ANNUAL REPORT

2022

DGB ASIA BERHAD

Reg. No. 200601001857 (721605-k)

WHAT'S INSIDE

CORPORATE INFORMATION

Board Of Directors

DATO' KUA KHAI SHYUAN
Executive Director

NICHOLAS WONG YEW KHID
Executive Director

ONG TEE KEIN
Independent Non-Executive Director

HO JIEN SHIUNG
Non-Independent Non-Executive Director

CHEN CHEE PENG
Independent Non-Executive Director

LIM MAY SIM
Independent Non-Executive Director
(Appointed on 3 April 2023)

Company Secretary

Tea Sor Hua (MACS 01324)
(SSM PC No.: 201908001272)

Audit and Risk Management Committee

Ong Tee Kein (Chairman)

Ho Jien Shiung

Chen Chee Peng

Lim May Sim
(Appointed on 3 April 2023)

Nomination and Remuneration Committee

Chen Chee Peng (Chairman)

Ong Tee Kein

Ho Jien Shiung

Lim May Sim
(Appointed on 3 April 2023)

Share Issuance Scheme Committee

Dato' Kua Khai Shyuan (Chairman)

Ho Jien Shiung

Nicholas Wong Yew Khid

Registered Office

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7725 1777
Fax : 03-7722 3668

Principal Office

Lot 13.5, 13th Floor
Menara Lien Hoe
No. 8, Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7622 6986
Fax : 03-7622 6987

Share Registrar

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-6201 1120
Fax : 03-6201 3121

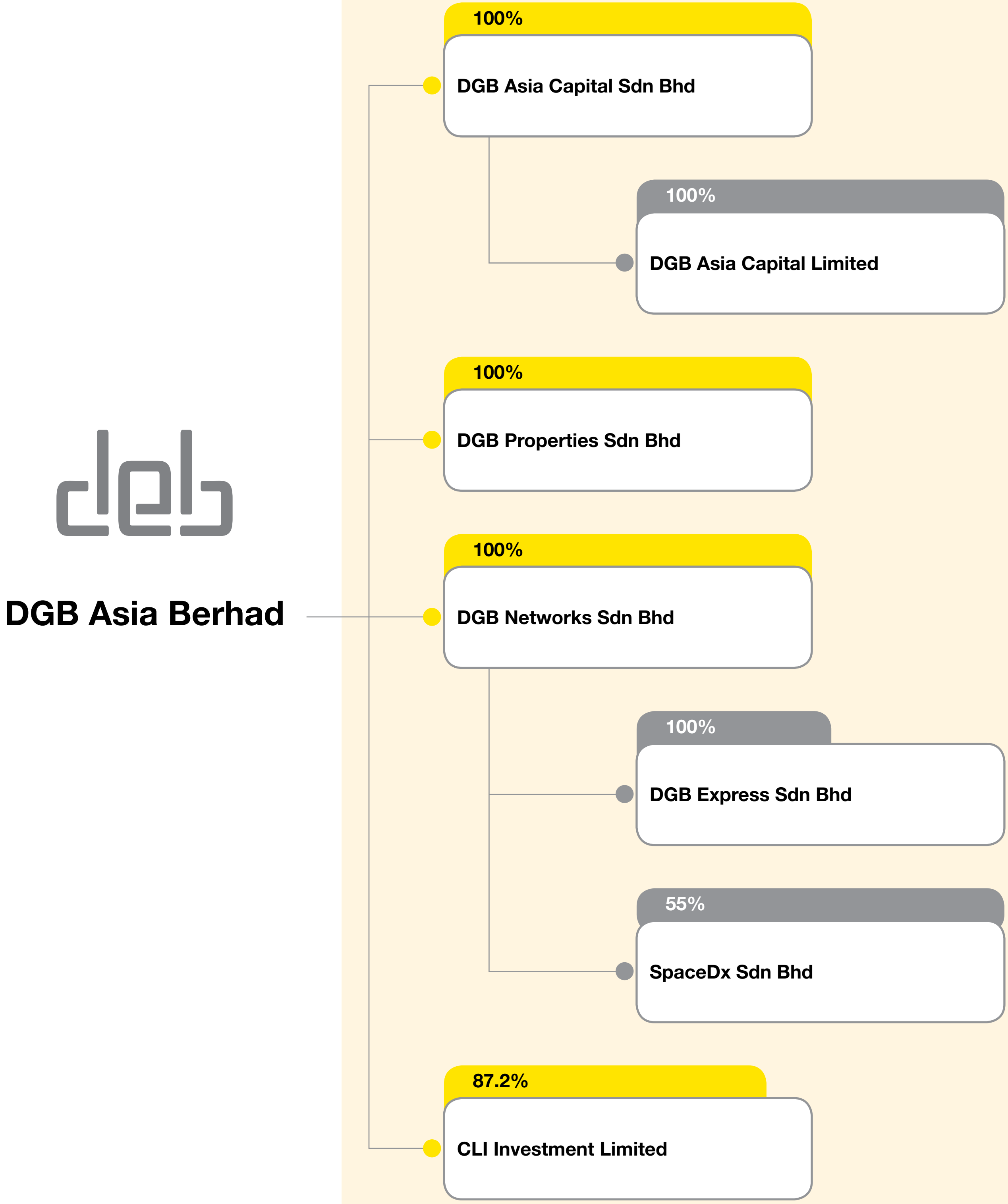
Auditors

ChengCo PLT (201806002622)
LLP0017004-LCA & AF0886
Chartered Accountants
No. 8-2, 10-1 & 10-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-7984 8988
Fax : 03-7980 4402

