

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**
 - THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Second quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 30-Jun-22 RM'000	Preceding Period 30-Jun-21 RM'000	Current Period 30-Jun-22 RM'000	Preceding Period 30-Jun-21 RM'000
Continuing Operations				
Revenue	20,760	12,563	41,997	22,181
Cost of sales	(6,656)	(3,793)	(11,981)	(6,068)
Gross profit	14,104	8,770	30,016	16,113
Other income	85	1,465	156	1,805
Operating expenses	(7,723)	(9,884)	(16,892)	(14,775)
Finance cost	(44)	(100)	(138)	(793)
	(7,682)	(8,519)	(16,874)	(13,763)
Share of results in associate company	(336)	-	(656)	-
Profit before tax from continuing operations	6,086	251	12,486	2,350
Taxation	-	(16)	10	(27)
Profit for the period from continuing operations	6,086	235	12,496	2,323
Discontinued Operations				
Profit/(loss) for the period from discontinued operations	296,196	(33,458)	303,463	(59,068)
Total profit/(loss) for the period	302,282	(33,223)	315,959	(56,745)
Other comprehensive (expense)/income: Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	(196,501)	2,916	(198,205)	5,898
Total comprehensive income/(expense) for the period	105,781	(30,307)	117,754	(50,847)
Profit/(Loss) attributable to				
Equity holders of the Company	301,866	(33,465)	316,505	(57,394)
Minority interest	416	242	(546)	649
	302,282	(33,223)	315,959	(56,745)
Total comprehensive income/(expenses) attributable to				
Equity holders of the Company	106,302	(32,291)	119,423	(54,664)
Minority interest	(521)	1,984	(1,669)	3,817
	105,781	(30,307)	117,754	(50,847)
Profit/(loss) per share attributable to equity holders of the Company (sen)				
- basic (sen)	13.65	(1.86)	14.31	(3.19)
- fully diluted (sen)	12.80	(1.86)	13.42	(3.19)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**
 - THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Jun-22	Audited as at 31-Dec-21
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	11,989	7,409
Investment in associates	99,969	88,583
Right of use assets	2,309	2,753
Intangible assets	95,249	94,562
Deferred tax asset	78	143
	209,594	193,450
Current Assets		
Inventories	1,151	1,007
Trade receivables	49,466	31,966
Other receivables, deposits and prepayments	10,832	16,904
Amount owing by an associate	150	971
Tax recoverable	453	654
Bank balances and cash	6,789	12,842
	68,841	64,344
Assets held for sales	-	75,624
Total Assets	278,435	333,418
Shareholders' Fund		
Share capital	1,224,044	1,222,833
Reserves	(1,131,083)	(1,250,506)
	92,961	(27,673)
Non-controlling interest	7,528	8,654
	100,489	(19,019)
Current Liabilities		
Trade payables	27,082	25,510
Other payables and accrued expenses	113,005	102,110
Amount owing to an associate	33,147	34,542
Lease liabilities	978	2,825
Borrowings	1,560	1,560
Redeemable convertible note	-	1,000
Provision for taxation	329	13
	176,101	167,560
Liabilities held for sales	-	184,103
	176,101	351,663
Non Current Liabilities		
Lease liabilities	1,845	709
Deferred tax liabilities	-	65
	1,845	774
Total Equity and Liabilities	278,435	333,418
Net assets per share (RM)	0.045	(0.009)

