



**CN ASIA CORPORATION BHD**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 31.12.2022 RM'000	3 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2022 RM'000	12 Months Ended 31.12.2021 RM'000
Revenue	2,253	3,975	10,682	11,657
Cost of sales	(1,906)	(3,848)	(9,575)	(11,446)
Gross profit / (loss)	347	(127)	1,107	211
Selling and distribution expenses	(6)	(9)	(31)	(26)
Administrative expenses	(1,118)	(9,226)	(4,718)	(11,922)
Other operating expenses	1,387	(74)	(4,045)	(146)
Other income	75	29	284	320
Profit/(Loss) from operations before interest and tax	685	(9,153)	(7,403)	(11,563)
Finance costs	(99)	(93)	(368)	(227)
Profit/(Loss) before tax	586	(9,246)	(7,771)	(11,790)
Tax expense	(4)	(17)	(122)	120
Profit/(Loss) after tax for the period	582	(9,263)	(7,893)	(11,670)
Other comprehensive (expense)/income, net of tax that may be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive income/(expense) for the period	582	(9,263)	(7,893)	(11,670)
Net profit/(loss) for the period attributable to: -				
Owners of the Company	582	(9,263)	(7,893)	(11,670)
Non-controlling interests	-	-	-	-
	582	(9,263)	(7,893)	(11,670)
Total comprehensive income/(expense) for the period attributable to: -				
Owners of the Company	582	(9,263)	(7,893)	(11,670)
Non-controlling interests	-	-	-	-
	582	(9,263)	(7,893)	(11,670)
Earnings/(Loss) per share (sen)				
- Basic	0.32	(7.90)	(4.30)	(9.95)
- Diluted	0.27	(5.41)	(3.68)	(6.82)

(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.)

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

	<b>As At Current Financial Period Ended 31.12.2022 RM'000</b>	<b>As At Preceding Financial Year Ended 31.12.2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
<i>Property, plant and equipment</i>	27,784	24,632
<i>Right-of-use asset</i>	707	1,060
<i>Intangible asset</i>	96	128
	<u>28,587</u>	<u>25,820</u>
<b>Current Assets</b>		
<i>Inventories</i>	3,087	3,647
<i>Trade and other receivables</i>	14,473	17,767
<i>Contract assets</i>	188	195
<i>Current tax asset</i>	233	146
<i>Cash and cash equivalents</i>	15,099	16,523
	<u>33,080</u>	<u>38,278</u>
<b>TOTAL ASSETS</b>	<u><u>61,667</u></u>	<u><u>64,098</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Share capital</i>	63,943	60,765
<i>Share options reserve</i>	162	8,440
<i>Accumulated losses</i>	(13,475)	(14,724)
<b>Shareholders' Equity</b>	<u>50,630</u>	<u>54,481</u>
<b>Liabilities</b>		
<b>Non-current Liability</b>		
<i>Lease liabilities</i>	387	755
<i>Term loan</i>	3,100	3,227
	<u>3,487</u>	<u>3,982</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,147	2,004
<i>Contract liabilities</i>	564	786
<i>Short-term borrowings</i>	5,344	2,372
<i>Lease liabilities</i>	368	350
<i>Term loan</i>	127	123
	<u>7,550</u>	<u>5,635</u>
<b>TOTAL LIABILITIES</b>	<u>11,037</u>	<u>9,617</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>61,667</u></u>	<u><u>64,098</u></u>
<b>Net Assets Per Share (RM)</b>	<u><u>0.27</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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