Stock Exchange Listing

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name: DGB
Stock Code: 0152

CORPORATE STRUCTURE



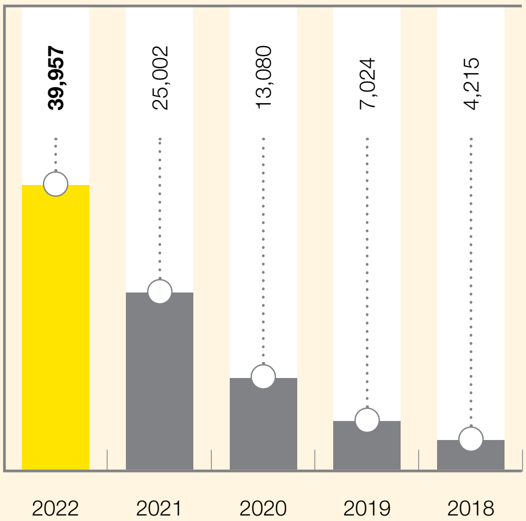
5-YEARS FINANCIAL SUMMARY

	2022 RM '000	2021 RM '000	2020 RM '000	2019 RM '000	2018 RM '000
FINANCIAL RESULTS					
Revenue	**39,957**	25,002	13,080	7,024	4,215
Loss Before Tax	**(28,695)**	(36,659)	(13,756)	(17,199)	(6,496)
Loss After Tax	**(28,695)**	(36,659)	(13,756)	(17,087)	(6,916)
Loss Attributable to Shareholders	**(24,963)**	(29,181)	(13,437)	(17,087)	(6,915)
Loss per Shares (cent)	**(1.43)**	(2.15)	(12.71)	(2.25)	(1.14)
FINANCIAL POSITION					
Non-Current Assets	**193,549**	212,427	213,414	9,367	11,093
Current Assets	**110,323**	145,882	67,350	34,749	45,748
Non-Current Liabilities	**115,838**	142,747	149,664	306	–
Current Liabilities	**43,513**	43,938	72,921	2,317	1,044
Shareholders Equity	**144,521**	171,624	58,180	41,493	55,796
Net Assets per Share (cent)	**8.09**	12.80	49.40	5.50	9.20
FINANCIAL RATIOS					
Debt to Equity Ratio	**1.10**	1.09	3.83	0.06	0.02
Current Ratio	**2.50**	3.30	0.90	15.00	43.80

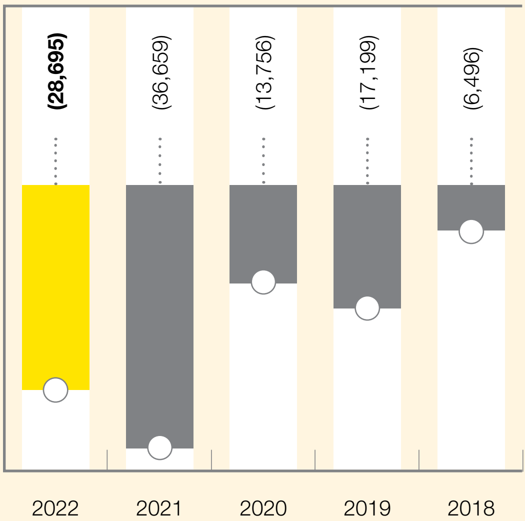
5-Years Financial Summary

(cont'd)

