



CN ASIA CORPORATION BHD

(Registration No.: 199601027090 (399442-A))

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIFTH FINANCIAL QUARTER ENDED 31 MARCH 2023**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIFTH FINANCIAL QUARTER ENDED 31 MARCH 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	15 Months Ended 31.03.2023 RM'000	15 Months Ended 31.03.2022 ** RM'000
Revenue	1,947	2,379	12,629	-
Cost of sales	(1,960)	(2,275)	(11,535)	-
Gross (loss)/profit	(13)	104	1,094	-
Selling and distribution expenses	(6)	(7)	(37)	-
Administrative expenses	(931)	(1,852)	(5,649)	-
Other operating expenses	(18,385)	(1)	(22,430)	-
Other income	76	56	360	-
Loss from operations before interest and tax	(19,259)	(1,700)	(26,662)	-
Finance costs	(102)	(77)	(470)	-
Loss before tax	(19,361)	(1,777)	(27,132)	-
Tax expense	(52)	(60)	(174)	-
Loss after tax for the period	(19,413)	(1,837)	(27,306)	-
Other comprehensive expense, net of tax that may be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive expense for the period	(19,413)	(1,837)	(27,306)	-
Net loss for the period attributable to: -				
Owners of the Company	(19,413)	(1,837)	(27,306)	-
Non-controlling interests	-	-	-	-
	(19,413)	(1,837)	(27,306)	-
Total comprehensive expense for the period attributable to: -				
Owners of the Company	(19,413)	(1,837)	(27,306)	-
Non-controlling interests	-	-	-	-
	(19,413)	(1,837)	(27,306)	-
Loss per share (sen)				
- Basic	(10.03)	(1.24)	(14.11)	-
- Diluted	(8.65)	(0.90)	(12.17)	-

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

*** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	As At Current Financial Period Ended 31.03.2023 RM'000	As At Preceding Financial Year Ended 31.12.2021 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant and equipment</i>	14,828	24,632
<i>Right-of-use asset</i>	618	1,060
<i>Intangible asset</i>	88	128
	<u>15,534</u>	<u>25,820</u>
Current Assets		
<i>Inventories</i>	3,869	3,647
<i>Trade and other receivables</i>	17,098	17,767
<i>Contract assets</i>	188	195
<i>Current tax asset</i>	239	146
<i>Cash and cash equivalents</i>	15,676	16,523
	<u>37,070</u>	<u>38,278</u>
TOTAL ASSETS	<u><u>52,604</u></u>	<u><u>64,098</u></u>
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	75,046	60,765
<i>Share options reserve</i>	162	8,440
<i>Accumulated losses</i>	(33,065)	(14,724)
Shareholders' Equity	<u>42,143</u>	<u>54,481</u>
Liabilities		
Non-current Liability		
<i>Lease liabilities</i>	292	755
<i>Term loan</i>	3,087	3,227
	<u>3,379</u>	<u>3,982</u>
Current Liabilities		
<i>Trade and other payables</i>	935	2,004
<i>Contract liabilities</i>	1,170	786
<i>Short-term borrowings</i>	4,476	2,372
<i>Lease liabilities</i>	373	350
<i>Term loan</i>	128	123
	<u>7,082</u>	<u>5,635</u>
TOTAL LIABILITIES	<u>10,461</u>	<u>9,617</u>
TOTAL EQUITY AND LIABILITIES	<u><u>52,604</u></u>	<u><u>64,098</u></u>
Net Assets Per Share (RM)	<u><u>0.17</u></u>	<u><u>0.30</u></u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIFTH FINANCIAL QUARTER ENDED 31 MARCH 2023**