	← Financial Period Ended →	
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Loss Before Tax	(7,771)	(11,790)
Adjustments For:-		
Allowance for impairment of receivables	-	70
Amortisation of intangible asset	32	32
Amortisation of leasehold land	45	26
Depreciation of property, plant and equipment	1,599	1,567
Depreciation of right-of-use asset	353	416
Loss on disposal of investment	4,044	-
Loss on disposal of property, plant and equipment	-	59
Gain on foreign exchange - Unrealised	(22)	(14)
Share options scheme expenses	864	8,440
Interest expenses	368	227
Interest income	(231)	(250)
Reversal of impairment of trade receivable	-	(55)
	<u>7,052</u>	<u>10,518</u>
Operating Loss Before Working Capital Changes	(719)	(1,272)
Changes In Working Capital		
Inventories	567	1,681
Receivables	3,316	(13,588)
Payables	(1,080)	(1,036)
Cash Generated From / (Used In) Operations	2,084	(14,215)
Interest paid	(368)	(227)
Tax Paid	(209)	(68)
Net Cash Generated From / (Used In) Operating Activities	<u>1,507</u>	<u>(14,510)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of subsidiary	-	(160)
Interest received	231	250
Investment in quoted shares	(8,146)	-
Capital work-in-progress incurred	(3,959)	(13,100)
Proceeds from disposal of investment	4,102	-
Proceeds from disposal of property, plant and equipment	-	268
Purchase of property, plant and equipment	(836)	(4,369)
Net Cash Used In Investing Activities	<u>(8,608)</u>	<u>(17,111)</u>
<b>Cash Flows From Financing Activities</b>		
Withdrawal/(Placement) of pledged fixed deposit	1,122	(202)
Net proceeds from bankers' acceptance	285	663
Net proceeds from issuance of shares	3,178	17,965
Net repayments of lease liabilities	(350)	(509)
Net (repayments) / drawdown of term loan	(123)	3,350
Net Cash Generated From Financing Activities	<u>4,112</u>	<u>21,267</u>
Net Decrease In Cash And Cash Equivalents	(2,989)	(10,354)
Cash And Cash Equivalents At Beginning Of The Financial Year	3,615	13,969
Cash And Cash Equivalents At End Of The Financial Period	<u>626</u>	<u>3,615</u>
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	15,099	16,523
Bank overdrafts	(3,529)	(842)
	<u>11,570</u>	<u>15,681</u>
Less: Deposits pledged as security for banking facilities	(10,944)	(12,066)
	<u>626</u>	<u>3,615</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.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2022**

	-----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
<b>Current financial period ended 31 December 2022</b>				
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	3,178	-	-	3,178
Share options granted	-	864	-	864
Share options exercised	-	(2,662)	2,662	-
Share options lapsed	-	(6,480)	6,480	-
	3,178	(8,278)	9,142	4,042
Loss for the period	-	-	(7,893)	(7,893)
At 31 December 2022	<u>63,943</u>	<u>162</u>	<u>(13,475)</u>	<u>50,630</u>
<b>Preceding financial year ended 31 December 2021</b>				
At 1 January 2021	42,098	-	(2,352)	39,746
<u>Transaction with owners:</u>				
Issuance of shares arising from private placements	18,667	-	-	18,667
Share options granted	-	8,440	-	8,440
Share issuance expenses	-	-	(702)	(702)
	18,667	8,440	(702)	26,405
Loss for the year	-	-	(11,670)	(11,670)
At 31 December 2021	<u>60,765</u>	<u>8,440</u>	<u>(14,724)</u>	<u>54,481</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.)

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022**

**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 the financial year end of the Company 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.

**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.

**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.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (Cont'd)**

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

**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)	Proposed Private Placement	02/02/2023	35,514,000	RM0.200	07/02/2023
			<u>43,714,000</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 RM'000</u>	<u>Financial Services RM'000</u>	<u>Energy Management RM'000</u>	<u>Investment RM'000</u>	<u>Elimination RM'000</u>	<u>Consolidated RM'000</u>
<b>Revenue</b>						
External revenue	9,821	861	-	-	-	10,682
Inter-segment revenue	-	-	-	572	(572)	-
Total revenue	<u>9,821</u>	<u>861</u>	<u>-</u>	<u>572</u>	<u>(572)</u>	<u>10,682</u>
<b>Results</b>						
Segment results	(2,581)	742	(68)	(5,727)	-	(7,634)
Finance costs	(632)	(248)	-	-	512	(368)
Interest income	228	-	-	3	-	231
(Loss) / profit before tax	<u>(2,985)</u>	<u>494</u>	<u>(68)</u>	<u>(5,724)</u>	<u>512</u>	<u>(7,771)</u>
Tax expense	-	(116)	-	(6)	-	(122)
(Loss) / profit after tax	<u>(2,985)</u>	<u>378</u>	<u>(68)</u>	<u>(5,730)</u>	<u>512</u>	<u>(7,893)</u>
<b>Assets</b>						
Segment assets	<u>44,067</u>	<u>12,799</u>	<u>357</u>	<u>4,468</u>	<u>(24)</u>	<u>61,667</u>
<b>Liabilities</b>						
Segment liabilities	<u>10,956</u>	<u>33</u>	<u>-</u>	<u>72</u>	<u>(24)</u>	<u>11,037</u>
<b>Included in the measure of segment assets</b>						
Capital expenditure	4,795	-	-	-	-	4,795
Depreciation and amortisation	<u>2,001</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>2,029</u>