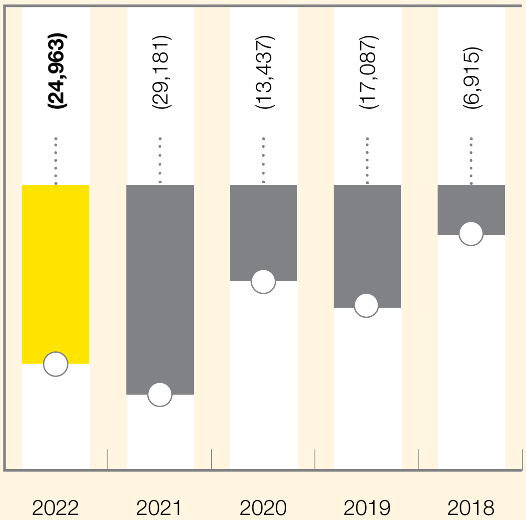
Revenue RM '000



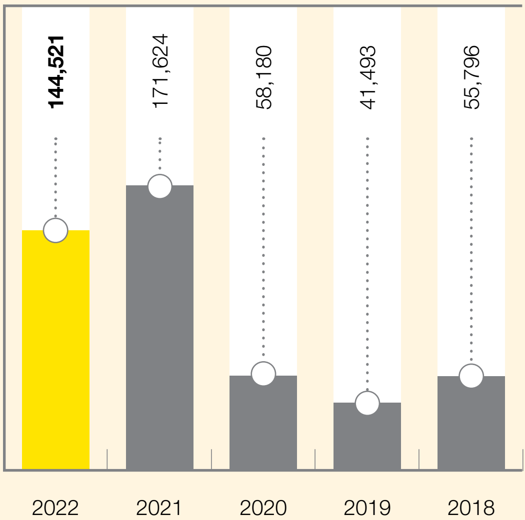
Loss Before Tax RM '000



Loss Attributable to Shareholder RM '000



Shareholders' Equity RM '000



PROFILE OF DIRECTORS

Dato' Kua Khai Shyuan

Executive Director / Key Management Personnel

Malaysian ○ **Aged 39** ○ **Male**

Dato' Kua Khai Shyuan was appointed to the Board as an Independent Non-Executive Director on 18 November 2013. He was then re-designated as an Executive Director of the Company on 4 April 2014. He is the Chairman of the Share Issuance Scheme Committee.

Upon completing his Bachelor Degree in Commerce Management and Marketing from Curtin University of Technology in 2006, he began his career in year 2007 acting as the Regional Manager for Malaysia Region in a multi-international healthcare products company and was responsible for the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined a local company specialising in the fabrication of plastics moulds and plastic injection molding as the Head of Marketing Division.

He is currently a Director of Trive Property Group Berhad and Metronic Global Berhad. He also sits on the Board of several private limited companies.

He has attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Nicholas Wong Yew Khid

Executive Director / Key Management Personnel

Malaysian ○ **Aged 42** ○ **Male**

Mr. Nicholas Wong Yew Khid was appointed to the Board as an Executive Director on 5 March 2018. He obtained a Bachelor of Science in Engineering. He is a member of the Share Issuance Scheme Committee.

He has extensive entrepreneurial experience in a variety of industries, mainly in the automotive, sports, and entertainment industries. He began his career at FMCG Company before progressing to incorporate his own business. He started his own automotive business in 2004, which supplies interior car parts and window films to well-known manufacturers and car tire distributors. Later in 2007, he ventured into the Paintball Sport industry where he formed numerous companies that handled all pillars of the industry; from B2C equipment retailing to B2B distribution and later an events company that organised local and regional events with the Paintball World Cup Asia being the pinnacle event for the Asia region. Mr. Nicholas was also involved in a few other businesses along the road, such as establishing a franchise company that distributes convenience products from the United States in malls. He also worked as the Marketing Director for a company that manages entertainment and food and beverage outlets.

Since 2018, he has been appointed as the Director of public companies to provide management strategy, day to day operational oversight, capital raising and business development planning.

He is currently a Director of Seacera Group Berhad and XOX Technology Berhad.

He has attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Ong Tee Kein

Independent Non-Executive Director

Malaysian ○ **Aged 66** ○ **Male**

Mr. Ong Tee Kein was appointed to the Board as an Independent Non-Executive Director on 1 August 2014. He is the Chairman of the Audit and Risk Management Committees and a member of the Nomination and Remuneration Committee of the Company.

He is member of the Malaysian Institute of Accountants (MIA). He has experience in accounting and corporate restricting of Companies. He is currently a Director of Sanichi Technology Berhad, Mlabs System Berhad, Fintec Global Berhad and Metronic Global Berhad. He also sits on the board of several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Profile of Directors
(cont'd)

Ho Jien Shiung

Non-Independent Non-Executive Director

Malaysian ○ **Aged 38** ○ **Male**

Mr. Ho Jien Shiung was appointed as an Executive Director of the Company on 13 October 2017. He was then redesignated as the Non-Independent and Non-Executive Director of the Company on 18 June 2018. He is also a member of the Audit and Risk Management Committee, Nomination and Remuneration Committee and Share Issuance Scheme Committee of the Company.

He obtained his Bachelor Degree of Commerce & Administration from Victoria University of Wellington, New Zealand.

He started his career as Foreign Administration Executive with the Inland Revenue Department of New Zealand after graduation in 2008. In 2009, he returned to Malaysia and joined a construction piping company as Southeast Asia Region Marketing Manager. In 2010, he left and joined an advance technology printing manufacturer as Business Development Manager principally in charge of the business development of Malaysia central region.

He is currently a Director of PNE PCB Berhad and PDZ Holdings Bhd. He also sits on the Board of several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Chen Chee Peng

Independent Non-Executive Director

Malaysian ○ **Aged 60** ○ **Male**

Mr. Chen Chee Peng was appointed as an Independent Non-Executive Director of the Company on 16 February 2022. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

He holds a Bachelor of Science in Computer & Information Science and a Master in Business Administration.

