infobusiness)

7.4 Vending machine industry in Malaysia

In an IoT driven world, vending machines are becoming smarter with modern technological capabilities. A “smart” vending machine is a traditional machine that has been elevated to the next level of service, with the integration of IoT concepts and other technological innovations to deliver improved customer and retailer experiences.

For decades, vending machines have rarely been used for anything besides selling snacks, candy bars, and cold and hot beverages. Today, smart vending machines are popping up in nearly every industry, and they are growing in terms of product types (for instance personal hygiene, toys and games, electronic products and others), capabilities and accessibility. A smart vending machine is designed to increase sales capabilities through advanced vending experiences for manufacturers, brands and operators.

With evolving vending technology, smart vending machines engage customers in new and innovative ways with high definition displays running rich graphics, touchscreen controls, video, audio, scent, gesture-based interaction, and cashless payment. Smart vending machines with touchscreen functionality (i.e., interactive multimedia screen display) provides a more interactive retail experience to consumers in terms of sound and graphic interactions, ensuring a better and more sophisticated buying experience. The interactive displays can also serve as an additional source of revenue for the vending machine operators through the provision of digital advertising services (i.e., the displays of advertisements and promotions).

Smart vending machines with large touchscreen digital panels are becoming more commonplace as advertisers have realised that the interactive screens on vending machines can be leveraged to yield a host of new opportunities. Multiple advertisements can be rotated within a single space, optimising revenue for the vending operator, saving expensive print costs for advertisers and sharing media cost between multiple advertisers.

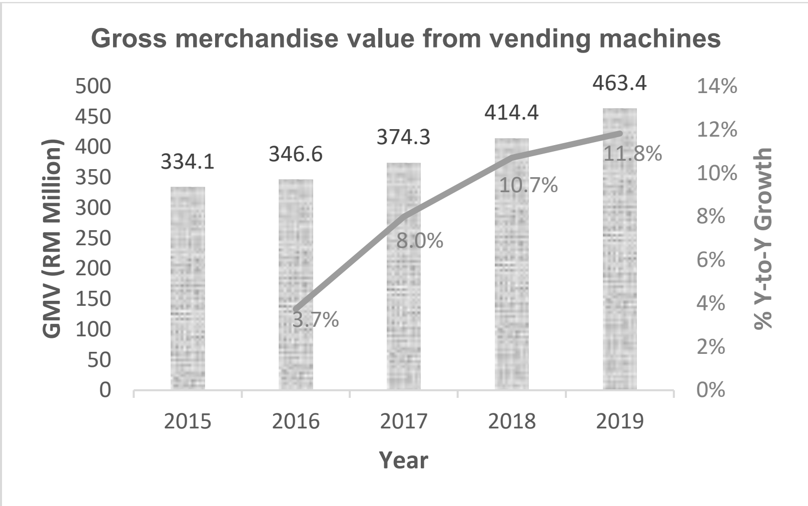
In the coming years, the digital advertising industry should be experiencing a growing demand for this sort of interactive and dynamic advertising, as smart vending machines become more accessible to the general public, especially if advertisers can prove the greater effectiveness of these interactive advertising experiences. This expansion will provide a new level of convenience to consumers, and an opportunity for businesses to make their advertisements and promotions more widely known amongst their targeted consumer base.

Smart vending machines are also capable of providing real time data, allowing operators and retailers to keep track of inventory, find out how fast each item sells, identify issues and more. With an IoT-enabled smart vending solution can assist in ensuring that the smart vending machines are kept stocked, optimising logistics and maintenance schedules, identifying and remedying issues quickly, running creative marketing and promotion campaigns on the smart vending machines, and understanding consumers better through data analytics. Collectively, it enables the vending machine operator to reduce costs, increase revenue, improve customer service and achieve the highest possible uptime, all from a single centralised point of control.

Smart vending is emerging as an additional retail channel offering unique benefits versus traditional brick and mortar retail and e-commerce. As IoT continues to grow with more and more devices capable of networking and the increasing number of touchpoints for personal data collection, vending machines are offering more options than ever before. For companies seeking to enhance consumer engagements and reach more consumers without high overhead costs, vending machines have emerged as a convenient affordable option. It also allows companies to locate their brands and products in spaces where they otherwise would have no presence.

Past performance

Due to the increasing popularity of vending machines amongst consumers in Malaysia, gross merchandise value from vending machines increased by a CAGR of 8.5% between 2015 and 2019, from RM334.1 million to RM463.4 million.



(Source: Infobusiness)

With the recent COVID-19 outbreak, transactions conducted via smart vending machines are anticipated to increase going forward. Consumers are expected to conduct more purchases via smart vending machines due to their convenience as well as to potentially reduce the usage of physical cash and to minimise human contact.

More and more companies are making vending machines an important part of their distribution channels. These vending machines are usually placed in public buildings with high foot traffic, so as to widen the catchment area as much as possible. Vending machines enable products to be dispensed in more locations at a lower cost as compared in traditional retail shops, due to lower real estate expense. In general, an estimated 35% of retailers' costs are accounted for in wages, followed by rentals at about 15%.

Outlook and prospects

The increasing installation of smart vending machines in high foot traffic areas is due to attempts by savvy vending machine operators who utilises them to develop their own automated retail platforms, besides offering greater conveniences to consumers in terms of transactions and payments. In addition, an increasing number of vending machine operators are switching to smart, cashless payments in response to the declining numbers of consumers who carry coins and cash in their wallets. Consumers, particularly the younger generation, are increasingly attracted to such payment options and their numbers are anticipated to further swell in the future. In addition to lessening the threats from thefts and vandalisms, contactless modes of payments also assist the vending machine operators in decreasing their cash management costs, and thus their operating costs.

Also, in order to further improve the appeal of the vending machines, many of the vending machine operators have incorporated interactive multimedia screen displays into their machines, providing consumers with a more engaging and sophisticated purchasing experience overall. Customer experience plays a big factor in retailing from vending machines. The evolvement of vending machines is also in line with an increasingly digitalised world. With technological advancements in the digitisation era, vending machines have emerged as a low-cost yet convenience option to traditional retail shops, besides offering great functionality.