Geographical information – Not Applicable.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (Cont'd)**

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

**A10. Trade and other receivables**

	<b>Financial Quarter Ended 31.12.2022 RM'000</b>	<b>Financial Year Ended 31.12.2021 RM'000</b>
Trade receivables		
Non-related parties	2,022	1,817
Less: Allowance for impairment of receivables	(580)	(580)
	<u>1,622</u>	<u>1,237</u>
Loan Receivables	12,000	14,000
	<u>13,622</u>	<u>15,237</u>
Other receivables, deposits and prepayments	851	2,530
Total trade and other receivables	<u>14,473</u>	<u>17,767</u>

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounting to RM13.6 million (2021: RM15.2 million), consist of loan receivables of RM12.0 million (2021: RM14.0 million), manufacturing receivables and interest receivables of RM1.6 million (2021: RM1.2 million). The loan receivables are due upon the loan maturity ranging from September 2023 to February 2024; while the manufacturing and interest receivables can be analysed as follows: -

	----- Credit Period -----				Total
	----- Within Not past due, not impaired	----- 1 to 30 days past due, not impaired	----- Exceeding 31 to 60 days past due, not impaired	----- > 60 days past due, not impaired	
Trade receivables (RM'000)	767	123	23	709	1,622
% of total trade receivables (%)	47	8	1	44	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. The trade receivables, net of allowance for impairment for the current financial quarter ended 31 December 2022, that are past due for more than 60 days amount to RM0.7 million, representing approximately 44% of the total trade 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 trade receivables, the allowance for impairment of approximately RM70,000 made in the prior year was sufficient. As at the date of this report, RM0.4 million or 24% of the Group's total receivables as at 31 December 2022 has been collected.

**A11. Material subsequent events**

There were no material event subsequent to the end of the current quarter reported, to 10 February 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.



**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (Cont'd)**

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

**A13. Changes in contingent liabilities**

	<b>Financial Quarter Ended 31.12.2022 RM'000</b>	<b>Financial Year Ended 31.12.2021 RM'000</b>
<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 other than the following: -

In respect of construction of new factory	<b>RM'000</b> 965
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**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 December 2022 are set out below: -

<b>Description</b>	<b>All Eligible Employees ('000)</b>		
	<b>Directors</b>	<b>Eligible Employees</b>	<b>Total</b>
Total options granted			
At 1 January 2022	18,000	5,600	23,600
Addition	-	3,200	3,200
At 31 December 2022	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 Fourth Financial Quarter Ended 31 December 2022 (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		12 Months	12 Months	Variance	
	Ended	Ended			Ended	Ended		
	31.12.2022	31.12.2021	Amount	%	31.12.2022	31.12.2021	Amount	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,253	3,975	(1,722)	(43)	10,682	11,657	(975)	(8)
Profit/(Loss) before interest and tax	685	(9,153)	9,838	107	(7,403)	(11,563)	4,160	36
Profit/(Loss) before tax	586	(9,246)	9,832	106	(7,771)	(11,790)	4,019	34
Profit/(Loss) after tax	582	(9,263)	9,845	106	(7,893)	(11,670)	3,777	32
Profit/(Loss) attributable to owners of the Company	582	(9,263)	9,845	106	(7,893)	(11,670)	3,777	32

The Group recorded a revenue of RM2.3 million for the current quarter, representing a decrease of RM1.7 million or 43% against the corresponding quarter ended 31 December 2021. The decrease was mainly due to decrease revenue from the manufacturing segment whereas revenue from the financial services segment was consistent compared to the corresponding period. The lower revenue reported in the manufacturing segment was mainly attributable to the drop in revenue from road tankers, storage tanks and pressure vessels.