He was the Executive Director of DVM Technology Berhad ("DVM") and he was instrumental in DVM listing in the ACE Market in 2004. During his tenure, he was responsible for the business direction and strategies of the DVM Group. He led the management in business development and overseeing the day-to-day operation of the DVM Group.

He is currently a Director of Trive Property Group Berhad, Saudee Group Berhad, XOX Technology Berhad and NetX Holdings Berhad. He also a Director of Neurogine Sdn. Bhd.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Lim May Sim

Independent Non-Executive Director

Malaysian ○ **Aged 47** ○ **Female**

Ms. Lim May Sim, Maxine was appointed as an Independent Non-Executive Director of the Company on 3 April 2023. She is the member of the Nomination and Remuneration Committee and Audit and Risk Management Committee of the Company.

She graduated with a Master in Business Administration (MBA) in year 2006 from Southern Cross University in Australia.

She has more than 30 years of experience mainly in sales, marketing and public relations for the property sector. Some of the notable projects include high end mixed residential and commercial developments across Malaysia with approximately gross development value of more than RM1 billion.

She is currently the Head of Sales and Marketing in the Taipan group of Companies and has successfully sold 90% of the mixed development projects to date. She is responsible for the development, project design, operations and improvement of systems and processes to deliver top notch properties to the targeted clients.

She does not hold directorship in other public companies and listed issuers in Malaysia.

She does not attend any Board Meetings held during the financial year ended 31 December 2022 as she was appointed on 3 April 2023.

Notes:-

1) None of the Directors has family relationship with other any Directors and/or major shareholders of the Company.
2) None of the Directors have any personal interest in any business arrangement involving the Company.
3) None of the Directors have been convicted of any offences in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2022, other than traffic offences (if any).

KEY MANAGEMENT PERSONNEL

Kong Wei Kheong

Chief Executive Officer

Malaysian ○ **Aged 42** ○ **Male**

Mr. Kong Wei Kheong is the Chief Executive Officer of DGB Networks Sdn. Bhd. ("DGB Networks") and the Director of Spacedx Sdn. Bhd., both of which are DGB subsidiaries, and was appointed in April 2018 and June 2021 respectively. Prior to joining DGB, he was a co-founder of Edgecomms, Malaysia's first Fixed Virtual Network Operator focused on the wholesale market.

He has over fifteen (15) years of managerial experience in Sales, Business Development and Operations as well as a solid track record of sales successes in the telecommunications and IT industries.

He is responsible for overseeing the whole operations of the logistics and smart vending machine businesses.

YEO ENG KIAT

Director

Malaysian ○ **Aged 43** ○ **Male**

Mr. Yeo Eng Kiat is the Director of Spacedx Sdn. Bhd., a subsidiary of DGB and was appointed in June 2021. He is graduate from Monash University, Australia. He holds a Bachelor of Computer Science. He has more than 15 years of experience in management and business leadership.

He started his career in R&D with E-Genting Sdn. Bhd., a subsidiary of Genting Malaysia Berhad. He then joined a chain restaurant as a General Manager where he was leading the operations of four (4) restaurants and one (1) central kitchen.

With his extensive experience in operations, he then joined XOX Mobile Sdn. Bhd. in year 2014 as Head of Operation and Support. He lead the department of Customer Service, Call Center and Retails that consist of more than sixty (60) employees.

Lin Sung Han

Director

Taiwanese ○ **Aged 44** ○ **Male**

Mr. Lin Sung Han is the Director of CLI Investment Limited, a subsidiary of DGB and was appointed in Sept 2020.

He holds a Bachelor of Science in Information Technology from DeVry University, USA.

With over 12 years of experience in hospitality management, he brings extensive knowledge and expertise to CLI Investment Limited. He has held senior leadership positions in leading hospitality companies, and has a proven track record of delivering exceptional results in driving growth and profitability.

Notes:

1) None of the Key Management Personnels have family relationship with other any Directors and/or major shareholders of the Company.
2) None of the Key Management Personnels have conflict of interest with the Company.
3) None of the Key Management Personnels have been convicted of any offences in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2022, other than traffic offences (if any).

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE AND BUSINESS

DGB Asia Berhad ("DGB" or "the Company") was listed on the ACE Market of Bursa Malaysia Securities Berhad in 2009. The main operations of the Company and its subsidiaries ("Group") are in Malaysia and Taiwan. The Group's primary business segments consist of leisure and hospitality, logistic services, and value-added products and services.

The leisure and hospitality segment comprises the Group's hotel and restaurants operations. The logistics services segment includes courier services, fulfilment services, warehouse services, and other related activities. The value-added products and services segment consists of retailing consumables and other products through vending machines and other channels, supply vending machines and provide media and event services for outdoor advertising.

The Group aims to provide high-quality and innovative services while delivering sustainable shareholder value to all stakeholders.