The usage of smart vending machines is also anticipated to further rise with the outbreak of the COVID-19 pandemic. One of the strategies adopted worldwide to contain and suppress the spread of COVID-19 is to minimise human contacts. The contactless modes of payment offered by smart vending machines assist in mitigating the spread of COVID-19, through alleviating the need to handle physical cash and minimise human contacts, as part of social distancing protocols. This is due to the fact that COVID-19 can be spread through coughing, sneezing and close contacts. Through minimising the amount of close contacts, the chances of catching the virus and causing community-acquired infections are minimised.

The rising adoption of smart vending machines incorporating artificial intelligence and IoT to improve consumer shopping experience is also driving expansion in the vending machine market. In addition, they are also gradually replacing the conventional vending machines. As smart vending machine technology continues to evolve, it is expected that a wider range of retailers will increasingly use smart vending machines to deliver their products and services to consumers with minimal human oversight. At the same time, it also provides convenience to consumers who are able to access products and services in more locations.

The gross merchandise value in the vending machine market in Malaysia is anticipated to grow from RM463.4 million in 2019 to RM510.2 million in 2020, representing an increase of 10.1%. This is expected to further expand by another 10.5% in 2021 to reach RM563.8 million.

(Source: IMR Report prepared by Infobusiness)

7.5 Prospects and future plans of the Group

Moving forward, the Group's future prospects are expected to be driven by the following:-

(i) Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia

The Group ventured into the business of parcel delivery and collection services under the brand name "Ping-U" in January 2019, an e-commerce logistics service provider that allows customers to send and collect parcels anytime at designated delivery and collection points known as "Ping-U Points" at their convenience. Additionally, Ping-U provides point-to-point, point-to-door, door-to-point and door-to-door delivery services including same-day delivery for customers who wish to send parcels urgently. Currently, Ping-U engages third-party delivery services to deliver these parcels. As at the LPD, the Group has a total of 275 Ping-U Points located across the Klang Valley.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Moving forward, the Group intends to expand its e-commerce logistics services nationwide by expanding the number of Ping-U Points up to 600 locations as well as the network and delivery coverage. The expansion of the number of Ping-U Points and its relevant locations are set out in Section 5(i)(b) of the Abridged Prospectus. Further, the Group intends to cater to the supply chain requirements of e-commerce companies particularly the small and medium enterprises with limited in-house capabilities as well as under-served and remote areas with no or limited number of courier outlets or options pursuant to the Rights Issue with Warrants. At this juncture, the Group has yet to identify specific locations for the Ping-U Points.

In view of the COVID-19 pandemic, e-commerce is set to enjoy rapid growth as consumers have developed a preference to conduct their shopping at online platforms to maintain social distancing. The Group believes that the demand for e-commerce logistics services is expected to continue to grow with the advancement of internet technologies and the increasingly busy work schedules and lifestyles of the working adults in Malaysia.

(ii) Expansion of the smart vending machines business

With the recent outbreak of COVID-19, consumers are expected to conduct more purchases via smart vending machines due to their convenience as well as to reduce the usage of physical cash and minimise human contact especially in the day-to-day purchasing of consumables. Pursuant to the Private Placement August 2020, the Group had started venturing into the First Phase of the smart vending machines business as part of the Group’s expansion plans and in light of the opportunities presented by the COVID-19 outbreak. Besides that, the Group had entered into a JVA to form a collaborative partnership on 15 June 2020 for the deployment of the vending machines.

In this regard, the Group intends to develop smart vending machines which includes unique features such as interactive touchscreen technologies embedded with interactive advertising, promotions and cashless payment function.

The smart vending machines allow the Group to generate an additional stream of revenue via advertisement placements. The large digital screens on the vending machines are able to catch the attention of the passerby’s and represents an alternative form of advertising to brand owners. Further, the sales data analytics that is integrated with the smart vending machine is able to provide the brand owners an important insight on types of products sold at the respective locations as well as the preferred payment mode.

The Group is in the midst of implementing and rolling out the First Phase of the smart vending machines business for the First Phase by stages and intends to expand up to 280 units under the Second Phase pursuant to the Rights Issue with Warrants.

(iii) AIDC business

The Group is involved in the provision of AIDC products such as identification card printer, receipt printer, barcode label printer, data capture hardware such as portable data terminal and handheld mobile computer, supplies and accessories such as thermal label ribbons and cleaning supplies for printers as well as RFID, and related services such as hardware technical support.

The Group is a supplier of several brands of AIDC products. The AIDC products are commonly applied in the banking, retail and government sectors.

The Group has been expanding the range of AIDC products it offers by collaborating with international brands such as Polaroid and Screencheck to distribute its proprietary identification system products such as card printers in Southeast Asia. Through this collaboration, the Group was appointed as a licensed distributor for the distribution of Polaroid and Screencheck branded products in Southeast Asia and Hong Kong.

In the last few years, the Group has been selling these brands in both local as well as overseas markets such as Thailand, Singapore, Indonesia and Hong Kong. Currently, the distribution of AIDC products is done via local distribution channels involving third party distributors that are locally based at the respective countries. In the medium to long term, the Group intends to set up its own distribution and marketing centres in Bangkok, Thailand and Ho Chi Minh, Vietnam when the global economic outlook turns positive. This is in view that this will provide the Group with better control over sales and marketing strategies such as pricing, advertisements and promotional campaigns. At this juncture, the Group is unable to ascertain the number of distribution and marketing centres to be set up as it would depend on the needs and demands of the market at the relevant time.

Moving forward, the Group intends to continue exploring opportunities to expand the range of AIDC products it offers via, amongst others, engaging other international brands to be their licensed distributor as well as to liaise with existing international brands to launch their latest products from time to time. With a wider product range, the Group expects to be able to cater to a wider group of customers, thereby potentially expanding the Group’s sales and contributing to improvement in the Group’s financial condition.

The awareness by the mass public of Ping-U and the unique features of the smart vending machines is crucial in the success of the Group’s business expansion. Alongside with the enhancements that will be implemented concurrently, the Group intends to intensify its marketing efforts via various marketing and promotional activities aimed at consumers, event organisers and vendors. These marketing initiatives are expected to create brand awareness and to generate a larger traffic and user base.