	← Financial Period Ended →	
	31.03.2023 RM'000	31.03.2022 ** RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(27,132)	-
Adjustments For:-		
Allowance for impairment of receivables	5,840	-
Amortisation of intangible asset	40	-
Amortisation of leasehold land	55	-
Development cost written off	12,020	-
Depreciation of property, plant and equipment	2,021	-
Depreciation of right-of-use asset	442	-
Loss on disposal of investment	4,044	-
Gain on foreign exchange - Unrealised	(26)	-
Property, plant and equipment written off	523	-
Share options scheme expenses	864	-
Interest expenses	470	-
Interest income	(312)	-
	<u>25,981</u>	<u>-</u>
Operating Loss Before Working Capital Changes	(1,151)	-
Changes In Working Capital		
Inventories	(215)	-
Receivables	(5,145)	-
Payables	(686)	-
Cash Used In Operations	(7,197)	-
Interest paid	(470)	-
Tax Paid	(267)	-
Net Cash Used In Operating Activities	<u>(7,934)</u>	<u>-</u>
Cash Flows From Investing Activities		
Interest received	312	-
Investment in quoted shares	(8,145)	-
Capital work-in-progress incurred	(3,975)	-
Proceeds from disposal of investment	4,102	-
Purchase of property, plant and equipment	(840)	-
Net Cash Used In Investing Activities	<u>(8,546)</u>	<u>-</u>
Cash Flows From Financing Activities		
Withdrawal of pledged fixed deposit	1,052	-
Net repayments of bankers' acceptance	(62)	-
Net proceeds from issuance of shares	14,104	-
Net repayments of lease liabilities	(441)	-
Net repayments of term loan	(134)	-
Net Cash Generated From Financing Activities	<u>14,519</u>	<u>-</u>
Net Decrease In Cash And Cash Equivalents	(1,961)	-
Cash And Cash Equivalents At Beginning Of The Financial Year	<u>3,615</u>	<u>-</u>
Cash And Cash Equivalents At End Of The Financial Period	<u><u>1,654</u></u>	<u><u>-</u></u>
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	15,676	-
Bank overdrafts	(3,008)	-
	<u>12,668</u>	<u>-</u>
Less: Deposits pledged as security for banking facilities	<u>(11,014)</u>	<u>-</u>
	<u><u>1,654</u></u>	<u><u>-</u></u>

The 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 attached to the interim financial statements.

*** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIFTH FINANCIAL QUARTER ENDED 31 MARCH 2023**

	-----Attributable to owners of the Company-----			
	Non-distributable	Distributable		
	SHARE CAPITAL RM'000	SHARE OPTIONS RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Current financial period ended 31 March 2023				
At 1 January 2022	60,765	8,440	(14,724)	54,481
<u>Transaction with owners:</u>				
Issuance of shares arising from exercise of share options	14,281	-	-	14,281
Share options granted	-	864	-	864
Share options exercised	-	(2,662)	2,662	-
Share options lapsed	-	(6,480)	6,480	-
Share issuance expenses	-	-	(177)	(177)
	14,281	(8,278)	8,965	14,968
Loss for the period	-	-	(27,306)	(27,306)
At 31 March 2023	<u>75,046</u>	<u>162</u>	<u>(33,065)</u>	<u>42,143</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

*** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.*

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023**

Part A: Explanatory Notes Pursuant To MFRS 134

A1. Corporate information

CN ASIA CORPORATION BHD is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

A2. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021.

Change in Accounting Standards

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements of the Group for the financial year ended 31 December 2021 except for the adoption of the following MFRSs and Amendments to MFRSs that are applicable to the Group effective 1 January 2022: -

- Amendments to MFRS 3, MFRS 116 and MFRS 137 and Annual Improvements to MFRS 2018 – 2020.

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact to the Group’s financial statements.

Change in Financial Year End

The Company had on 21 November 2022 announced that it had changed its financial year end from 31 December to 31 March. Consequently, the next set of audited financial statements shall be made up from 1 January 2022 to 31 March 2023 covering a period of 15 months and subsequently, the financial year of the Company shall end on 31 March.

Review of consolidated interim financial statements

The consolidated interim financial statements for the period ended 31 March 2023 has been reviewed by the external auditors.