1. Financial Result Review

The Group's financial results is shown below:

	FYE2022 RM	FYE2021 RM	Variance RM '000	%
FINANCIAL RESULTS				
Revenue	39,957	25,002	14,955	60%
Cost of Sales	(15,596)	(13,261)	(2,335)	18%
Gross Profit	**24,361**	**11,741**	**12,620**	**107%**
Other Income	3,895	4,749	(854)	-18%
Operating Expenses	(30,534)	(18,077)	(12,457)	69%
Other Expenses	(26,180)	(34,309)	8,129	-24%
Loss from operations	**(28,458)**	**(35,896)**	**7,438**	**-21%**
Finance costs	(235)	(763)	528	-69%
Loss before tax (LBT)	**(28,695)**	**(36,659)**	**7,964**	**-22%**
Gross Profit Margin (%)	61%	47%		
Loss per share (cent)	(1.43)	(2.15)		

The financial performance of the Group for the financial year ended 31 December 2022 ("FYE 2022") showed an improvement as compared to the financial year ended 31 December 2021 ("FYE 2021"). The Group's revenue increased by 60% from RM25.0 million in FYE 2021 to RM39.9 million in FYE 2022. This increase was primarily attributed to higher sales volumes in all of the Group's business segments.

The Group's gross profit saw a significant increase of 107% from RM11.7 million in FYE 2021 to RM24.3 million in FYE 2022. The gross profit margin also increased from 47% in FYE 2021 to 61% in FYE 2022.

The Group's operating expenses for FYE 2022 were RM30.5 million, an increase of 69% compared to FYE 2021's expenses of RM18.0 million. The increased operating expenses was primarily driven by higher administrative expenses and selling and distribution expenses. During the financial year under review, the Group experienced a significant increase in demand for its services, which prompted the Group to make additional investments to expand its workforce and meet the growing demand. As part of the Group's ongoing commitment to achieving long-term revenue growth and enhancing its corporate branding, the Group has also increased its investments in advertising and marketing expenses. This strategic move allowed the Group to effectively promote its businesses to a wider customer base, contributing to its growth in revenue and better market positioning.

Management Discussion and Analysis

(cont'd)

The Group's other operating expenses decreased 23.9% from RM34.3 million in FYE 2021 to RM26.2 million in FYE 2022. The decrease observed for the FYE 2022 was mainly due to lower unrealised loss of other investments and a reduced provision for impairment of receivables. Additionally, the Group also incurred lower share-based payment expenses in FYE 2022.

The Group's higher revenue and effective cost management initiatives has led to a significant decrease in its Loss before tax ("LBT") for FYE 2022. The Group's LBT decreased by 21%, from RM35.8 million in FYE 2021 to RM28.4 million in FYE 2022.

The Group recorded a lower loss per share from negative RM2.15 sen for FYE 2021 to RM1.43 sen for FYE 2022 resulting from a lower loss achieved for FYE 2022 compared to the FYE 2021.

A detailed analysis of the business segments is provided below under item (3).

2. Financial Position Review

The Group's financial position is shown below:

	FYE2022 RM	FYE2021 RM	Variance RM '000	 %
FINANCIAL POSITION				
Non-Current Assets	193,549	212,427	(18,878)	(9%)
Current Assets	110,323	145,882	(35,559)	(25%)
Non-Current Liabilities	115,838	142,747	(26,909)	(19%)
Current Liabilities	43,513	43,938	(425)	(1%)
Shareholders' Equity	144,521	171,624	(27,103)	(16%)
Debt to Equity Ratio	1.10	1.09		
Current Ratio	2.50	3.30		
Net assets per share (cent)	8.09	12.80		

Shareholders' Equity

The Group's shareholders' equity for FYE 2022 was RM144.5 million, a decrease of 16% compared to FYE 2021's RM171.6 million. Thus, resulting in a decline of the Group's net asset value per share from RM0.22 sen to RM0.18 sen.

Total Assets and Total Liabilities

The Group's total assets for FYE 2022 were RM303.9, a decrease of 15% compared to FYE 2021's RM358.3 million. The decrease in total assets was due to the depreciation of assets and the reduction in cash reserves. The Group deployed its cash reserves to support the working capital of its businesses. In addition, a portion of the reserves was allocated towards acquiring capital assets as part of the Group's long-term growth strategy.

The Group's total liabilities decreased by 17% from RM186.6 million for FYE 2021 to RM159.3 million for FYE 2022, primarily due to the repayment of lease liabilities. As a result of these changes, the Group's current ratio decreased from 3.30 times for FYE 2021 to 2.50 times for FYE 2022.

Gearing and Capital Resources

The Group has no bank borrowings in FYE 2022, and its liabilities consisted mainly of lease liabilities for motor vehicles under hire purchase and the right-of-use of office premises, hotel buildings and warehouses.

The Group remains committed to a prudent approach in managing its capital resources, ensuring their adequacy to meet operational requirements and capital expenditure as required.