The Group is looking to generate revenue from parcel delivery and logistics services and commission charged to vendors for collection and return services. The expansion of the Ping-U points and delivery coverage will entice more users to utilise Ping-U. Further, the Group will also derive revenue from the sale of FMCG and rental of digital advertisement space from the smart vending machines. By acquiring a higher number of vendors and partners, users are expected to be more inclined to utilise the smart vending machines. The Group’s efforts in expanding its range of AIDC products and enhance its distribution strategies are also expected to contribute positively to the Group’s revenue and earnings base.

In view of the foregoing and including the outlook and prospects of the courier industry in Malaysia, vending machines industry in Malaysia, the management is positive about the Group’s prospects and expects continued growth of its business operations and financial performance.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the issued share capital of the Company are as follows:-

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	160,230,488	81,689,023	160,230,488	81,689,023	160,230,488	81,689,023
New Shares to be issued assuming the full granting and exercise of the SIS Options	-	-	-	-	5,297,149	(1)5,424,708
New Shares to be issued assuming full exercise of the Warrants B	-	-	-	-	34,890,379	(2)41,868,455
After full granting and/or exercise of the Convertible Securities	160,230,488	81,689,023	160,230,488	81,689,023	200,418,016	128,982,186
New Shares to be issued pursuant to the Rights Issue with Warrants	83,333,334	(3)10,000,000	961,382,928	(3)115,365,951	1,202,508,096	(3)144,300,972
Enlarged issued share capital after the Rights Issue with Warrants	243,563,822	91,689,023	1,121,613,416	197,054,974	1,402,926,112	273,283,158
New Shares to be issued assuming full exercise of the Warrants C	41,666,666	(4)5,000,000	480,691,464	(4)57,682,976	601,254,048	(4)72,150,486
Enlarged issued share capital	**285,230,488**	**96,689,023**	**1,602,304,880**	**254,737,950**	**2,004,180,160**	**345,433,644**

Notes:-

(1) Assuming all the following:-

(i) 5,200,000 SIS Options which have been granted but unexercised as at the LPD are exercised into new Shares at the exercise price of RM0.55 each and after accounting for the reversal of share option reserve; and

(ii) 97,149 SIS Options that may be granted by the Company pursuant to the SIS Options Undertaking, are exercised at an exercise price of RM0.4130 each (based on approximately 10% discount to the 5-day VWAP of Shares up to and including the LPD of RM0.4589) and after accounting for the reversal of share option reserve.

(2) Assuming full exercise of all outstanding 34,890,379 Warrants B at the exercise price of RM1.20 each.

(3) Based on the issue price of RM0.12 per Rights Share.

(4) Assuming full exercise of the Warrants C based on the Exercise Price of RM0.12 each.

8.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 9-month FPE 30 September 2020.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	**Unaudited as at 30 September 2020 (RM'000)**	**(I) After the Share Consolidation[1] (RM'000)**	**(II) After (I) and Rights Issue with Warrants[2][3] (RM'000)**	**(III) After (II) and assuming full exercise of Warrants C[4] (RM'000)**
Share capital	81,689	81,689	91,689	96,689
Foreign currency translation reserve	75	75	75	75
Warrant reserve	-	-	5,588	-
Other reserve	-	-	(5,588)	-
Accumulated losses	(9,279)	(9,279)	(10,179)	(10,179)
Shareholders' equity / NA	**72,485**	**72,485**	**81,585**	**86,585**
Non-controlling interest	(163)	(163)	(163)	(163)
Total equity	**72,322**	**72,322**	**81,422**	**86,422**
No. of Shares in issue ('000)	1,602,305	160,230	243,564	285,230
NA per Share (RM)	0.05	0.45	0.33	0.30
Total borrowings (RM'000)	418	418	418	418
Gearing ratio (times)	[5]-	[5]-	[5]-	[5]-

Notes:-
(1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation.
(2) Based on the issuance of 83,333,334 Rights Shares at an issue price of RM0.12 each together with 41,666,666 Warrants C.
(3) After accounting for the creation of warrant reserve based on the issuance of 41,666,666 Warrants C at an allocated fair value of RM0.1341 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM900,000.
(4) Based on the Exercise Price of RM0.12 per Warrant C.
(5) Negligible.

Base Case Scenario

Group level	Unaudited as at 30 September 2020 (RM'000)	(I) After the Share Consolidation[1] (RM'000)	(II) After (I) and Rights Issue with Warrants[2][3] (RM'000)	(III) After (II) and assuming full exercise of Warrants C[4] (RM'000)
Share capital	81,689	81,689	197,055	254,738
Foreign currency translation reserve	75	75	75	75
Warrant reserve	-	-	64,461	-
Other reserve	-	-	(64,461)	-
Accumulated losses	(9,279)	(9,279)	(10,179)	(10,179)
Shareholders' equity / NA	**72,485**	**72,485**	**186,951**	**244,634**
Non-controlling interest	(163)	(163)	(163)	(163)
Total equity	**72,322**	**72,322**	**186,788**	**244,471**
No. of Shares in issue ('000)	1,602,305	160,230	1,121,613	1,602,305
NA per Share (RM)	0.05	0.45	0.17	0.15
Total borrowings (RM'000)	418	418	418	418
Gearing ratio (times)	[5]-	[5]-	[5]-	[5]-

Notes:-
(1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation.
(2) Based on the issuance of 961,382,928 Rights Shares at an issue price of RM0.12 each together with 480,691,464 Warrants C.
(3) After accounting for the creation of warrant reserve based on the issuance of 480,691,464 Warrants C at an allocated fair value of RM0.1341 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM900,000.

(4) Based on the Exercise Price of RM0.12 per Warrant C.
(5) Negligible.