A3. Auditors’ report on preceding annual financial statements

The auditor’s report of the Group’s annual audited financial statements of the preceding financial year was not subject to any qualification.

A4. Seasonal and cyclical factors

The business operations of the Group were not significantly affected by any seasonal and cyclical factors in the current quarter and financial year-to-date.

A5. Items of an unusual nature

There were no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A6. Material changes in estimates

There were no changes in estimates reported in prior interim periods of the current financial year or prior financial year, which have a material effect in the current interim period.

A7. Changes in debts and equity securities

There were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the current financial year-to-date up to the date of this report, save and except for the issuance of new ordinary shares as follow:-

	<u>Pursuant to</u>	<u>Date issue</u>	<u>No of shares</u>	<u>Issue Price</u>	<u>Listing Date</u>
(i)	Share Issuance Scheme	28/04/2022	2,600,000	RM0.350	05/05/2022
		30/05/2022	2,800,000	RM0.405	01/06/2022
		28/06/2022	2,800,000	RM0.405	30/06/2022
(ii)	Private Placement	02/02/2023	35,514,000	RM0.200	07/02/2023
		03/03/2023	22,223,000	RM0.180	06/03/2023
			<u>65,937,000</u>		

A8. Dividend paid

There was no dividend paid during the financial year-to-date.

A9. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided, and has the following main business segments: -

- Manufacturing - Manufacture tanks and related products, engineering and fabrication works.
- Financial services - Providing moneylending services.
- Energy Management - The business of energy management focused on nano technology lighting and urban farming.
- Investment - Investment holdings comprise of companies providing management services.

<u>Business segments</u>	<u>Manufacturing</u>	<u>Financial</u>	<u>Energy</u>	<u>Investment</u>	<u>Elimination</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>Services</u>	<u>Management</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue						
External revenue	11,486	1,143	-	-	-	12,629
Inter-segment revenue	-	-	-	643	(643)	-
Total revenue	<u>11,486</u>	<u>1,143</u>	<u>-</u>	<u>643</u>	<u>(643)</u>	<u>12,629</u>
Results						
Segment results	(16,381)	(4,722)	(144)	(5,727)	-	(26,974)
Finance costs	(746)	(292)	-	-	568	(470)
Interest income	298	-	-	14	-	312
(Loss) / profit before tax	<u>(16,829)</u>	<u>(5,014)</u>	<u>(144)</u>	<u>(5,713)</u>	<u>568</u>	<u>(27,132)</u>
Tax expense	-	(176)	-	2	-	(174)
(Loss) / profit after tax	<u>(16,829)</u>	<u>(5,190)</u>	<u>(144)</u>	<u>(5,711)</u>	<u>568</u>	<u>(27,306)</u>
Assets						
Segment assets	<u>31,782</u>	<u>14,122</u>	<u>314</u>	<u>6,429</u>	<u>(43)</u>	<u>52,604</u>
Liabilities						
Segment liabilities	<u>10,396</u>	<u>52</u>	<u>-</u>	<u>56</u>	<u>(43)</u>	<u>10,461</u>

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

Operating Segments (Cont'd)

Business segments (Cont'd)

	Manufacturing RM'000	Financial Services RM'000	Energy Management RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
Included in the measure of segment assets						
Capital expenditure	4,815	-	-	-	-	4,815
Depreciation and amortisation	2,523	-	-	35	-	2,558

Geographical information – Not Applicable.