3. Business Segments' Financial Result Review

The Group's business segments' financial result is shown below:

	FYE2022 RM	FYE2021 RM	Variance RM '000	 %
GROUP REVENUE	**39,957**	**25,002**	**14,955**	**60%**
Segments				
Leisure and Hospitality	27,478	18,201	9,277	51%
Value-Added Products and Services	11,612	5,480	6,132	112%
Logistics Services	867	488	379	78%
Others	-	833	(833)	(100%)
GROUP LOSS BEFORE TAX	**(28,695)**	**(36,659)**	**7,964**	**(22%)**
Segments				
Leisure and Hospitality	(10,735)	(16,164)	5,429	(34%)
Value-Added Products and Services	(6,115)	(9,163)	3,048	(33%)
Logistics Services	(5,307)	(964)	(4,343)	451%
Others	(6,538)	(10,368)	(3,830)	(37%)

Leisure & Hospitality

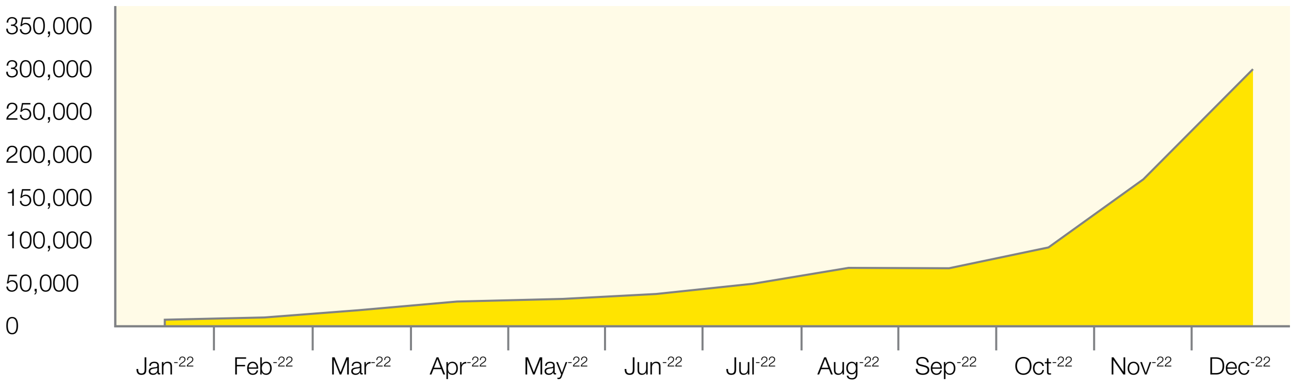
DGB operates its leisure and hospitality business through CLI Investment Limited ("CLI"). During the financial year under review, the Group increased its shareholding in CLI from 61.60% to 87.20%.

Kimpton Da An ("the Hotel") is a premium boutique hotel located in the prime residential and commercial district of Da'an in Taipei City, Taiwan. It operates under the renowned Kimpton Brand, which is part of the IHG Group. The Hotel was designed by the award-winning design studio Neri & Hu. The hotel has received numerous accolades, including being named one of the winners of the "2020 Hot List" by Condé Nast Traveler, a prestigious publisher of luxury and lifestyle travel magazines. The Tavernist, one of the Hotel's restaurants, has also been recognized as "Michelin recommended" by the prestigious Michelin Guide from Year 2020 to Year 2022.

Management Discussion and Analysis
(cont'd)

Year	Asia	%	Americas	%	Europe	%	Others	%	Total	YOY Charges (%)
2019	10,561,699	89.0	766,254	6.5	386,752	3.3	149,400	1.3	11,864,105	7.2
2020	1,183,987	85.9	106,117	7.7	59,512	4.3	28,245	2.0	1,377,861	(88.4)
2021	105,996	75.4	14,642	10.4	16,413	11.6	2,527	2.6	140,479	(89.8)
2022	696,792	77.8	108,842	12.1	65,990	7.4	24,338	2.7	895,962	537.8

Source: Taiwan Tourism Bureau



Despite the significant challenges posed by the COVID-19 pandemic and subsequent lockdown measures in Taiwan, the Hotel has exhibited resilience in its performance. The Hotel is currently on the path to recovery, boosted by the resumption of international travel since October 2022. Since the reopening of Taiwan's borders to international travelers in October 2022, there has been a significant increase in visitor arrivals in Taiwan. Year-on-Year growth has soared by 537.8% compared to the previous year, 2021. As a result, there has been a surge in demand for hotel accommodation.