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Non-distributable reserves -----→					Distributable reserve	Sub-total RM'000	Non- controlling interest RM'000	Total RM'000	
	Share capital RM'000	Statutory common reserve funds RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	ESOS reserve RM'000	Shares Option reserve RM'000				Accumulated losses RM'000
6 months ended 30 June 2021										
Balance as of January 1, 2021	1,153,305	49,358	(799,823)	192,753	-	2,640	(536,774)	61,459	101,266	162,725
Issue of shares:										
Conversion of RCN	37,000	-	-	-	-	-	-	37,000	-	37,000
Private placement	17,458	-	-	-	-	-	-	17,458	-	17,458
(Loss)/profit for the period	-	-	-	-	-	-	(57,394)	(57,394)	649	(56,745)
Other comprehensive expense										
Exchange difference arising from translation of foreign operations	-	-	-	2,730	-	-	-	2,730	3,168	5,898
Balance as of June 30, 2021	1,207,763	49,358	(799,823)	195,483	-	2,640	(594,168)	61,253	105,083	166,336
6 months ended 30 June 2022										
Balance as of January 1, 2022	1,222,833	49,358	(799,823)	195,050	7,987	2,640	(705,718)	(27,673)	8,654	(19,019)
Issue of shares:										
Conversion of RCN	1,000	-	-	-	-	-	-	1,000	-	1,000
Exercise of Esos	211	-	-	-	-	-	-	211	-	211
Disposal of subsidiary	-	(49,358)	799,823	-	-	-	(750,465)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	543	543
Profit/(loss) for the period	-	-	-	-	-	-	316,505	316,505	(546)	315,959
Other comprehensive expense										
Exchange difference arising from translation of foreign operations	-	-	-	(197,082)	-	-	-	(197,082)	(1,123)	(198,205)
Balance as of June 30, 2022	1,224,044	-	-	(2,032)	7,987	2,640	(1,139,678)	92,961	7,528	100,489

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	30-Jun-22	30-Jun-21
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	12,486	2,350
Profit/(loss) before tax from discontinued operations	303,463	(59,068)
Profit/(loss) for the period	<u>315,949</u>	<u>(56,718)</u>
Adjustments for:		
Depreciation of property, plant and equipment	871	19,378
Depreciation of right of use assets	1,526	1,784
Amortisation of lease payments	-	541
Amortisation of intangibles assets	449	405
Gain on disposal of asset held for sale	(103,912)	-
Finance costs	138	793
Interest income	(5)	(21)
Share of associate's results	656	-
Operating profit/(loss) before working capital changes	<u>215,672</u>	<u>(33,838)</u>
(Increase) / Decrease in:		
Inventories	(144)	(6,066)
Trade receivables	(17,500)	(4,179)
Other receivables, deposits and prepayments	6,034	(3,612)
Amount due by/(to) associate	(574)	-
Increase / (Decrease) in:		
Trade payables	1,572	65,500
Other payables and accrued expenses	7,082	(47,443)
Cash generated from/(used in) operations	<u>212,142</u>	<u>(29,638)</u>
Interest paid	(138)	(793)
Tax paid	529	-
Net cash generated from/(used in) operating activities	<u>212,533</u>	<u>(30,431)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,461)	(8,680)
Acquisition of subsidiaries, net of cash acquired	(590)	-
Interest received	5	21
Disposal of subsidiary	(716)	-
Net cash used in investing activities	<u>(6,762)</u>	<u>(8,659)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Redeemable Convertible Note, net of transaction costs	-	38,000
Repayment of bank loan	-	(854)
Proceeds from exercise of ESOS	211	-
Proceeds from Private Placement, net of transaction costs	-	17,458
Repayment of lease payables	(1,793)	(1,892)
Net cash (used in)/generated from financing activities	<u>(1,582)</u>	<u>52,712</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	204,189	13,622
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE FINANCIAL PERIOD	12,842	10,048
Effect of changes in exchange rates	(210,242)	(6,550)
Changes in cash and cash equivalents classified as held for sales	-	(1,087)
CASH AND CASH EQUIVALENTS	<u>6,789</u>	<u>16,033</u>
AT END OF THE FINANCIAL PERIOD	<u>6,789</u>	<u>16,033</u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the the Audited Financial Statements for the financial year ended 31 December 2021.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and amendments to MFRS for financial periods beginning on or after 1 January 2022: -

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, “Business Combinations” (Reference to the Conceptual Framework)
- Amendments to MFRS 116, “Property, Plant and Equipment” (Proceeds before Intended Use)
- Amendments to MFRS 137, “Provision, Contingent Liabilities and Contingent Assets” (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
 - Amendment to MFRS, “First-time Adoption of Malaysian Financial Reporting Standards”
 - Amendment to MFRS 9, “Financial Instruments”
 - Amendment to Illustrative Examples accompanying MFRS 16, “Leases”
 - Amendment to MFRS 141, “Agriculture”

The above accounting standards and amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group.

