



DGB ASIA BERHAD
(Registration No.: 200601001857 (721605-K))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED
31 DECEMBER 2022
(UNAUDITED)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Quarter Ended		Year-To-Date Ended	
	Unaudited 31-Dec-2022 RM'000	Unaudited 31-Dec-2021 RM'000	Unaudited 31-Dec-2022 RM'000	Audited 31-Dec-2021 RM'000
Revenue	16,845	9,957	39,957	25,002
Cost of sales	(6,962)	(8,902)	(15,596)	(13,261)
Gross profit	9,883	1,056	24,361	11,742
Other operating income	727	3,305	3,885	4,749
Administrative expenses	(6,966)	12	(26,081)	(17,098)
Selling and distribution expenses	(1,721)	(3)	(4,453)	(979)
Other operating expenses	(3,272)	(9,428)	(26,170)	(34,309)
Loss from operations	(1,349)	(5,058)	(28,458)	(35,895)
Finance costs	(84)	(746)	(236)	(763)
Loss before tax	(1,433)	(5,805)	(28,694)	(36,659)
Tax expenses	-	-	-	-
Loss after tax	(1,433)	(5,805)	(28,694)	(36,659)
Other comprehensive loss, net of tax				
- Currency translation difference	(483)	103	(2,593)	509
Total comprehensive loss for the financial period	(1,916)	(5,701)	(31,287)	(36,149)
Loss net of tax attributable to :				
Owners of the Company	(2,493)	(4,417)	(24,962)	(29,181)
Non-controlling interests	1,060	(1,388)	(3,732)	(7,478)
	(1,433)	(5,805)	(28,694)	(36,659)
Total comprehensive loss attributable to :				
Owners of the Company	(3,278)	(4,470)	(25,573)	(28,747)
Non-controlling interests	1,362	(1,232)	(5,714)	(7,403)
	(1,916)	(5,701)	(31,287)	(36,149)
Loss per share attributable to owners of the Company:				
Basic loss per share (cent per share)	(0.19)	(0.33)	(1.50)	(2.15)
Diluted loss per share (cent per share)	(0.19)	(0.25)	(1.50)	(1.58)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Unaudited As At 31-Dec-2022 RM'000	Audited As At 31-Dec-2021 RM'000
<u>Assets</u>		
Non-current assets		
Property, plant and equipment	45,061	44,032
Right-of-use assets	126,007	154,759
Investment property	9,573	-
Intangible assets	12,908	13,636
Total non-current assets	193,549	212,427
Current assets		
Inventories	903	2,320
Trade receivables	2,382	2,357
Other receivables, deposits and prepayments	40,134	17,990
Other investments	8,579	11,477
Current tax assets	81	36
Deposits with financial institution	36,112	91,859
Cash and bank balances	21,846	19,843
Total current assets	110,037	145,882
Total assets	303,586	358,309
<u>Equity and Liabilities</u>		
Equity		
Share capital	220,519	216,334
Reserves	(63,667)	(38,093)
	156,852	178,241
Non-controlling interests	(12,331)	(6,617)
Total equity	144,521	171,624
Liabilities		
Non-current liabilities		
Finance lease liability	71	153
Lease liabilities	115,767	142,594
Total non-current liabilities	115,838	142,747
Current liabilities		
Trade payables	3,244	1,846
Other payables and accruals	16,715	19,262
Amount due to directors	7,124	7,613
Amount due to related party	3,210	1,205
Finance lease liability	75	79
Lease liabilities	12,859	13,933
Total current liabilities	43,227	43,938
Total liabilities	159,065	186,685
Total equity and liabilities	303,586	358,309
Net assets per shares attributable to Owners of the Company (cent per share)	0.18	0.22