	Kimpton		Competitors*	
	2022	2021	2022	2021
Occupancy Rate (%)	53.9	38.2	48.6	28.8
Average Daily Rate ("ADR") NTD	NTD 5,395	NTD 4,578	NTD 4,833	NTD 4,253
Revenue per Available Room ("RevPAR") NTD	NTD 2,908	NTD 1,749	NTD 2,348	NTD 1,223

* Competitors Set: Based on Taipei – Luxury & Upper Upscale Hotels

Source: STR Global Limited Report

As a result of the reopening of borders in October 2022, the hotel's occupancy rate has experienced a notable increase, rising from 38.2% for FYE 2021 to 53.9% for FYE 2022. The ADR of the Hotel increased by 17.7%, from NTD 4,578 for FYE 2021 to NTD 5,395 for FYE 2022. This has led to a significant increase in revenue by 50.5%, from RM18.2 million for FYE 2021 to RM27.4 million for FYE 2022. Additionally, the loss before tax has decreased by 34%, from RM16.1 million for FYE 2021 to RM10.7 million for FYE 2022.

Furthermore, Kimpton Da An has maintained a competitive ADR of TWD 5,395 in comparison to its competitors' NTD 4,833. The Hotel also achieved a higher occupancy rate of 53.9%, compared to its competitors' 48.6%. This demonstrated the Hotel's ability to remain competitive in the market while providing high-quality services to its guests.

Value-Added Products and Services

	FYE2022	FYE2021	Variance	
	RM	RM	RM'000	%
Value-Added Products & Services	**11,612**	**5,480**	**6,132**	**112%**
Sales of Vending Machines	4,009	3,701	308	8%
Sales of Products	3,302	1,779	1,523	86%
Sales of Vending Machines Ads	4,301	-	4,301	100%

The value-added products and services segment includes the retail of consumables and other products through vending machines and other channels, the supply of vending machines and the provision of media and event services for outdoor advertising.

The revenue of the value-added products and services segment increased by 112%, from RM5.4 million for FYE 2021 to RM11.6 million for FYE 2022. The increase in revenue was primarily driven by higher sales of vending machines and products, and the addition of a new revenue stream from digital advertising.

The sales of products increased by 86%, from RM1.7 million in FYE 2021 to RM3.3 million in FYE 2022, primarily due to the deployment of additional vending machines. The Group increased its number of vending machines by 134.7%, from 115 units in FYE 2021 to 270 units in FYE 2022. In addition to the deployment of additional vending machines, the Group also initiated efforts to sell its products through alternative channels.

Management Discussion and Analysis

(cont'd)

Logistics Services

The courier industry in Malaysia is facing significant challenges due to the rapidly evolving technological landscape and market trends. The COVID-19 pandemic has further highlighted the urgency for a reform in the sector. Despite being viewed as beneficiaries of the thriving e-commerce industry, numerous courier companies, particularly local players, are struggling to capitalize on the growing demand for their services. The primary reason for this is the intense competition and a persistent price war, which are significantly eroding the profit margins of many courier companies.

The Malaysian Communications and Multimedia Commission ("MCMC") predicted a significant increase in parcel volume from 14 per capita in 2020 to 30 per capita by 2025. However, the existence of 122 courier licensees has made it challenging for companies to thrive and achieve success based on volume and efficiency. To ensure sustainability, the Group has shifted its focus towards fulfilment services, partnering with e-commerce platforms to offer warehouse and fulfilment services to their vendors.

The revenue of the logistics services segment increased by 78%, from RM 0.48 million for FYE 2021 to RM 0.86 million for FYE 2022. The average number of items packed per month increased significantly by 321.8%, from 5,500 to 23,200. The improvements in the logistics services segments were attributed to the addition of an extra warehouse. Despite the increase in revenue, the logistics services segment's LBT increased due to additional operating expenses incurred from the opening of the new warehouse.


4. Corporate Exercises

Share Issuance Scheme

163,804,412 shares were issued to eligible employees during FYE 2022 at prices RM0.018 share under the Group's share issuance scheme.

Warrants

During the financial year under review, 478,188,586 units of Warrants C (2021/2024) remained unexercised.

Corporate Development

During the financial year under review, the Group capitalised USD 5,000,000 of debt owed by CLI into an additional 50,000,000 ordinary shares in CLI at USD 0.10 per share. Upon completion of the capitalisation of the debt into shares, the Group holds 87.20% equity interest in CLI.

5. Anticipated Risks

Operation, competition, and business risks

The Group's operating segments are subject to generic business risks, including intense competition over costing and pricing, labour and material shortages, and fluctuations in market demand. These factors have the potential to impact the Group's costs and bottom line. The Group closely monitors these risks and implements alternative strategies to minimise their impact. These include investing in machines for higher efficiency, as well as providing training and development opportunities to enhance the competitiveness of our human capital.

Seasonality

The Group's leisure and hospitality segment and fulfilment services are subject to seasonality patterns, whereby sales tend to increase significantly in the months leading up to holidays or festivals. The Group acknowledges the potential impact of seasonal sales patterns on its revenues, profit and cash flow. To mitigate the negative impact of seasonal sales patterns, appropriate measures have been implemented. These measures include offering seasonal promotions, managing inventory levels, optimizing operational efficiency, and diversifying revenue streams.