Accounting standards and amendments to accounting standards that are applicable for the Group in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2023

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts”
- Amendments to MFRS 101, “Presentation of Financial Statements” (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Disclosure of Accounting Policies)
- Amendments to MFRS 108, “Accounting Policies Changes in Accounting Estimates and Errors” (Definition of Accounting Estimates)
- Amendments to MFRS 112

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2021 was not qualified.

A3. Seasonal or cyclical factors

The operations of the Group are subject to consumer spending preference and general market condition in the F&B and digital technology industry.

A4. Unusual items

Safe and except for the disposal of the Group's “discontinued operations” (i.e. the continuous loss-making subsidiaries PIPO Overseas Limited and Linyi Yehua Coking Co., Ltd.) during the quarter under review, there were no items or events that arose which affected the Group's assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

The said disposal will finally free the Group from being stifled by huge losses and drain on its financial resources whilst enabling the Group to focus its efforts and resources to develop and grow its core business operations, namely the digital transformation and technology businesses

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A6. Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter:

- a) The Company has the outstanding redeemable convertible notes (“RCN”) of RM1 million converted into 10 million ordinary shares at issued price of RM0.1 per share;
- b) There was an exercise of options under the Employees' Share Option Scheme amounted to 3 million ordinary shares issued at an exercise price of RM0.0703 per share.

The above issuances have thereby increased the Company's total issued share capital from RM1,222,833,000 to RM1,224,044,000 during the quarter under review.

A7. Dividends paid

There were no dividends paid during the quarter under review.

A8. Segmental information

Segment results by business activities

	Second quarter ended		Financial period ended	
	30 June 2022		30 June 2022	
	External revenue	Profit/(Loss) before tax	External revenue	Profit/(Loss) before tax
	RM'000	RM'000	RM'000	RM'000
Technology driven food and beverage	12,471	588	25,145	1,341
Technology and digital transformations enabler	8,289	6,284	16,852	11,666
Others	-	(786)	-	(521)
	<u>20,760</u>	<u>6,086</u>	<u>41,997</u>	<u>12,486</u>

	Second quarter ended		Financial period ended	
	30 June 2021		30 June 2021	
	External revenue	Profit/(Loss) before tax	External revenue	Loss before tax
	RM'000	RM'000	RM'000	RM'000
Technology driven food and beverage	7,942	(305)	13,241	1,492
Technology and digital transformations enabler	4,621	1,476	8,940	4,037
Others	-	(920)	-	(3,179)
	<u>12,563</u>	<u>251</u>	<u>22,181</u>	<u>2,350</u>

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the quarter under review.

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

On 26 July 2022, the Company proposed to undertake the following exercises:

- a) proposed private placement of up to 664,414,400 new ordinary shares, representing approximately 30% of the existing issued share capital of the Company of RM1,224,044,262.86 comprising 2,214,714,736 Shares as at 22 July 2022 (being the latest practicable date prior to the date of the announcement); and

- b) proposed bonus issue of up to 2,157,134,670 free warrants in the Company (“Warrant(s)”) on the basis of 1 Warrant for every 2 Shares held by the entitled shareholders on an entitlement date to be determined and announced later.