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	<----- Attributable to owners of the Company ----->						
	<----- Non-distributable ----->			Distributable			
	Share capital	Translation reserve	Warrants reserve	Accumulated losses	Sub-total	Non controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Audited</u>							
Balance at 1 January 2021	83,499	(1,529)	-	(20,076)	61,894	(3,714)	58,180
Transaction with owners:							
Issuance of ordinary shares pursuant to:							
- right issues with warrants	102,507	-	12,259	-	114,766	-	114,766
- exercise of shares issuance scheme	20,029	-	-	-	20,029	-	20,029
- private placement	10,299	-	-	-	10,299	-	10,299
Total transaction with owners	132,835	-	12,259	-	145,094	-	145,094
Acquisition of subsidiary company	-	-	-	-	-	4,500	4,500
Loss for the financial year	-	-	-	(29,181)	(29,181)	(7,478)	(36,659)
Other comprehensive loss:							
Currency translation differences	-	434	-	-	434	75	509
Total comprehensive loss for the financial year	-	434	-	(29,181)	(28,747)	(7,403)	(36,150)
Balance at 31 December 2021	216,334	(1,095)	12,259	(49,257)	178,241	(6,617)	171,624
<u>Unaudited</u>							
Balance at 1 January 2022	216,334	(1,095)	12,259	(49,257)	178,241	(6,617)	171,624
Transaction with owners:							
Issuance of ordinary shares pursuant to:							
- exercise of shares issuance scheme	4,185	-	-	-	4,185	-	4,185
Total transaction with owners	4,185	-	-	-	4,185	-	4,185
Loss for the financial year	-	-	-	(24,963)	(24,963)	(3,732)	(28,695)
Other comprehensive loss:							
Currency translation differences	-	(611)	-	-	(611)	(1,982)	(2,593)
Total comprehensive loss for the financial year	-	(611)	-	(24,963)	(25,574)	(5,714)	(31,288)
Balance at 31 December 2022	220,519	(1,706)	12,259	(74,220)	156,852	(12,331)	144,521

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes to the interim report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Year-To-Date Ended	
	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
Cash flows from operating activities		
Loss before tax	(28,694)	(36,659)
Adjustments for:		
Amortisation of intangible assets	1,311	509
Amortisation of investment property	27	-
Depreciation of property, plant and equipment	5,127	4,477
Depreciation of right of use assets	13,408	14,275
Employee benefit expenses	1,237	2,554
Fair value adjustment of other investments	2,578	8,599
Fair value adjustment of investment in money market fund	(1,415)	273
Interest expense	249	763
Interest income	(88)	(1,703)
Impairment of inventory	1,676	114
Impairment of receivables	-	3,334
Reversal of impairment losses on receivables	(143)	(6)
Rental concessions	(955)	(2,500)
Operating loss before working capital changes	(5,682)	(5,970)
Changes in working capital:		
Inventories	(259)	(1,994)
Receivables	(22,038)	23,828
Payables	(1,445)	(31,085)
Cash used in operations	(29,424)	(15,221)
Tax paid	(57)	(15)
Tax refunded	11	15
Net cash used in operating activities	(29,470)	(15,221)
Cash flow from investing activities		
Interest received	88	1,703
Acquisition of intangible asset	(583)	(1,958)
Acquisition of investment property	(9,600)	-
Acquisition of other investments	(275)	(20,965)
Acquisition of property, plant and equipment	(8,004)	(7,151)
Withdrawal of money market fund	57,161	20,000
Placement of money market fund	-	(113,635)
Proceeds from disposal of property, plant and equipment	-	1
Proceeds from disposal of investment in quoted shares	-	5,348
Withdrawal of fixed deposits with non-financial institution	-	60
Net cash from/(used in) investing activities	38,787	(116,597)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)

	Year-To-Date Ended	
	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
Cash flows from financing activities		
Interest paid	(246)	(763)
Financing from related party	2,005	5,705
Proceeds from issuance of shares	2,948	142,540
Repayment to directors	-	(1,429)
Repayment of finance lease liability	(86)	(75)
Repayment of lease liabilities	(12,089)	(11,064)
Net cash (used in)/from financing activities	(7,468)	134,914
Net increase in cash and bank balances	1,849	3,096
Effects of exchange rate changes	153	122
Cash and bank balances at the beginning of financial year	19,844	16,625
Cash and bank balances at the end of financial year	21,846	19,843

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes to the interim financial report.

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2021 (“Audited Financial Statements”). The selected explanatory notes attached to these interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest Audited Financial Statements except for the adoption of the following new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) which are effective for the financial year beginning 1 January 2022:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 3	Business Combination - Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRSs 2018 - 2020 Cycle)

The adoption of the above MFRS, amendments/improvements to MFRSs and IC Int did not have any material financial impact to the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors affecting the operations of the Group in the current financial quarter under review.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current financial quarter under review.

A4. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A5. Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter and year, except for:

	3 Months Ended		12 Months Ended	
	31-Dec-22		31-Dec-22	
	No. of shares	RM'000	No. of shares	RM'000
Share Issuance Scheme (SIS)	-	-	163,804,412	2,948,479

A6. Dividend

There were no dividends declared or paid during the current financial quarter under review.