A10. Trade and other receivables

	Financial Quarter Ended 31.03.2023 RM'000	Financial Year Ended 31.12.2021 RM'000
Trade receivables		
Non-related parties	2,338	1,817
Less: Allowance for impairment of receivables	(580)	(580)
	1,758	1,237
Loan Receivables	19,000	14,000
Less: Allowance for impairment on loan receivables	(5,840)	-
	13,160	14,000
	14,918	15,237
Other receivables, deposits and prepayments	2,180	2,530
Total trade and other receivables	17,098	17,767

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounting to RM14.9 million (2021: RM15.2 million), consist of loan receivables of RM13.1 million (2021: RM14.0 million), manufacturing receivables and interest receivables of RM1.8 million (2021: RM1.2 million). The loan receivables are due upon the loan maturity ranging from September 2023 to February 2024 with an amount of RM5.8 million provided as expected credit losses in the current financial quarter ended 31 March 2023. The manufacturing and interest receivables are analysed as follows: -

	----- Credit Period -----				Total
	Within		Exceeding		
	Not past due, not impaired	1 to 30 days past due, not impaired	31 to 60 days past due, not impaired	> 60 days past due, not impaired	
Manufacturing and interest receivables (RM'000)	669	323	363	403	1,758
% of total manufacturing and interest receivables (%)	38	18	21	23	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. The manufacturing and interest receivables, net of allowance for impairment, that are past due for more than 60 days amounted to RM0.4 million, representing approximately 23% of the total manufacturing and interest receivables of the Group. These receivables are creditworthy receivables and the Group maintains good business relationship with on-going business transactions with these customers. Given the credit exposure of the Group's portfolio of these receivables, the allowance for impairment of approximately RM0.6 million made in the prior year was sufficient. As at the date of this report, RM0.9 million or 50% of these receivables has been collected.

Notes To The Condensed Consolidated Interim Financial Statements

For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A11. Material subsequent events

There were no material event subsequent to the end of the current quarter reported, to 12 May 2023, being the latest practicable date (“LPD”), which is not earlier than seven (7) days from the date of issuance of this quarterly report, that has not been reflected in the financial statements for the period, except as disclosed in Note B6 of this report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

A13. Changes in contingent liabilities

	Financial Quarter Ended 31.03.2023 RM'000	Financial Year Ended 31.12.2021 RM'000
<u>Secured</u>		
Bankers’ guarantee issued in favour of third parties	215	727

A14. Capital commitments

There were no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

A15. Significant related party transactions

There were no significant transactions entered into between the Group and other related parties during the current quarter under review.

A16. Share Issuance Scheme (“SIS”)

The Company has implemented a SIS scheme to attract and retain qualified and experienced employees. The scheme was approved by the shareholders at the Annual General Meeting held on 11 May 2021 and came into effect on 15 June 2021. The SIS shall be in force for a period of five (5) years until 14 June 2026.

The total number of options granted, exercised and outstanding under the SIS as at the financial period ended 31 March 2023 are set out below: -

Description	All Eligible Employees (‘000)		
	Directors	Eligible Employees	Total
Total options granted			
At 1 January 2022	18,000	5,600	23,600
Addition	-	3,200	3,200
At 31 March 2023	18,000	8,800	26,800
Total options exercised	-	(8,200)	(8,200)
Total options surrendered	(18,000)	-	(18,000)
Total options outstanding	-	600	600

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities

B1. Performance review

	Individual Quarter				Cumulative Quarter			
	3 Months	3 Months	Variance		15 Months	15 Months	Variance	
	Ended	Ended			Ended	Ended		
	31.03.2023	31.03.2022	Amount	%	31.03.2023	31.03.2022	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000**	RM'000	
Revenue	1,947	2,379	(432)	(18)	12,629	-	12,629	100
Loss before interest and tax	(19,259)	(1,700)	(17,559)	(1,033)	(26,662)	-	(26,662)	100
Loss before tax	(19,361)	(1,777)	(17,584)	(990)	(27,132)	-	(27,132)	100
Loss after tax	(19,413)	(1,837)	(17,576)	(957)	(27,306)	-	(27,306)	100
Loss attributable to owners of the Company	(19,413)	(1,837)	(19,576)	(957)	(27,306)	-	(27,306)	100

** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information for the cumulative 15 months ended 31 March 2023.

The Group recorded a revenue of RM1.9 million for the current quarter, representing a decrease of RM0.4 million or 18% against the corresponding quarter ended 31 March 2022. Revenue from manufacturing segment recorded a decrease of 22% whereas revenue from financial services segment recorded an increase of 12% compared to the corresponding period. The lower revenue reported in the manufacturing segment was mainly attributable to the drop in revenue from storage tanks and road tankers.