A11. Changes in the composition of the Group

During the current quarter under review, the Company had entered into an Amendment No. 1 to the Shareholders’ Agreement dated 21 April 2021 with Monika Mikac, Igor Pongrac, Nordin Ćatić and Benjamin Božič to withdraw from major part of the agreed investment, by reducing the Company’s major shareholding of 51% to 10% in Electric Revolution d.o.o. (“E-Rex”), subject to the terms and conditions stipulated in the Amended SHA (“Partial Withdrawal”), as per the Company’s announcement on 26 May 2022. This Partial Withdrawal was made in consideration of the fact that the Company had only contributed a total of EUR200,000 (out of its obligated capital contribution of EUR1,000,000, as stipulated in the original Shareholders’ Agreement). The Withdrawal Transfer is deemed to be a necessary step to enable the participation of other strategic partners/shareholders into E-Rex to accelerate the product development and further bring E-Rex forward. In addition to that, given the Company no longer obligated to commit further capital contribution into E-Rex, the Company will be able to refocus its financial resources to its other core digital transformation solution businesses which is seen as the catalyst for growth, moving forward. Notwithstanding the above, TXB will continue to be involved in the electric mobility space by virtue of it still remaining as a strategic partner and sole representative of E-Rex to develop markets in the ASEAN region

In addition to the above, the Company had also disposed its “discontinued operations” (i.e. the loss-making subsidiaries PIPO Overseas Limited and Linyi Yehua Coking Co., Ltd.) during the current quarter, as disclosed in Note A4 above.

A12. Changes in contingent liabilities or contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

A13. Related party transactions

There was no related party transaction during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

During the second quarter of the year, the Group's technology driven food & beverage business continued to show strong recovery contributing approximately RM12.5 million in revenue compared to approximately RM7.9 million the same quarter last year. This is due to the fact that over the same period in the preceding year, these businesses were somewhat stifled by dining restrictions imposed by the Government in response to the continued proliferation of the Covid-19 pandemic last year. Similarly, the Group's digital transformation & technology businesses also saw some improvement by generating a revenue of approximately RM8.3 million by virtue of the fact that the relevant business entities managed to continue implementing and servicing the existing contracts in addition to securing some new projects in this current quarter. This is in comparison to a revenue of only RM4.6 million recorded in the same quarter last year.

As a direct consequence of an increase in revenue during the quarter under review compared to that in the preceding year, the cost of sales for the technology driven food & beverage business saw a proportionate increase to approximately RM4.5 million during this quarter compared to approximately RM2.5 million recorded in the same quarter last year. Insofar as the digital transformation & technology businesses are concerned, the attributable cost of sales thereof amounted to approximately RM2.2 million in this quarter compared to approximately RM1.3 million recorded in the same quarter last year.

The total operating expenses incurred by the technology driven food & beverage and the digital transformation & technology businesses as well as that of corporate holding company level ("the Company") of the Group as a whole, accounted to approximately RM7.7 million for the current quarter under review, compared to approximately RM9.9 million incurred during the same period last year. The lower operating expenses incurred during the quarter under review was because of the inclusion of some expenses/costs incurred by the corporate holding company level relating to the capital raising and corporate exercises which amounted to approximately RM1 million incurred in the preceding year.

Premised on the above, the performance of the technology driven food & beverage and the digital transformation & technology businesses collectively had generated a significantly better result during the quarter under review with a profit before tax of approximately RM6.1 million compared to approximately RM0.3 million in the preceding year corresponding quarter.

Given the continued dire financial performance of the metallurgical coke business over the past few years and the lack of visibility of a turnaround, the Board has made a strategic decision to cease the operation of the metallurgical coke business from 31 December 2021 in an effort to contain the financial haemorrhage that has been draining the Group's financial resources for the past few years.

With the cessation of the metallurgical coke business operation which has since been classified as "discontinued operations", the Group has finally managed to dispose this burdensome loss-making operation, following which the Group was able to recognise a gain on disposal of approximately RM103.9 million into its profit and loss account during the quarter under review. Furthermore, in accordance with the MFRS 121 Paragraph 48, the accumulated amount of foreign exchange translation reserves pertaining to the

disposed “discontinued operations” which were previously recognised in other comprehensive income has been reclassified into current quarter profit and loss upon the said disposal, thus resulting in the combined derived profit from the disposal of the “discontinued operations” to increase to RM296.2 million for the current quarter under review. In addition, this has also in effect reversed the Group’s RM27.7 million negative shareholders’ fund as at 31 December 2021 to a positive foothold of approximately RM93.0 million as at 30 June 2022.