A7. Segmental information

(a) Analysis of revenue by geographical area were as follows:

	Quarter Ended		Year-To-Date Ended	
	Unaudited	Unaudited	Unaudited	Audited
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Malaysia	6,147	2,290	12,708	7,044
Taiwan	10,772	7,667	27,478	18,201
	16,919	9,957	40,186	25,245
Less: Inter-company transactions	(74)	-	(229)	(243)
Total revenue	16,845	9,957	39,957	25,002

A7. Segmental information (cont'd)

(b) Analysis of revenue, results, assets, and liabilities by operating segments were as follows:

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Quarter Ended		Year-To-Date Ended	
	Unaudited 31-Dec-22 RM'000	Unaudited 31-Dec-21 RM'000	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
Segment revenue				
Leisure and hospitality	10,772	7,667	27,478	18,201
Logistics services	414	111	867	488
Value added products and services	5,733	2,179	11,841	5,723
Others	-	-	-	833
Total	16,919	9,957	40,186	25,245
Less: Inter-company transactions	(74)	-	(229)	(243)
Total revenue	16,845	9,957	39,957	25,002
Segment result				
Leisure and hospitality	(1,048)	(2,435)	(10,735)	(16,164)
Logistics services	(2,131)	(143)	(5,551)	(964)
Value added products and services	852	(3,224)	(6,019)	(9,163)
Others	894	(3)	(6,389)	(10,368)
Total	(1,433)	(5,805)	(28,694)	(36,659)
Segment assets				
Leisure and hospitality			187,026	206,556
Logistics services			9,398	1,914
Value added products and services			17,124	21,510
Others			90,038	128,329
Total			303,586	358,309
Segment liabilities				
Leisure and hospitality			150,355	180,565
Logistics services			2,841	244
Value added products and services			5,099	2,739
Others			770	3,137
Total			159,065	186,685

A8. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment during the current quarter and year-to-date ended 31 December 2022.

A9. Events after the reporting period

There was no material event after the current quarter and year-to-date ended 31 December 2022.

A10. Changes in composition of the Group

On 18 October 2022, DGB Asia Capital Sdn. Bhd., a wholly owned subsidiary of the Company, incorporated a wholly owned subsidiary in Hong Kong named DGB Asia Capital Limited.

A11. Contingent assets or liabilities

There were no contingent assets and contingent liabilities as at 31 December 2022.

A12. Capital commitments

Capital expenditure contracted for as at 31 December 2022 and 31 December 2021 but not recognised in the financial statements were as follow:

	Unaudited	Audited
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Contracted but not provided for		
Investment property	-	5,432
Intangible assets	80	113
Property, plant and equipment	178	-
	<u>257</u>	<u>5,545</u>

A13. Related party transactions

The related party transactions between the Group and the related party were as follows:

	Quarter Ended		Year-To-Date Ended	
	Unaudited	Unaudited	Unaudited	Audited
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Subsidiary				
Sales of vending machine	-	-	-	243
Related Party				
Sales of vending machine	-	2,159	4,009	3,701
Sales of vending machine subscription package	1	-	2	-
Sales of vending machine maintenance and support	48	-	48	-
Sales of logistics services	25	-	30	-
Sales of advertising services	-	-	84	-
Purchases of networks subscription:	<u>11</u>	<u>6</u>	<u>31</u>	<u>17</u>

A14. Cash and cash equivalents

Total cash and cash equivalents as at 31 December 2022 and 31 December 2021 were as follows:

	Unaudited	Audited
	31-Dec-22	31-Dec-21
	RM'000	RM'000
Deposits with financial institution	36,112	91,859
Cash and bank balances	21,846	19,843
	<u>57,958</u>	<u>111,702</u>

A15. Fair value measurements

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Total financial instruments measured at Level 1 as at 31 December 2022 and 31 December 2021 were as follows:

	Unaudited	Audited
	31-Dec-22	31-Dec-21
	RM'000	RM'000
<u>Financial Assets</u>		
Level 1		
Other investments	8,579	11,477
Deposits with financial institution	36,112	91,859
	<u>44,691</u>	<u>103,336</u>

The Group does not have any financial instruments measured at Level 2 and Level 3 as at 31 December 2022 and 31 December 2021.

B ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

	Quarter Ended			Year-To-Date Ended		
	Unaudited	Unaudited	Changes	Unaudited	Audited	Changes
	31-Dec-22	31-Dec-21		31-Dec-22	31-Dec-21	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,845	9,957	6,888	39,957	25,002	14,955
Gross profit	9,883	1,056	8,827	24,361	11,742	12,619
Loss from operations	(1,349)	(5,058)	3,709	(28,458)	(35,895)	7,437
Loss before tax	(1,433)	(5,805)	4,372	(28,694)	(36,659)	7,965
Loss after tax	(1,433)	(5,805)	4,372	(28,694)	(36,659)	7,965
Loss attributable to owners of the Company	(2,493)	(4,417)	1,924	(24,962)	(29,181)	4,219

Quarter Ended 31 December 2022 (Q4 2022) compared to Quarter Ended 31 December 2021 (Q4 2021), and Year-To-Date Ended 31 December 2022 (YTD2022) compared to Year-To-Date Ended 31 December 2021 (YTD 2021)

For Q4 2022, the Group's revenue increased from RM 9.9 million to RM 16.8 million and loss before tax (LBT) decreased from RM 5.8 million to RM 1.4 million. For YTD 2022, the Group's revenue increased from RM 25.0 million to RM 39.9 million and LBT decreased from RM 36.6 million to RM 28.8 million.

Leisure and Hospitality

The revenue of the leisure and hospitality segment increased in both Q4 2022 and YTD 2022 compared to the corresponding periods in 2021. This was due to an increase in the hotel's average occupancy rate.

In Q4 2022, the hotel's average occupancy rate increased from 53% to 72%, resulting in a revenue increase from RM 7.6 million to RM 10.7 million. For YTD 2022, the hotel's average occupancy rate increased from 38% to 54%, leading to a revenue increase from RM 18.2 million to RM 27.4 million.

The increase was attributed to the Taiwan domestic travel subsidy program in July 2022 and the reopening of Taiwan's border in October 2022. As a result, the LBT decreased from RM 2.4 million to RM 1.0 million for Q4 2022 and from RM 16.1 million to RM 10.7 million for YTD 2022.

Value-Added Products and Services

The revenue of the value-added products and services segment increased in both Q4 2022 and YTD 2022 compared to the corresponding periods in 2021. The increase was driven by higher revenue from products sold through vending machines. This was attributed to the deployment of additional vending machines, which increased from 115 units to 270 units.

In Q4 2022, the revenue of the value-added products and services segment increased from RM 2.1 million to RM 5.7 million. For YTD 2022, the revenue increased from RM 5.7 million to RM 11.8 million.

In addition, the Group generated digital advertising revenue through collaborations with an outdoor billboard agency to sell the vending machine digital screen ads in Q4 2022. As a result, the LBT decreased from RM 3.2 million to a profit before tax (PBT) of RM 0.8 million for Q4 2022 and from RM 9.1 million to RM 6.0 million for YTD 2022.

B1. Review of performance (cont'd)

Logistics Services

The revenue of the logistics services segment increased in both Q4 2022 and YTD 2022 compared to the corresponding periods in 2021.

In Q4 2022, the segment's revenue increased from RM 0.1 million to RM 0.4 million, which was attributed to an increase in the average number of items packed per month from 9,900 to 43,700. Similarly, in YTD 2022, the revenue of the logistics services segment increased from RM 0.4 million to RM 0.8 million, and the average number of items packed per month increased from 5,500 to 23,200.

These improvements were due to the additional warehouse that was added to the logistics services segment. Despite the increased revenue, the logistics services segment's LBT increased due to additional operating expenses incurred from opening the new warehouse.

Others

For the other segment, the LBT had decreased from RM 0.03 million to a PBT of RM 0.8 million for Q4 2022, and from RM 10.3 million to RM 6.3 million for YTD 2022. The decrease was due to lower unrealized losses in other investments, impairments on receivables, and share option expenses.

B2. Comparison with preceding quarter's results

	Quarter Ended		
	Unaudited 31-Dec-22 RM'000	Unaudited 30-Sep-22 RM'000	Changes RM'000
Revenue	16,845	10,412	6,433
Gross profit	9,883	6,505	3,378
Loss from operations	(1,349)	(11,162)	9,813
Loss before tax	(1,433)	(11,194)	9,761
Loss after tax	(1,433)	(11,194)	9,761
Loss attributable to owners of the Company	(2,493)	(9,928)	7,435

Quarter Ended 31 December 2022 (Q4 2022) versus Quarter Ended 30 September 2022 (Q3 2022)

The Group's revenue increased from RM 10.4 million to RM 16.8 million and LBT decreased from RM 11.1 million to RM 1.4 million.