Accordingly, the Group reported a loss before tax ("LBT") of RM19.4 million compared to a LBT of RM1.8 million in the preceding year corresponding quarter. This was mainly due to the following:-

- (i) provision for credit losses on loan receivables amounting to RM5.8 million;
- (ii) writing off of development cost due to flood occurred on the project site amounting to RM12.0 million; and
- (iii) writing off of property, plant and equipment amounting to RM0.5 million.

For the 15 months financial year ended 31 March 2023, the Group recorded a revenue and LBT of RM12.6 million and RM27.3 million respectively.

B2. Comments on results against the immediate preceding quarter

	3 Months	3 Months	Variance	
	Current	Preceding		
	Quarter	Quarter	Amount	%
	31.03.2023	31.12.2022	RM'000	
	RM'000	RM'000	RM'000	
Revenue	1,947	2,253	(306)	(14)
Loss before interest and tax	(19,259)	685	(19,944)	(2,912)
Loss before tax	(19,361)	586	(19,947)	(3,404)
Loss after tax	(19,413)	582	(19,995)	(3,436)
Loss attributable to owners of the Company	(19,413)	582	(19,995)	(3,436)

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

Comments on results against the immediate preceding quarter (Cont'd)

The Group reported revenue of RM1.9 million for the current quarter, representing a decrease of 14% against the revenue of RM2.3 million for the immediate preceding quarter. The drop was attributable to the decrease of RM0.4 million in revenue from pressure vessels and road tankers of the manufacturing segment and an increase of RM0.1 million in revenue from the financial services segment.

The Group reported a LBT of RM19.4 million compared to a profit before tax of RM0.6 million in the preceding quarter. This was mainly due to the following:-

- (i) a net reversal of allowance for impairment of investment amounting to RM1.4 million from the disposal of the investment occurred in the preceding quarter;
- (ii) provision for credit losses on loan receivables amounting to RM5.8 million;
- (iii) writing off of development cost due to flood occurred on the project site amounting to RM12.0 million; and
- (iv) writing off of property, plant and equipment amounting to RM0.5 million.

B3. Commentary of prospects

The Board is of the view that the business environment remains challenging and competitive in view of the rising inflation rate and the worldwide geographical conflict. Moving forward, the group's performance may be affected by the fluctuations in foreign currency exchange rates.

Amidst the uncertainties and unpredictable business environment, the Group will continue to remain cautious and continuously monitor the developments of the global economic growth situation by taking appropriate measures to pursue more projects to expand its revenue base to sustain the Group's business and improve the Group's performance.

Barring further unforeseen circumstances, the Group expects its overall performance for the financial year ending 31 March 2024 to remain challenging.

B4. Profit forecast or profit guarantee

Not applicable as no profit forecast was announced or disclosed in any public document.

B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	15 Months Ended 31.03.2023 RM'000	15 Months Ended 31.03.2022 RM'000 **
Income tax				
- Current year	52	60	210	-
- Overprovision in prior year	-	-	(36)	-
	<u>52</u>	<u>60</u>	<u>174</u>	<u>-</u>

** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.

The tax for the current quarter was in respect of tax provided on profits generated from the money lending business. The Group's effective tax rate for the quarter was lower than the statutory tax rate mainly due to utilisation of unabsorbed losses brought forward.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B6. Status of corporate proposals and utilisation of proceeds

Save for the following disclosures, there were no other corporate proposals that has been announced by the Company that remained incomplete as at the LPD.