B2. Variation of results against preceding quarter

The revenue recorded by the technology driven food & beverage business saw a slight reduction to approximately RM12.5 million in the current quarter under review compared to RM12.7 million during the immediate preceding quarter ended 31 March 2022. This was mainly due to the renovation works undertaken in the China’s operations which had affected the overall revenue contribution from this segment despite some improvements seen in the food and beverage establishments in Malaysia in the second quarter compared to the first quarter of 2022. The revenue from the digital transformation & technology businesses, which included the contribution from the energy storage business, contributed approximately RM8.3 million in the second quarter of 2022 compared to approximately RM8.6 million in the immediate preceding quarter. This slight decrease was due to the smaller revenue recognition from the existing projects compared to the first quarter of the year.

As a consequence of the above, the gross profit contribution from the technology-driven food & beverages business and digital transformation & technology businesses saw slight reduction from approximately RM15.9 million in the immediate preceding quarter ended 31 March 2022 to approximately RM14.1 million for the current quarter under review.

The operating expenses of approximately RM7.7 million recorded during the quarter under review was slightly lower compared to that of approximately RM9.2 million recorded during the immediate preceding quarter ended 31 March 2022. The reduction is mainly due to lower operating costs incurred especially in the energy storage business segment during this quarter under review.

After taking into consideration of other income and operating expenses, the Group registered a profit for the period of approximately RM6.1 million in the current quarter under review compared to approximately RM6.4 million in the immediate preceding quarter.

B3. Current year prospects

Following the disposal of the Group’s discontinued operations (i.e. loss-making metallurgical coke business) in the second quarter of the year, the Group is now able to focus all of its efforts and resources in developing and growing its core digital transformation & technology businesses. These businesses are as follows:

Smart City

Despite besetting by certain social economic and geopolitical uncertainties in the recent period, the Group continues to soldier ahead and engage with all the local government agencies and municipal councils of all the states in Malaysia to introduce its own developed Smart City Platform (“SCP”). This SCP enables the government agencies or local authorities to engage with the community intelligently via a mobile app. There are

already several cities in Malaysia earmarked to be developed as a smart city which include Iskandar Malaysia in Johor, Georgetown in Penang and Mukah in Sarawak. Iskandar Regional Development Authority also intends to develop Iskandar Malaysia as a smart city by 2025. As such, the potential prospect for this business segment is expected to be enormous.

Agritech

Vertical farming in the agriculture sector is one of the key GDP contributors to the country and the aquaculture industry is expected to grow vigorously. The Group has recently ventured into the aquaculture industry by inking a partnership agreement for the joint development and commercialisation of a Smart Integrated Aquaculture Platform for sustainable aquafarming in Malaysia which will revolutionise the aquafarming industry and further promote sustainable farming practices in Malaysia. Through such efforts, the Group is aspired to be the leader in revolutionise the agriculture and aquaculture industries in the near future.

Electrical Mobility

The global electric vehicle market size is expected to grow robustly. Tapping on to the potential exponential growth of the Electric Vehicle Market, the joint venture company set up by the Group in Croatia together with all the experienced experts, has started working on the Electric Vehicle prototype.

The Group continues to play a strategic role in the electric mobility space and remain as a partner and sole representative of E-Rex to develop markets in ASEAN region and on “project to project” basis in other countries of Asia under its Smart Mobility business segment.

Energy Storage

In order to unlock the potential value of the energy storage business parked under one of the Group’s subsidiaries, namely HK Aerospace Beidou New Energy Technology Co., Ltd (“HKAB”), the Group has proposed to list HKAB on the Singapore Exchange (“SGX”) via a “reverse takeover” (“RTO”) exercise.

SGX has granted its approval for the proposed RTO exercise and the Group is currently working with all the relevant qualifying professionals to execute the planned exercise, accordingly. The completion of the RTO culminating in the listing of HKAB on SGX is expected by 1H 2023.