Maximum Scenario

Group level	Unaudited as at 30 September 2020 (RM'000)	(I) After the Share Consolidation[(1)] (RM'000)	(II) After (I) and assuming full granting and/or exercise of all Convertible Securities[(2)] (RM'000)	(III) After (II) and Rights Issue with Warrants[(3)(4)] (RM'000)	(IV) After (III) and assuming full exercise of Warrants C[(5)] (RM'000)
Share capital	81,689	81,689	128,982	273,283	345,434
Foreign currency translation reserve	75	75	75	75	75
Warrant reserve	-	-	-	80,628	-
Other reserve	-	-	-	(80,628)	-
Accumulated losses	(9,279)	(9,279)	(11,804)	(12,704)	(12,704)
Shareholders' equity / NA	**72,485**	**72,485**	**117,253**	**260,654**	**332,805**
Non-controlling interest	(163)	(163)	(163)	(163)	(163)
Total equity	**72,322**	**72,322**	**117,090**	**260,491**	**332,642**
No. of Shares in issue ('000)	1,602,305	160,230	200,418	1,402,926	2,004,180
NA per Share (RM)	0.05	0.45	0.59	0.19	0.17
Total borrowings (RM'000)	418	418	418	418	418
Gearing ratio (times)	[(6)]-	[(6)]-	[(6)]-	[(6)]-	[(6)]-

Notes:-
(1) After accounting for the consolidation of every 10 Shares into 1 Consolidated Share pursuant to the Share Consolidation.
(2) For illustrative purposes only, the Convertible Securities are assumed to be fully granted and/or exercised into new Shares prior the Entitlement Date.
(3) Based on the issuance of 1,202,508,096 Rights Shares at an issue price of RM0.12 per Rights Share together with 601,254,048 Warrants C.
(4) After accounting for the creation of warrant reserve based on the issuance of 601,254,048 Warrants C at an allocated fair value of RM0.1341 per Warrant C (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM900,000.

(5) Based on the Exercise Price of RM0.12 per Warrant C.
(6) Negligible.

8.3 Substantial Shareholders' shareholdings

As at the LPD, the Company does not have any substantial Shareholders. Under the Base Case Scenario and Maximum Scenario, the Undertaking Shareholders will not become substantial Shareholders. For illustration purposes, the pro forma effects of the Rights Issue with Warrants on the Undertaking Shareholders' shareholdings are set out as follows:-

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(2)%**	**No. of Shares**	**(2)%**
Tan Sik Eek	100,000	0.06	-	-	41,766,667	17.15	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	41,766,667	17.15	-	-

	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**(3)%**	**No. of Shares**	**(3)%**
Tan Sik Eek	62,600,000	21.95	-	-
Nicholas Wong Yew Khid	62,600,000	21.95	-	-

Notes:-
(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 243,563,822 Shares.
(3) Based on the enlarged issued share capital of 285,230,488 Shares.

Base Case Scenario

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
Tan Sik Eek	100,000	0.06	-	-	700,000	0.06	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	700,000	0.06	-	-

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	[(3)]%	No. of Shares	[(3)]%
Tan Sik Eek	1,000,000	0.06	-	-
Nicholas Wong Yew Khid	1,000,000	0.06	-	-

Notes:-
(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 1,121,613,416 Shares.
(3) Based on the enlarged issued share capital of 1,602,304,880 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Maximum Scenario

Substantial Shareholders	As at the LPD				(I) After assuming full granting and/or exercise of the Convertible Securities			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Tan Sik Eek	100,000	0.06	-	-	(3)100,000	0.05	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	(3)100,000	0.05	-	-

Substantial Shareholders	(II) After the Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%	No. of Shares	(5)%	No. of Shares	(5)%
Tan Sik Eek	700,000	0.05	-	-	1,000,000	0.05	-	-
Nicholas Wong Yew Khid	700,000	0.05	-	-	1,000,000	0.05	-	-

Notes:-

(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 200,418,016 Shares.

(3) The Undertaking Shareholders do not have any Convertible Securities as at the LPD.

(4) Based on the enlarged issued share capital of 1,402,926,112 Shares.

(5) Based on the enlarged issued share capital of 2,004,180,160 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8.4 Losses and LPS

The Board expects the Rights Issue with Warrants to contribute positively to the future financial performance of the Group via the utilisation of proceeds as set out in Section 5 of this Abridged Prospectus.

Subsequent to the completion of the Rights Issue with Warrants, the LPS of the Group shall be correspondingly diluted as a result of the increase in the number of Rights Shares to be issued and the exercise of the Warrants C during the Exercise Period.

The potential effects of the Rights Issue with Warrants on the future consolidated earnings and EPS (or LPS) of the Company will depend on, amongst others, the number of Warrants C exercised at any point in time and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants.

For illustration, the pro forma effects of the Rights Issue with Warrants on the consolidated losses and LPS of the Company are as follows:-

	Unaudited 9-month FPE 30 September 2020	Adjusted for the Share Consolidation[1]	(I) After the Rights Issue with Warrants			(II) After (I) and assuming full exercise of the Warrants C		
			Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario
LAT attributable to owners of the Company (RM'000)	(4,307)	(4,307)	(4,307)	(4,307)	(4,307)	(4,307)	(4,307)	(4,307)
Weighted average number of Shares ('000)	1,024,081	102,408	185,741	1,063,791	1,304,916	227,408	1,544,482	1,906,170
LPS (sen)	(0.42)	(4.21)	(2.32)	(0.40)	(0.33)	(1.89)	(0.28)	(0.23)

Note:-
(1) Adjusted pursuant to the Share Consolidation that was completed on 25 November 2020.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital and sources of liquidity

The Group's working capital is funded by a combination of internal and external sources of funds.

The internal sources of funds comprise cash generated from operating activities, the Group's existing cash and bank balances and proceeds from the issuance of equity securities. As at the LPD, the Group's cash and bank balances stood at approximately RM13.6 million. The external source of funds comprise credit terms granted by the suppliers. The credit terms granted to the Group by the suppliers range from 30 to 120 days.

Apart from the sources of liquidity described above, the Group does not have access to other material unused sources of liquidity as at the LPD.

The Board confirmed that, after taking into consideration the funds generated from the Company's operations and proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:-

Borrowings	**Total (RM'000)**
Short term borrowing (secured)	
- Hire purchase	6
Long term borrowing (secured)	
- Hire purchase	306
Total	**312**

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

9.4 Material commitments

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants C Applications and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants C that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants C if you choose to do so. This Abridged Prospectus and the RSF are also available at the registered office of the Company, the Share Registrar's website at http://www.shareworks.com.my or on Bursa Securities' website at http://www.bursamalaysia.com.