The Group reported a profit before tax of RM0.6 million from a loss before tax (“LBT”) of RM9.3 million in the preceding year corresponding quarter. This was mainly due to a net reversal of allowance for impairment of investment amounting to RM1.4 million resulted from the disposal of the investment occurred during the quarter and the absent of the share option expenses of RM8.4 million recognised in the preceding year corresponding quarter.

For the current financial year-to-date, the Group’s revenue decreased by RM1.0 million or 8% compared to the preceding financial year-to-date. Revenue from the manufacturing segment recorded a decrease of RM1.7 million whereas revenue from the financial services increased by RM0.7 million in the current financial year-to-date. The LBT decreased by RM4.0 million despite a lower revenue recorded during the financial year-to-date. This was mainly due to a lower share option expenses of RM0.9 million (2021: RM8.4 million) recognised in the current financial year-to-date and offset with a loss on disposal of investment in quoted shares amounting to RM4.0 million incurred during the current financial year-to-date.

**B2. Comments on results against the immediate preceding quarter**

	3 Months	3 Months	Variance	
	Current	Preceding	Amount	%
	Quarter	Quarter	Amount	%
	31.12.2022	30.09.2022	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	2,253	3,464	(1,211)	(35)
Profit/(Loss) before interest and tax	685	(5,041)	5,726	114
Profit/(Loss) before tax	586	(5,131)	5,717	111
Profit/(Loss) after tax	582	(5,133)	5,715	111
Profit/(Loss) attributable to owners of the Company	582	(5,133)	5,715	111

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (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's revenue for the current quarter recorded at RM2.3 million, representing a decrease of 35% against the revenue of RM3.5 million for the immediate preceding quarter which was attributable to the decrease in revenue from pressure vessels and road tankers of the manufacturing segment.

The Group reported a profit before tax of RM0.6 million from a LBT of RM5.1 million in the preceding quarter. This was mainly due to a net reversal of allowance for impairment of investment amounting to RM1.4 million resulted from the disposal of the investment occurred during the quarter and the absent of the allowance for impairment of investment of RM4.3 million provided in the preceding quarter.

**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 2023 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 31.12.2022	3 Months Ended 31.12.2021	12 Months Ended 31.12.2022	12 Months Ended 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	4	17	158	68
- Overprovision in prior year	-	-	(36)	(188)
	<u>4</u>	<u>17</u>	<u>122</u>	<u>(120)</u>

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 Fourth Financial Quarter Ended 31 December 2022 (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 status of utilisation of proceeds from the Private Placement of RM1,815,280, completed on 9 May 2019, is as follows: -

<b>Purpose</b>	<b>Actual proceeds raised RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Extended time frame for utilisation</b>
Overhaul of machinery	1,731	(1,605)	126	March 2023
Estimated expenses in relation to the Private Placement	84	(84)	-	Completed
	<u>1,815</u>	<u>(1,689)</u>	<u>126</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.

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.

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (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)***

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.

The Project provides Southborn with the foundation and structure for blockchainization for its lending business in the future. The Board believes that the Project would contribute positively to its future earnings and improve the financial position of the Group. The additional revenue from the Project is expected to enhance the Company's profitability and returns on shareholders' funds.

On 15 June 2022, 8 September 2022 and 5 December 2022, the Board announced that there was no material development as announced previously except the Parties are still in the process of developing a feasible business model for the Project.

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

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (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

On 11 October 2022, TA Securities Holdings Berhad on behalf of the Company announced that the Company proposes to undertake a private placement of up to 74,768,000 new ordinary shares in CN Asia, representing approximately 40% of the total number of the existing issued shares of CN Asia to independent third-party investor(s) to be identified at a future date at an issue price to be determined and fixed at a future date ("Private Placement").