Leisure and Hospitality

The revenue of the leisure and hospitality segment increased from RM 6.9 million to RM 10.7 million. This increase was attributed to the reopening of Taiwan's border in October 2022, which increased the hotel's average occupancy rate from 57% to 72%. As a result, the LBT decreased from RM 2.4 million to RM 1.0 million due to the rise in revenue.

Value-Added Products and Services

The revenue of the value-added products and services segment increased from RM 3.2 million to RM 5.7 million. This was driven by higher revenue from products sold via vending machines. This was attributable to the deployment of additional vending machines, which increased from 257 units to 270 units. Furthermore, the Group generated digital advertising revenue in Q4 2022 through collaborations with an outdoor billboard agency to sell the vending machine digital screen ads. As a result, the LBT decreased from RM 4.2 million to a PBT of RM 0.8 million.

Logistics Services

The revenue of the logistics services segment increased from RM 0.2 million to RM 0.4 million. This was attributed to an additional warehouse, which increased the average number of items packed per month from 35,400 to 43,700. However, the LBT increased from RM 1.9 million to RM 2.1 million due to the additional operating expenses incurred from the opening of the new warehouse.

Others

The LBT of the others segment decreased from RM 2.4 million to a PBT of RM 0.8 million, due to lower unrealised loss in other investments and share options expenses.

B3. Prospects

The Group is of the view that the business environment remains challenging due to the continued pressure from global supply chain disruptions, ongoing geopolitical conflicts, rising input cost, and the weakening of ringgit that which could impact consumer purchasing power.

The Group will continue to enhance operational efficiencies to moderate the impact of external economic headwinds.

These include: -

- To expand its e-commerce presence by collaborating with additional platforms and offering fulfillment services to their respective sellers. This will allow the Group to increase its market reach.
- To deploy additional vending machines across the Klang Valley and Malaysia. This will allow the Group to enhance its competitive advantage and improve its position relative to other advertising platforms, as having more vending machines in place is expected to draw a larger customer base and increase its advertising market reach.
- To offer competitive hotel room rates to attract more bookings in response to the Taiwan Government's target of attracting 6 million visitors in Year 2023.

The above initiatives are intended to diversify the Group's business risks by reducing dependence on any single business in the Group. The Group is cautiously optimistic, with a focus on strengthening the Group's core ecosystems by adopting a proactive stance.

The financial performance of the Group for FYE 2023 will depend on the results of our business plans and initiatives stated above. Where necessary adjustments will be made to suit the operating environment when required to improve the Group financial position. The availability of adequate working capital, minimal gearing and the implementation of the business initiatives stated above will help to sustain the Group in the year ahead.

B4. Income tax expenses

There was no provision of tax for the current financial quarter and year-to-date ended 31 December 2022.

B5. Profit forecast and profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B6. Status of corporate proposals

There was no corporate proposal announced by the Group that remained uncompleted as at the date of this report.

B7. Status of utilisation of proceeds raised from previous corporate proposals

i. Renounceable Rights Issue with Warrants C

The utilisation of the proceeds of RM114,765,292 from the renounceable rights issue of 956,377,178 new ordinary shares of RM0.12 each as of the date of this report is as follows: -

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	60,000	17,631	42,369	Within 24 months
Expansion of the smart vending machines business	15,000	10,176	4,824	Within 24 months
Marketing expenses	20,000	5,687	14,313	Within 24 months
Working capital	8,865	8,865	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	10,000	10,000	-	Within 24 months
Expenses in relation to the corporate exercises	900	900	-	Immediate
Total	114,765	53,259	61,506	

ii. Private placement

The utilisation of the proceeds of RM10,299,230 from the private placement of 270,321,000 new ordinary shares of RM0.0381 each as of the date of this report is as follows: -

Purpose	Proposed Amount RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Timeframe for Utilisation
Upgrading of the Kimpton Da An Hotel	10,194	7,949	2,245	Within 24 months
Expenses in relation to the corporate exercises	105	105	-	Immediate
Total	10,299	8,054	2,245	