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Wilayah Persekutuan (KL)
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Friday, 8 January 2021**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants C.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of the Company, the Share Registrar's website at http://www.shareworks.com.my or Bursa Securities' website http://www.bursamalaysia.com.

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants C accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants C will be given the Warrants C on the basis of 1 Warrant C for every 2 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be subscribed or accepted is 1 Rights Share. However, you should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants C respectively. Fractions of a Rights Shares and/or Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by the Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to **"DGB RIGHTS SHARES ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, your contact number, your address and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Friday, 8 January 2021**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND WARRANTS C INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by 5.00 p.m. on **Friday, 8 January 2021**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants C not taken up or not validly taken up to applicants applying for the Excess Rights Shares with Warrants C in the manner as set out in Section 10.6 of this Abridged Prospectus. The Board reserves the right not to accept any application or to accept any application in part only without assigning any reason thereof.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants C provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Shares and/or Warrant C arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants C respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants C which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants C applied for to the Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for the Excess Rights Shares with Warrants C Application

If you wish to apply for additional Rights Shares with Warrants C in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants C applied for, to the Share Registrar so as to arrive not later than 5.00 p.m. on **Friday, 8 January 2021**, being the last time and date for Excess Rights Shares with Warrants C Applications and payment.

Payment for the Excess Rights Shares with Warrants C Application(s) be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to **"DGB EXCESS RIGHTS SHARES ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Friday, 8 January 2021**. The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants C Applications. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration their respective shareholdings in the Company as at the Rights Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications; and

(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares with Warrants C, taking into consideration the quantum of their respective Excess Rights Shares with Warrants C Applications.

The Excess Rights Shares with Warrants C will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants C. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants C will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants C are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants C applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares with Warrants C, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants C and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar's website at http://www.shareworks.com.my or Bursa Securities' website at http://www.bursamalaysia.com.

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants C. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants C shall signify your consent to receiving such Rights Shares with Warrants C as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants C allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants C that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Notice of allotment

Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Warrants.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renouncee / transferee acceptance (if applicable) and Excess Rights Shares with Warrants C Application (if any), the Rights Shares shall be credited directly into the respective CDS Account where the Provisional Allotments were credited. No physical certificates will be issued in respect of the Rights Shares. However, a notice of allotment will be despatched to you and/or your renouncee / transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be by issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof, once lodged with the Share Registrar for the Rights Shares, cannot be withdrawn subsequently.

10.10 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares with Warrants C may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to the Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

The Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and the Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in its absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants C available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants C, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;

(ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;

(iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is/are aware that the Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;

(v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants C; and

(vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants C, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants C.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS C UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants C pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll C, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
DGB ASIA BERHAD

TAN SIK EEK
Executive Director

APPENDIX I - INFORMATION ON THE COMPANY

1. SHARE CAPITAL

As at the LPD, the issued share capital of the Company is RM81,689,023 comprising 160,230,488 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name *(Designation)*	Age	Address	Nationality
Dato' Seri Abdul Azim Bin Mohd Zabidi *(Independent Non-Executive Chairman)*	61	Tanah Abang No. 1 Jalan Setiabudi Bukit Damansara 50490 Kuala Lumpur	Malaysian
Dato' Kua Khai Shyuan *(Executive Director)*	36	No. 51, Jalan Putri 2/5 Taman Puteri Wangsa 81800 Ulu Tiram Johor	Malaysian
Tan Sik Eek *(Executive Director)*	44	Unit D16-15, 16th Floor Residency @ Park 51 Jalan 51A/241, Seksyen 51A 46100 Petaling Jaya Selangor	Malaysian
Nicholas Wong Yew Khid *(Executive Director)*	39	No. 36, Jalan BU 10/4 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian
Ong Tee Kein *(Independent Non-Executive Director)*	63	85, Medan Athinahapan Dua Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian
Ho Jien Shiung *(Non-Independent Non-Executive Director)*	36	18 Laluan Bulan 2 Taman Kinta 31400 Ipoh Perak	Malaysian

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. The pro forma effects of the Rights Issue with Warrants on the Directors' shareholdings are as follows:-

Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Tan Sik Eek	100,000	0.06	-	-	41,766,667	17.15	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	41,766,667	17.15	-	-
Dato' Kua Khai Shyuan	93,600	0.06	-	-	93,600	0.04	-	-

Substantial Shareholders	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Tan Sik Eek	62,600,000	21.95	-	-
Nicholas Wong Yew Khid	62,600,000	21.95	-	-
Dato' Kua Khai Shyuan	93,600	0.03	-	-

Notes:-
(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 243,563,822 Shares.
(3) Based on the enlarged issued share capital of 285,230,488 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Base Case Scenario

	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(2)]%**	**No. of Shares**	**[(2)]%**
Tan Sik Eek	100,000	0.06	-	-	700,000	0.06	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	700,000	0.06	-	-
Dato' Kua Khai Shyuan	93,600	0.06	-	-	655,200	0.06	-	-

	(II) After (I) and assuming full exercise of the Warrants C			
	Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**[(3)]%**	**No. of Shares**	**[(3)]%**
Tan Sik Eek	1,000,000	0.06	-	-
Nicholas Wong Yew Khid	1,000,000	0.06	-	-
Dato' Kua Khai Shyuan	936,000	0.06	-	-

Notes:-
(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 1,121,613,416 Shares.
(3) Based on the enlarged issued share capital of 1,602,304,880 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

	As at the LPD				(I) After assuming full granting and/or exercise of the Convertible Securities			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
Tan Sik Eek	100,000	0.06	-	-	[(3)]100,000	0.05	-	-
Nicholas Wong Yew Khid	100,000	0.06	-	-	[(3)]100,000	0.05	-	-
Dato' Kua Khai Shyuan	93,600	0.06	-	-	143,600	0.07	-	-