Bursa Securities had, vide its letter dated 9 November 2022, approved the listing and quotation of up to 74,768,000 new ordinary shares to be issued pursuant to the Private Placement.

On 9 December 2022, an EGM was held and the Private Placement was approved by the shareholders.

As at the LPD, the first tranche of the Private Placement was completed on 7 February 2023 and with the status of utilisation of proceeds raised, amounting to RM7,102,800, as follows: -

<b>Purpose</b>	<b>Actual proceeds raised RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Expected time frame for utilisation</b>
Money lending business	6,875	-	6,875	Within 6 months
Estimated expenses	228	(153)	75	Immediately
	<u>7,103</u>	<u>(153)</u>	<u>6,950</u>	

Pending utilisation, the remaining proceeds raised amounting to RM7.0 million is currently placed in short term money market deposit.

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

**B7. Group borrowings**

	<b>Financial Quarter Ended 31.12.2022 RM'000</b>	<b>Financial Year Ended 31.12.2021 RM'000</b>
<b><u>SECURED</u></b>		
Short term		
Bank overdraft	3,529	842
Bankers' acceptance	1,815	1,530
	<u>5,344</u>	<u>2,372</u>
Lease liabilities	368	350
Term loan	127	123
	<u>5,839</u>	<u>2,845</u>
Long term		
Lease liabilities	387	755
Term loan	3,100	3,227
	<u>3,487</u>	<u>3,982</u>
Total Borrowings	<u>9,326</u>	<u>6,827</u>

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

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (Cont'd)**

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

**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.

**B10. Earnings/(Loss) per share**

(a) Basic earnings/(loss) per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2022 RM'000	3 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2022 RM'000	12 Months Ended 31.12.2021 RM'000
Profit/(Loss) after tax for the period	582	(9,263)	(7,893)	(11,670)
Weighted average number of ordinary shares in issue ('000)	183,720	117,269	183,720	117,269
Basic earnings/(loss) per share (sen)	0.32	(7.90)	(4.30)	(9.95)

(b) Diluted earnings/(loss) per share

Profit/(Loss) after tax for the period	582	(9,263)	(7,893)	(11,670)
Weighted average number of ordinary shares in issue ('000)	183,720	117,269	183,720	117,269
Effect of potential exercise of share options ('000)	600	23,600	600	23,600
Effect of potential exercise of Warrants ('000)	30,202	30,202	30,202	30,202
	214,522	171,071	214,522	171,071
Diluted earnings/(loss) per share (sen)	0.27	(5.41)	(3.68)	(6.82)

**Notes To The Condensed Consolidated Interim Financial Statements  
For The Fourth Financial Quarter Ended 31 December 2022 (Cont'd)**

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

**B11. Additional disclosure on profit/(loss) before tax**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 31.12.2022 RM'000	3 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2022 RM'000	12 Months Ended 31.12.2021 RM'000
Profit/(Loss) before tax is derived after charging/(crediting) the following: -				
Allowance for impairment of receivables	-	70	-	70
Amortisation of intangible assets	8	32	32	32
Amortisation of leasehold land	11	11	45	26
Depreciation of property, plant and equipment	422	393	1,599	1,567
Depreciation of right-of-use asset	88	119	353	416
Interest expenses	99	93	368	227
Interest income	(66)	(38)	(231)	(250)
Loss on disposal of investment	4,044	-	4,044	-
Loss on disposal of property, plant and equipment	-	2	-	59
(Gain)/Loss on foreign exchange				
- Unrealised	-	4	(22)	(14)
- Realised	(9)	-	(24)	5
Reversal of allowance for impairment of receivables	-	-	-	(55)
Share options scheme expenses	-	8,440	864	8,440

**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 17 February 2023.

**BY ORDER OF THE BOARD**

**MOHD ZAKIE BIN SOAD (LS 0008268) (SSM PC No. 201908002382)**  
Company Secretary  
Selangor, 17 February 2023