(a) Proposed Private Placement 2019

The proceeds of RM1,815,280 from the Private Placement, which was completed on 9 May 2019, has been fully utilised as at the LPD as follows: -

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Overhaul of machinery	1,731	(1,731)	-	Completed
Estimated expenses in relation to the Private Placement	84	(84)	-	Completed
	<u>1,815</u>	<u>(1,815)</u>	<u>-</u>	

(b) Memorandum of Agreement (“MOA”)

On 12 and 14 October 2021, the Board announced that the Company had entered into a MOA with Poly China United Capital Holdings Limited with the intention to enter into a collaboration to explore opportunities in the poly green energy and drone technology to achieve the objectives of the MOA (the “Collaboration”).

On 7 October 2022, the Company announced that the parties have mutually agreed to extend the validity of the MOA for another period of twelve (12) months till 12 October 2023.

There was no material development as announced previously as the parties are still in the process of developing a feasible business model for the Collaboration.

Further announcement will be released should there be any new development to the MOA.

(c) Heads of Agreement (“HOA”) and Framework Agreement (“FA”)

On 28 February 2022, M&A Securities Sdn Bhd (“M&A”) on behalf of the Board announced that the Company had on 28 February 2022 entered into a HOA with Markmore Energy (Labuan) Limited (“MELL”) and GaspiOil Gas LLP (“COG”) (collectively “Parties”). Pursuant to the HOA, CN Asia intends to produce and process the hydrocarbon which include liquid and gaseous hydrocarbon in the Rakushechnoye Oil and Gas Field by investing and developing the CPC to be sited at the Rakushechnoye Oil and Gas Field together with COG (CN Asia and COG shall be collective be referred to as "JV Partners") (“Project”).

The objectives of the HOA are to formalise and regulate the relationships between the Parties and the JV Partners and to set out their respective undertakings, rights, interests, benefits, duties and obligations in relation to the further development and commercial scale productions of the Concession as per the terms and conditions stated in the HOA.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

Status of corporate proposals and utilisation of proceeds (Cont'd)
- Heads of Agreement (“HOA”) and Framework Agreement (“FA”)(Cont'd)

It is expected that the investment cost is approximately USD285.0 million of which 15.0% i.e. USD42.8 million will be contributed by CN Asia whilst the balance of 85.0% shall be raised via issuance of debt or loan.

The parties have negotiated for further terms and conditions relating to the Project. In relation thereto, on behalf of the Board, M&A announced that CN Asia had on 11 April 2022 entered into a FA with COG and MELL.

The FA outlined the following corporate exercises to be undertaken by the Company: -

- (a) Proposed special issue of up to 30% of the existing share capital of CN Asia to raise minimum funds of RM15.0 million (“Proposed Special Issue”).
- (b) A rights issue with warrants to raise minimum proceeds of RM200.0 million.
- (c) Proposed issuance of Redeemable Convertible Preference Shares of RM0.01 each in CN Asia (“RCPS”) to MELL to partially satisfy the Entry Cost (hereunder defined).
- (d) Proposed amendments to the Constitution of the Company to facilitate the Proposed Issuance of RCPS (“Proposed Amendments”).

Entry Cost is defined as the total sum of USD120.0 million to be satisfied by CN Asia in favour of MELL in a combination of cash, shares and/or issuance of RCPS to MELL, being the consideration of the Project (the quantum and the ratio shall be determined and agreed upon at a later date), within 60 days from the fulfilment of the condition precedents of the FA.

The parties are currently negotiating on the terms in relation to the extension of the FA which expired on 10 October 2022.

The necessary announcement in relation to the above will be made in due course.

(d) Memorandum of Understanding (“MOU”)

On 18 March 2022, the Board announced that Southborn Capital Sdn Bhd (“Southborn”), a wholly-owned subsidiary of the Company had on 18 March 2022 entered into a MOU with Capricorn Foundation Ltd. (“Capricorn”) (Southborn and Capricorn collectively referred to as the “Parties”).