	(II) After the Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of Shares	[(4)]%	No. of Shares	[(4)]%	No. of Shares	[(5)]%	No. of Shares	[(5)]%
Tan Sik Eek	700,000	0.05	-	-	1,000,000	0.05	-	-
Nicholas Wong Yew Khid	700,000	0.05	-	-	1,000,000	0.05	-	-
Dato' Kua Khai Shyuan	1,005,200	0.07	-	-	1,436,000	0.07	-	-

Notes:-

(1) Based on the issued share capital of 160,230,488 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 200,418,016 Shares.
(3) The Undertaking Shareholders do not have any Convertible Securities as at the LPD.
(4) Based on the enlarged issued share capital of 1,402,926,112 Shares.
(5) Based on the enlarged issued share capital of 2,004,180,160 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

4. HISTORICAL FINANCIAL INFORMATION

A summary of the historical financial information of the Group is as follows:-

Historical financial performance

	Audited			Unaudited
	18-month FPE 31 March 2017	18-month FPE 30 September 2018	15-month FPE 31 December 2019	(1)9-month FPE 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	14,926	4,215	7,024	6,488
Cost of sales	(8,688)	(1,865)	(5,068)	(5,931)
GP	**6,238**	**2,350**	**1,956**	**557**
Other income	2,067	1,473	1,508	6,158
Administrative expenses	(6,848)	(8,237)	(9,465)	(10,847)
Selling and distribution expenses	(222)	(327)	(1,953)	(134)
Other operating expenses	(736)	(1,729)	(6,497)	(157)
Share of loss in associate company	-	(26)	(2,747)	-
PBT / (LBT)	**499**	**(6,496)**	**(17,198)**	**(4,423)**
Taxation	-	(420)	113	-
PAT / (LAT)	**499**	**(6,916)**	**(17,085)**	**(4,423)**
Profit / (Loss) attributable to:-				
- owners of the Company	501	(6,915)	(17,085)	(4,307)
- non-controlling interests	(2)	(1)	-	(116)
GP margin (%)	41.79	55.75	27.84	8.59
PAT / (LAT) margin (%)	3.34	(164.08)	(243.28)	(68.17)

Historical financial position

	Audited			Unaudited
	As at 31 March 2017	As at 30 September 2018	As at 31 December 2019	(1)As at 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets	3,528	11,093	9,367	51,523
Current assets	36,197	45,748	34,749	70,716
Total assets	**39,725**	**56,841**	**44,116**	**122,239**
Share capital	19,560	45,409	48,179	81,689
Foreign currency translation reserve	(1,167)	(1,681)	(1,668)	75
Warrant reserve	9,780	-	-	-
Other reserve	-	-	-	-
Retained earnings / (Accumulated losses)	9,250	12,115	(4,972)	(9,278)
Shareholders' equity / NA	**37,423**	**55,843**	**41,539**	**72,486**
Non-controlling interests	(46)	(47)	(47)	(163)
Total equity	**37,377**	**55,796**	**41,492**	**72,323**

	Audited			Unaudited
	As at 31 March 2017	As at 30 September 2018	As at 31 December 2019	As at 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities	-	-	306	33,371
Current liabilities	2,348	1,044	2,317	16,545
Total liabilities	**2,348**	**1,044**	**2,623**	**49,916**
Total equity and liabilities	**39,725**	**56,841**	**44,116**	**122,239**

Historical cash flow

	Audited			Unaudited
	18-month FPE 31 March 2017	18-month FPE 30 September 2018	15-month FPE 31 December 2019	(1)9-month FPE 30 September 2020
	RM'000	RM'000	RM'000	RM'000
<u>Net cash from / (used in)</u>				
Operating activities	(4,766)	10,238	(16,070)	(28,403)
Investing activities	(5,606)	(16,355)	(4,632)	(243)
Financing activities	-	25,849	3,148	33,510
Net increase / (decrease) in cash and cash equivalents	**(10,372)**	**19,732**	**(17,533)**	**4,864**
Effects of changes in exchange rate	(1,835)	(514)	13	1,627
Cash and cash equivalents at beginning of the year / period	26,998	14,792	34,010	16,470
Cash and cash equivalents at end of the year / period	**14,791**	**34,010**	**16,470**	**22,961**

Note:-

(1) The Company had on 21 January 2020 announced that the Group changed its financial year end from 30 September to 31 December. Therefore, there were no comparative figures for the 9-month FPE 30 September 2020.

(i) 9-month FPE 30 September 2020 vs 9-month FPE 30 September 2019

The Group's revenue for 9-month FPE 30 September 2020 increased by RM3.03 million or 53.91% based on the annualised revenue for 15-month FPE 31 December 2019 and 9-month FPE 30 September 2020 of RM5.62 million and RM8.65 million respectively. The higher revenue was mainly due to higher sales from the Group's Ping-U business due to an increase in demand for delivery services during the MCO period as well as higher sales of AIDC hardware from an order placed by a customer in Thailand of RM3.7 million.

The Group recorded a GP of RM0.56 million (GP margin of 8.59%) in 9-month FPE 30 September 2020 as compared to a GP of RM1.96 million (GP margin of 27.84%) in 15-month FPE 31 December 2019 (the annualised GP for 9-month FPE 30 September 2020 was RM0.74 million and annualised GP for 15-month FPE 31 December 2019 was RM1.56 million, representing a decrease of RM0.82 million or 52.56%). Despite the increase in revenue on an annualised basis, the Group's GP decreased mainly due to intense price competition for AIDC products and courier services in the market.

The Group recorded an annualised LAT of RM5.90 million for 9-month FPE 30 September 2020 as compared to an annualised LAT of RM13.67 million in 15-month FPE 31 December 2019, representing a decrease in LAT by RM7.77 million or 56.85% on an annualised basis. The decrease in the LAT was mainly due to:-

(a) fair value gain on the Group's investment in quoted securities amounting to RM6.13 million in 9-month FPE 30 September 2020 (15-month FPE 31 December 2019: gain of RM1.35 million) arising from increase in market prices of the quoted securities;

(b) advertising expenses incurred in previous financial period relating to sales of the Group's proprietary software license of RM1.60 million (9-month FPE 30 September 2020: Nil); and

(c) share of loss in an associate company, namely CLI amounting to RM2.75 million in previous financial period (9-month FPE 30 September 2020: Nil). The Company has on 24 September 2020 completed further subscription of shares in CLI. Arising therefrom, CLI has become a 52%-subsidiary of the Company.