Communication and Security Solutions

The Group will continue to tap on the technology development and maintenance contract to design and deliver an analytics-enabled public safety and security command system as a springboard for the Group to pursue and secure other opportunities in the communication and security space, both from the public as well as the private sector in the near future. Such effort proved to be fruitful as the Group is getting close to seal a deal for a hardware equipment supply contract with an enforcement agency in Malaysia.

Technology driven food and beverage

As the living standards and disposable income of the population continues to improve, especially for urban households, it is expected to continue contributing to the growth of the F&B market in Malaysia. Specifically, annual expenditure in restaurants rose from RM34.8 billion in 2015 to an estimated RM41.1 billion in 2020, registering a CAGR of 1.1%. Similarly, according to the independent market researcher, Providence Strategic Partners Sdn Bhd, it forecasts the F&B market in China to recover after the Covid 19

pandemic and reach RMB4.9 trillion by 2023, registering a CAGR of 8.1% between 2021 and 2023. The Group is therefore, expected to ride on such growth for the technology driven food and beverage to contribute positively to the Group moving forward.

On the back of the said positive landscape and favourable prospects for the Group's technology driven food and beverage businesses, the Group has started to put its expansion mode into gear with the opening up of new F&B establishments in various strategic locations. Following the opening up of one Fridays and one Teh Tarik Place in the 2nd quarter of this year, the Group plans to open another two Fridays and sign up more franchisee for its Teh Tarik Place establishment.

B4. Variation on forecast profit / Profit guarantee

The Group did not issue any profit forecast nor profit guarantee during the current financial period to date.

B5. Current year taxation

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	Second quarter ended		Financial period ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	302,282	(33,207)	315,949	(56,718)
Less: Profit/(loss) from discontinued operations	296,196	33,458	303,463	59,068
Loss from continuing operations	<u>6,086</u>	<u>251</u>	<u>12,486</u>	<u>2,350</u>
Taxation at statutory tax rate of 24%	1,461	60	2,997	564
Expenses not deductible for tax purposes	3,001	248	3,475	817
Income not subject to tax	-	(6)	(1)	(12)
Utilisation of tax losses not previously recognized	<u>(4,462)</u>	<u>(286)</u>	<u>(6,481)</u>	<u>(1,342)</u>
Taxation for the financial year	<u>-</u>	<u>16</u>	<u>(10)</u>	<u>27</u>

B6. Corporate proposals

On the issuance of RCN with an aggregate principal amount of up to RM150 million, during the current quarter ended 30 June 2022, RCN with an aggregate principal amount of RM1 million were converted into new ordinary shares of the Company at an issue price of RM0.1 per share. The utilisation of proceeds raised is as follows: -

No.	Purposes	Proposed Utilisation	Actual utilised	Balance unutilised	Expected timeframe for utilisation of proceeds ⁽ⁱ⁾
		RM million	RM million	RM million	
(a)	Business expansion and working capital of TouchPoint International Sdn Bhd (“ TouchPoint ”)	27.0	7.4	19.6	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT (“ Wavetree ”)	25.0	0.1	24.9	Within 18 months
(c)	Business expansion and working capital of Craveat International Sdn. Bhd. (formerly known as Bistromalones (PJ) Sdn. Bhd.), its subsidiaries and associated companies (“ Craveat Group ”) within Malaysia	40.0	35.6	4.4	Within 18 months
(d)	Business expansion and working capital of Craveat Group in China	22.0	-	22.0	Within one (1) year
(e)	Working capital for SHIB’s core business	26.2	21.2	5.0	Within one (1) year
(f)	Estimated expenses in relation to the SHIB RCN				
	(i) Professional fees, regulatory fees, printing and advertising costs	1.6	1.0	0.6	Within one (1) month
	(ii) Upon issuance redemption and/or implementation of the SHIB RCN which includes, inter-alia, the administrative fees and the annual fee	8.2	3.7	4.5	Within two (2) year
	Total	150.0	69.0	81.0	

Note: -

(i) From the date of drawdown.