Pursuant to the MOU, the Parties have intimated their intend to work together to maximise the benefits for mutual interests in setting up a strategic partnership and to provide the foundation and structure for blockchainization in providing total containment solutions and services of integrity through teamwork and innovation using AI, blockchain and big data (“Project”) and are desirous of entering into the MOU to declare their respective intentions and establish a basis of cooperation and collaboration upon the terms as contained therein the MOU.

As the Parties were unable to determine the direction of the Project, the Board decided not to extend the MOU and announced the cessation of the MOU upon its expiry on 17 March 2023.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

Status of corporate proposals and utilisation of proceeds (Cont'd)

(e) Proposed Private Placement 2023

As at the LPD, the proceeds of RM11,102,940 raised from the Private Placement, which was completed on 8 May 2023, has been fully utilised as follows: -

Purpose	Proposed proceeds RM'000	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Expected time frame for utilisation
Money lending business	13,000	10,926	(10,926)	-	Completed
Repayment of bank borrowings	3,221	-	-	-	Not applicable
Estimated expenses	228	177	(177)	-	Immediately
	16,449	11,103	(11,103)	-	

B7. Group borrowings

	Financial Period Ended 31.03.2023 RM'000	Financial Year Ended 31.12.2021 RM'000
<u>SECURED</u>		
Short term		
Bank overdraft	3,008	842
Bankers' acceptance	1,468	1,530
	4,476	2,372
Lease liabilities	373	350
Term loan	128	123
	4,977	2,845
Long term		
Lease liabilities	292	755
Term loan	3,087	3,227
	3,379	3,982
Total Borrowings	8,356	6,827

There were no foreign currency borrowings included in the above balances.

B8. Material litigation

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

B9. Dividend

There was no interim dividend declared during the current quarter and financial year-to-date.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B10. Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	15 Months Ended 31.03.2023 RM'000	15 Months Ended 31.03.2022 RM'000 **
Loss after tax for the period	(19,413)	(1,837)	(27,306)	-
Weighted average number of ordinary shares in issue ('000)	193,541	148,221	193,541	-
Basic loss per share (sen)	(10.03)	(1.24)	(14.11)	-

(b) Diluted loss per share

Loss after tax for the period	(19,413)	(1,837)	(27,306)	-
Weighted average number of ordinary shares in issue ('000)	193,541	148,221	193,541	-
Effect of potential exercise of share options ('000)	600	26,800	600	-
Effect of potential exercise of Warrants ('000)	30,202	30,202	30,202	-
	224,343	205,223	224,343	-
Diluted loss per share (sen)	(8.65)	(0.90)	(12.17)	-

*** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.*

**Notes To The Condensed Consolidated Interim Financial Statements
For The Fifth Financial Quarter Ended 31 March 2023 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B11. Additional disclosure on loss before tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	15 Months Ended 31.03.2023 RM'000	15 Months Ended 31.03.2022 RM'000 **
Loss before tax is derived after charging/(crediting) the following: -				
Allowance for impairment of receivables	5,840	-	5,840	-
Amortisation of intangible assets	8	8	40	-
Amortisation of leasehold land	10	12	55	-
Development cost written off	12,020	-	12,020	-
Depreciation of property, plant and equipment	422	393	2,021	-
Depreciation of right-of-use asset	89	88	442	-
Interest expenses	102	77	470	-
Interest income	(81)	(48)	(312)	-
Loss on disposal of investment	-	-	4,044	-
Property, plant and equipment written off	523	-	523	-
(Gain)/Loss on foreign exchange				
- Unrealised	(4)	(1)	(26)	-
- Realised	10	-	(14)	-
Share options scheme expenses	-	864	864	-

*** In view of the change in financial year end from 31 December 2022 to 31 March 2023, there was no comparative financial information available for the 15 months financial period ended 31 March 2023.*

B.12 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 May 2023.

BY ORDER OF THE BOARD

MOHD ZAKIE BIN SOAD (LS 0008268) (SSM PC No. 201908002382)

**Company Secretary
Selangor, 19 May 2023**