For 9-month FPE 30 September 2020, the Group recorded an increase in cash and cash equivalents of RM4.86 million (15-month FPE 31 December 2019: decrease of RM17.53 million) mainly due to the proceeds raised from the Private Placement June 2020 amounting to RM2.22 million and Private Placement August 2020 amounting to RM19.81 million.

The above was offset by the net cash used in operating activities of RM28.40 million that was mainly attributed by the following:-

(a) fair value gain on the Group's investment in quoted securities amounting to RM6.13 million; and

(b) higher trade receivables amounting to RM19.91 million which is in line with their increased business activities in 9-month FPE 30 September 2020.

(ii) 15-month FPE 31 December 2019 vs 18-month FPE 30 September 2018

The Group's revenue for 15-month FPE 31 December 2019 increased by RM2.81 million as compared to 18-month FPE 30 September 2018 (the annualised revenue for 18-month FPE 30 September 2018 and 15-month FPE 31 December 2019 was RM2.81 million and RM5.62 million respectively, representing an increase in revenue by RM2.81 million or 99.97% on an annualised basis).

The increase in revenue on an annualised basis was mainly due to higher sales of AIDC hardware. In turn, this was mainly due to a large direct order secured from a customer in Thailand. The annualised sales of AIDC hardware and equipment for 18-month FPE 30 September 2018 and 15-month FPE 31 December 2019 was RM0.13 million and RM3.08 million respectively, representing an increase of RM2.95 million on an annualised basis.

The Group recorded a GP of RM1.96 million (GP margin of 27.84%) in 15-month FPE 31 December 2019 as compared to a GP of RM2.35 million (GP margin of 55.75%) in 18-month FPE 30 September 2018 (the annualised GP for 18-month FPE 30 September 2018 and 15-month FPE 31 December 2019 was RM1.57 million and RM1.56 million respectively, representing a decrease of RM0.01 million or 0.64%). Despite the increase in revenue on an annualised basis, the Group's GP remained relatively unchanged mainly due to lower GP margin as a result of higher sales of AIDC products which typically attract lower GP margin. AIDC products typically attract lower GP margin due to intense competition in the market.

The Group recorded an annualised LAT of RM13.67 million in 15-month FPE 31 December 2019 as compared to an annualised LAT of RM4.61 million in 18-month FPE 30 September 2018, representing an increase in LAT by RM9.06 million or 196.53% on an annualised basis. The higher LAT was mainly due to the following:-

(a) higher share of loss in associate company, namely CLI, amounting to RM2.75 million in 15-month FPE 31 December 2019 (18-month FPE 30 September 2018: RM0.03 million);

(b) higher impairment loss on trade and other receivables of RM5.99 million in 15-month FPE 31 December 2019 (18-month FPE 30 September 2018: RM0.10 million). This was mainly due to the economic and social unrest in Hong Kong as well as the COVID-19 outbreak, which led to the Group's opinion that its trade and other receivables from a Hong Kong debtor may no longer be collectable; and

(c) higher staff costs amounting to RM3.35 million in 15-month FPE 31 December 2019 (18-month FPE 30 September 2018: RM1.74 million) mainly due to an increase in headcount pursuant to the commencement of operations of DGB Networks, a wholly-owned subsidiary of the Company, in 2019.

For 15-month FPE 31 December 2019, the Group recorded a decrease in cash and cash equivalents of RM17.53 million (18-month FPE 30 September 2018: increase of RM19.73 million) mainly due to the net cash used in operating activities of RM16.07 million. This was mainly due to higher trade receivables amounting to RM15.18 million which is in line with their increased business activities in 15-month FPE 31 December 2019.

The above was offset by the proceeds from issuance of 23,081,950 new Shares arising from the exercise of Warrants B at an exercise price of RM0.12 per ordinary share amounting to RM2.77 million.

(iii) 18-month FPE 30 September 2018 vs 18-month FPE 31 March 2017

The Group's revenue for 18-month FPE 30 September 2018 decreased by RM10.71 million or 71.76% as compared to the 18-month FPE 31 March 2017.

The lower revenue was mainly due to lower sales of value-added products and services (such as engineering services and kiosk system) of RM3.97 million in 18-month FPE 30 September 2018 as compared to RM14.14 million in 18-month FPE 31 March 2017. This resulted mainly from a decline in demand for the Group's value-added products and services due to a stifled global business environment resulting from the trade war between China and the United States.

In line with the lower revenue, the Group recorded a lower GP of RM2.35 million (GP margin of 55.75%) in 18-month FPE 30 September 2018 as compared to a GP of RM6.24 million (GP margin of 41.79%) in 18-month FPE 31 March 2017.

In line with the lower GP, the Group recorded LAT of RM6.92 million in 18-month FPE 30 September 2018 as compared to PAT of RM0.50 million in 18-month FPE 31 March 2017. Apart from the lower GP, the LAT was mainly due to the following:-

(a) higher fair value adjustment for other investments of RM2.48 million in 18-month FPE 30 September 2018 (18-month FPE 31 March 2017: RM0.24 million) mainly due to fair value loss on quoted securities held by the Group arising from the decrease in market price of such quoted securities; and

(b) one-off impairment on inventories of RM1.95 million in the 18-month FPE 30 September 2018 due to obsolescence.

For 18-month FPE 30 September 2018, the Group recorded an increase in cash and cash equivalents of RM19.73 million (18-month FPE 31 March 2017: decrease of RM10.37 million) mainly due to the following:-

(a) net cash from operating activities of RM10.24 million. This was mainly due to lower trade receivables amounting to RM9.04 million which is in line with their decreased business activities in 18-month FPE 30 September 2018;

(b) proceeds from the issuance of Shares amounting to RM25.85 million arising from:-

    (aa) proceeds raised from private placement exercise completed on 17 July 2017 involving the issuance of 48,900,000 new Shares (representing 10% of the then existing total number of issued Shares prior to the private placement), amounting to RM1.84 million to mainly utilise for working capital of the Group; and

    (bb) proceeds of RM24.01 million from issuance of 218,271,917 new Shares arising from the exercise of warrants 2015/2018 of the Company at an exercise price of RM0.11 each.