B7. Lease payable

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Secured Lease liabilities	<u>2,823</u>	<u>3,534</u>
Analysed as		
Repayable within twelve months	978	2,825
Repayable after twelve months	<u>1,845</u>	<u>709</u>

B8. Borrowings

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Secured Term loan	<u>1,560</u>	<u>1,560</u>
Analysed as		
Repayable within twelve months	<u>1,560</u>	<u>1,560</u>

B9. Material litigation

As at the date of this report, save and except for the liabilities that have already been recognised in the financial statements, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

B10. Dividends

No dividends had been declared in respect of the current quarter under review.

B11. Profit/(Loss) per share**(a) Basic profit/(loss) per share**

The profit/(loss) per share has been calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the current quarter.

	Second quarter ended		Financial period ended	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
Basic profit/(loss) per share				
Profit/(loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	5,670	(7)	13,042	1,674
- discontinued operations	296,196	(33,458)	303,463	(59,068)
	<u>301,866</u>	<u>(33,465)</u>	<u>316,505</u>	<u>(57,394)</u>
Number / Weighted average number of shares in issue ('000)	<u>2,211,215</u>	<u>1,800,749</u>	<u>2,211,215</u>	<u>1,800,749</u>
Basic profit/(loss) per share (sen)				
- continuing operations	0.25	0.00	0.59	0.09
- discontinued operations	13.40	(1.86)	13.72	(3.28)
	<u>13.65</u>	<u>(1.86)</u>	<u>14.31</u>	<u>(3.19)</u>

(b) Diluted profit/(loss) per share

For the purpose of calculating diluted profit/(loss) per share, consolidated profit/(loss) attributable to owners of the Company, adjusted for dilutive adjustments is divided by weighted average number of ordinary shares in issue during the financial period, adjusted for the dilutive effects of all potential ordinary shares.

	Second quarter ended		Financial period ended	
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21
Diluted profit/(loss) per share				
Profit/(loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	5,670	(7)	13,042	1,674
- discontinued operations	296,196	(33,458)	303,463	(59,068)
	<u>301,866</u>	<u>(33,465)</u>	<u>316,505</u>	<u>(57,394)</u>
Adjustment in respect of redeemable convertible notes (RM'000)	130	N/A	130	N/A

Profit/(loss) for the year after dilutive adjustment (RM'000)	301,736	(33,465)	316,375	(57,394)
Number / Weighted average number of shares in issue ('000)	2,211,215	1,800,749	2,211,215	1,800,749
Adjustment in respect of redeemable convertible notes and ESOS (RM'000)	147,000	*	147,000	*
Adjusted weighted average number of shares in issue ('000)	2,358,215	1,800,749	2,358,215	1,800,749
Diluted profit/(loss) per share (sen)				
- continuing operations	0.24	0.00	0.55	0.09
- discontinued operations	12.56	(1.86)	12.87	(3.28)
	<u>12.80</u>	<u>(1.86)</u>	<u>13.42</u>	<u>(3.19)</u>

* The potential conversion of redeemable convertible notes ("RCN") is anti-dilutive as the conversion of the RCN results in a reduction in diluted loss per share upon conversion.

B12. Profit/(loss) before tax

Profit/(loss) before tax is derived after charging/(crediting):

	Second quarter ended		Financial period ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Interest income	(1)	(10)	(5)	(21)
Other income	(84)	(1,455)	(151)	(1,784)
Finance cost	44	100	138	793
Gain on disposal of subsidiary	(103,912)	-	(103,912)	-
Depreciation of property, plant and equipment	(2,708)	15,547	871	19,378
Amortisation of lease payments	(283)	273	-	541
Depreciation of right-of- use-asset	743	924	1,526	1,784
Share of associate's results	336	-	656	-

By Order of the Board
Chua Siew Chuan
Secretary
29 August 2022