B8. Borrowings and debt securities

Total group borrowings and debt securities as at 31 December 2022 and 31 December 2021 were as follows:

	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
<u>Short Term Borrowing (Secured)</u>		
Finance lease liability	75	79
<u>Long Term Borrowings (Secured)</u>		
Finance lease liability	71	153
Total	<u>146</u>	<u>232</u>

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B9. Trade receivables

	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
Trade receivables	6,859	6,978
Less: Accumulated impairment losses	(4,477)	(4,621)
	<u>2,382</u>	<u>2,357</u>

The ageing analysis of the Group's trade receivables were as follows:

	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
Not past due	542	1,871
Past due but not impaired		
- 0 to 30 days	1,387	79
- 31 to 90 days	118	-
- more than 90 days	4,812	5,028
	6,317	5,107
Allowance for impairment	(4,477)	(4,621)
	<u>2,382</u>	<u>2,357</u>

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 5 months (2021: 1 month to 5 months). Other credit terms are assessed and approved on a case-by-case basis. There are no trade receivables from related parties.

B10. Material litigation

There was no litigation against the Group as at the date of this report.

B11. Dividends

The Board does not recommend any dividends for the current financial quarter under review and the financial year-to-date.

B12. Loss per share

i. Basic loss per ordinary shares

Basic earnings per share amounts were calculated by dividing loss for the period attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial period ended 31 December 2022.

	<u>Quarter Ended</u>		<u>Year-To-Date Ended</u>	
	<u>Unaudited</u> <u>31-Dec-22</u>	<u>Unaudited</u> <u>31-Dec-21</u>	<u>Unaudited</u> <u>31-Dec-22</u>	<u>Audited</u> <u>31-Dec-21</u>
Net loss attributable to				
Owners of the Company (RM'000)	(3,421)	(4,470)	(25,716)	(28,747)
Weighted average number of ordinary shares in issue ('000)	<u>1,707,149</u>	<u>1,335,774</u>	<u>1,707,149</u>	<u>1,335,774</u>
Basic loss per share (cent)	<u>(0.20)</u>	<u>(0.33)</u>	<u>(1.51)</u>	<u>(2.15)</u>

ii. Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants and options during the financial period ended 31 December 2022.

	<u>Quarter Ended</u>		<u>Year-To-Date Ended</u>	
	<u>Unaudited</u> <u>31-Dec-22</u>	<u>Unaudited</u> <u>31-Dec-21</u>	<u>Unaudited</u> <u>31-Dec-22</u>	<u>Audited</u> <u>31-Dec-21</u>
Net loss attributable to				
Owners of the Company (RM'000)	(3,421)	(4,470)	(25,716)	(28,747)
Weighted average number of ordinary shares in issue ('000)	<u>1,707,149</u>	<u>1,813,962</u>	<u>1,707,149</u>	<u>1,813,962</u>
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted loss per share	<u>1,707,149</u>	<u>1,813,962</u>	<u>1,707,149</u>	<u>1,813,962</u>
Diluted basic loss per share (cent)	<u>(0.20)</u>	<u>(0.25)</u>	<u>(1.51)</u>	<u>(1.58)</u>

B13. Comprehensive Income Disclosure

	Quarter Ended		Year-To-Date Ended	
	Unaudited 31-Dec-22 RM'000	Unaudited 31-Dec-21 RM'000	Unaudited 31-Dec-22 RM'000	Audited 31-Dec-21 RM'000
<i>Loss before tax is derived after charging:</i>				
Amortisation of intangible assets	346	251	1,311	509
Depreciation of investment property	13	-	27	-
Depreciation of property, plant and equipment	1,040	1,267	5,127	4,477
Depreciation of right of use assets	3,362	3,495	13,408	14,275
Fair value adjustment of other investments	(2,293)	1,009	2,578	8,599
Fair value adjustment of investment in money market fund	237	36	(1,415)	273
Interest expense	102	363	249	763
Interest income	-	(584)	(88)	(1,703)
Impairment of inventory	-	114	1,676	114
Impairment of receivables	-	37	-	3,334
Reversal of impairment losses on receivabl	(143)	(6)	(143)	(6)
Short-term leases or leases of low value assets	383	78	2,039	246

B14. Auditors' report on preceding annual financial statements

The preceding year's annual financial statements were not subject to any qualification.

By Order of the Board
Company Secretary