The above was offset by the acquisition of an associate company, namely CLI, amounting to RM10.20 million.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of DGB Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are as follows:-

	High	Low
	RM	RM
2019		
December	0.175	0.110
2020		
January	0.155	0.105
February	0.115	0.045
March	0.055	0.015
April	0.030	0.015
May	0.030	0.020
June	0.030	0.020
July	0.020	0.075
August	0.050	0.090
September	0.025	0.060
October	0.025	0.035
November	(1)0.545	(1)0.200
Last transacted market price on 28 August 2020, being the last Market Day immediately prior to the first announcement of the Corporate Exercises (RM)	0.060	
Last transacted market price on 18 December 2020, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM)	(1)0.225	
Last transacted market price on the LPD (RM)	(1)0.345	

Note:-
(1) Adjusted pursuant to the Share Consolidation that was completed on 25 November 2020.

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save as disclosed below and the Provisional Allotments as well as Excess Rights Shares with Warrants C, no option to subscribe for any securities of the Company has been granted or is entitled to be granted to any person:-

(i) 34,890,379 outstanding Warrants B which entitle the Warrants B holders to subscribe for 1 new Share at an exercise price of RM1.20 per Warrant B at any time until the maturity of the Warrants B on 26 June 2021, subject to the provision of the Deed Poll B; and

(ii) under the SIS, the Company may grant SIS Options to the eligible employees to subscribe for new Shares up to but not exceeding 30% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 10 years from the effective date of the SIS i.e. 10 February 2024. The exercise price for such SIS Options shall be determined by the Board at its discretion upon recommendation of the Option committee based on the 5-day VWAP of DGB Shares immediately prior to the date of offer with a discount of not more than 10%.

As at the LPD, the Company has 5,200,000 granted SIS Options which have yet to be exercised and up to 97,149 SIS Options which may be granted by the Company until the completion of the Rights Issue with Warrants pursuant to the SIS Options Undertaking.

7. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, the Board confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus:-

(i) On 31 July 2020, the branch of CLI in Republic of China (Taiwan) known as CLI Investment Limited Taiwan Branch ("**CLI Taiwan**") has entered into a settlement agreement with Rich Honour International Designs Co., Ltd ("**Rich Honour**") to settle a total sum of TWD66,016,192[(1)] owed to Rich Honour by CLI Taiwan being the overdue payment of interior decoration construction and interest incurred together with the litigation and enforcement expenses incurred by Rich Honour to recover outstanding payment from CLI Taiwan. Pursuant to the agreement, CLI Taiwan shall make the following payment to Rich Honour:-

(a) TWD28,966,667 before 30 July 2020 and TWD36,333,333 before 31 October 2020;

(b) TWD3,000,000 before 7 August 2020 which can be used to offset the TWD36,333,333 in item (a) above; and

(c) TWD716,192 before 31 October 2020.

As at the LPD, the payment of TWD28,966,667 above has been made by CLI Taiwan to Rich Honour. As at 7 December 2020, Rich Honour has agreed for the following in respect of the balance payment thereof:-

(a) the repayment of TWD36,333,333 and TWD716,192 to be made by CLI Taiwan before 25 December 2020; and

(b) out of TWD36,333,333, the amount of TWD6,333,333 to be withheld by CLI Taiwan until the construction defects are rectified by Rich Honour.

(ii) On 3 August 2020, the Company had entered into a share subscription agreement with CLI for the subscription of 8,000,000 ordinary shares in CLI at a total subscription price of USD998,851[(2)]. The subscription agreement has been completed on 24 September 2020 and CLI is now a subsidiary of the Company.

Notes:-

(1) Equivalent to RM9.5 million based on the exchange rate of TWD100:RM14.3298 as extracted from BNM's website as at the LPD.

(2) Equivalent to RM4.1 million based on the exchange rate of USD1:RM4.0865 as extracted from BNM's website as at the LPD.

8. MATERIAL LITIGATION

As at the LPD, save as disclosed below, the Board confirmed that neither DGB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

MO Architects, MO Architects and Planners Co., Ltd and MO International Development and Construction Co., Ltd (collectively the "**Plaintiff**") had on 6 November 2020 filed a complaint against CLI in the Taiwan Taipei District Court bearing case no. Taiwan Taipei District Court 2020 Su Tzi No. 7932 to claim for a repayment of debt amounting to TWD4,101,881(1) with interest accrued at 5% per annum and additional procedural fees to the Plaintiff. The Plaintiff alleged that the said amount of TWD4,101,881 claimed for are outstanding payments owed to the Plaintiff by CLI for interior technical design works done by the Plaintiff for CLI which CLI disputed.

As at 8 December 2020, the parties have commenced the first meeting to ascertain the exact amount owing by CLI to the Plaintiff, and is now in the process of negotiating the terms of settlement. The solicitors representing CLI and also the Board are unable to ascertain the exact amount payable by CLI to the Plaintiff at this juncture. However, the Board is of the opinion that the matter will not have material impact on the financial position of CLI and the alleged debt amount, if successfully claimed by the Plaintiff, will not cause disruption to CLI's business operation. CLI has also commenced negotiations with the Plaintiff to resolve this matter amicably.

Note:-

(1) Equivalent to approximately RM0.6 million based on the exchange rate of TWD100:RM14.3298 as extracted from BNM's website as at the LPD.

9. CONSENTS

(i) The written consents of the Principal Adviser, company secretary, Share Registrar, reporting accountants, Independent Market Researcher and the solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of DGB at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

(i) the Constitution of the Company;

(ii) the Undertakings referred to in Section 3 of this Abridged Prospectus;

(iii) the letters of consent referred to in Section 9 of Appendix I above;

(iv) the Deed Poll C;

(v) the IMR Report referred to in Sections 7.3 and 7.4 of this Abridged Prospectus; and

(vi) the material contracts referred to in Section 7 of Appendix I above.

11. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the accuracy of the information contained therein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]