Political, Economic, and Regulatory risk

The Group's businesses could be affected by political risks stemming from changes in government policies, tax regulations, trade agreements, and geopolitical events. Economic risks could impact the Group's businesses through changes in consumer spending, interest rates, and exchange rates. The Group's businesses could be impacted by regulatory risks arising from changes in health and safety regulations, labor laws, and product safety standards. To remain competitive and successful, the Group proactively anticipates and effectively manages these risks. All these changes may result in higher costs of operation and compliance.

Foreign exchange risk

The Group's financial reporting currency for its foreign subsidiaries' is in HK Dollar, and fluctuations in foreign exchange rates could impact the Group's reported results and consolidated trends. The Group acknowledges that currency volatilities may continue, and it recognizes the potential significant impact (either positive or negative) they may have on the Group's reported results and consolidated trends and comparisons.

Credit Risk

The Group may face uncertainties in slow payments and bad debt from its customers due to uncertainties in economic conditions. Active monitoring of outstanding trade receivables will continue, and appropriate actions will be taken by the Group to mitigate the risk of bad debts.

6. Prospects

The Group acknowledges that the current business environment continues to present challenges, primarily due to disruptions in the global supply chain, ongoing conflicts on the geopolitical front, rising input costs, and the weakening of the ringgit. These factors may potentially have an adverse effect on the purchasing power of consumers.

In order to mitigate the impact of these external economic headwinds, the Group will be focused on further enhancing its operational efficiencies.

Leisure and Hospitality

In the Leisure and Hospitality segment, the progressive relaxation of COVID-19 restrictions and the reopening of international borders is a positive development. Nevertheless, the recovery process is anticipated to be gradual, and it may take some time before pre-pandemic levels can be regained.

The Taiwan Government's target of attracting 6 million visitors in 2023 is perceived as a positive sign. The Taiwan Government is proposing a plan to attract broader international tourism aimed at independent travelers and tour groups from four main markets: Japan and South Korea, the 18 countries under Taiwan's New Southbound Policy, Hong Kong and Macau, and Europe and the Americas. The proposed plan includes several incentives such as an NT$5,000 (US$164) incentive offered to each of 500,000 foreign tourists to spend in Taiwan. Additionally, each of the approximately 90,000 tour groups

Management Discussion and Analysis

(cont'd)

will receive a subsidy ranging from NT$10,000 to NT$20,000 (US$329 to US$658). Furthermore, the government also plans to issue industry subsidies to increase the hiring of service personnel to resolve the problem of worker shortages in the hotel industry.

The Group anticipates that the cooperation between the Taiwan Government and the hotel industry will result in the stabilization of the industry's capacity to accommodate and serve tourists. Consequently, the recovery of the tourism industry is expected to be accelerated.

Besides, the renovation of the new F&B restaurant in the hotel was completed in December 2022 and is ready to start operate in 2023.

Value-Added Products & Services

In the value-added products and services segment, the Group intends to deploy additional vending machines throughout the Klang Valley and Malaysia. This is aimed at enhancing the Group's competitive advantage and improving its positioning relative to other advertising platforms. This is expected to attract a larger customer base and increase its advertising market reach.

Logistics Services

In the logistics services segment, the Group plans to expand its e-commerce presence through collaborations with additional platforms and provision of fulfillment services to their respective vendors. This strategic move is expected to result in an increase in the Group's market reach.

Despite the various volatilities and uncertainties, the Group maintains its confidence in its ability to adapt to the constantly evolving landscape. The Group is focused on exploring niches in crowded retail space and introducing innovations in products and processes.

7. Dividends

The Board has not adopted any fixed dividend policy. The Board does not recommend payment of any dividend for the FYE 2022.

8. Acknowledgment and Appreciation

On behalf of the Board of Directors, we would like to express our sincere gratitude and appreciation to our employees, shareholders, clients, suppliers, business associates, and bankers for their unwavering support and loyalty throughout this difficult and volatile year. We are deeply grateful for the dedication, adaptability, and tireless efforts of our employees, which have been vital to our success during these challenging times. We also acknowledge and appreciate the continued support and confidence of our stakeholders, and we remain committed to upholding the highest standards of integrity and accountability in all our dealings. Thank you for your ongoing support and encouragement, and we look forward to the opportunities and challenges that lie ahead.

SUSTAINABILITY STATEMENT

This Sustainability Statement ("Statement") outlines DGB Asia Berhad ("DGB") and its subsdiaries (collectively known as "the Group") commitment to sustainability across all four key pillars of economic, environmental, social, and governance ("EESG"). The primary purpose of this statement is to provide stakeholders with a comprehensive overview of the Group's sustainability objectives, strategies, efforts, and accomplishments of its businesses. The Group's unwavering dedication to sustainable EESG is guided by its vision, mission and core values which serve as the fundamental corporate principles. DGB acknowledges that the effective integration of sustainability and ethical practices throughout its businesses is essential for the Group's long-term success. DGB is committed to upholding the highest standards of corporate governance, sustainability governance, and best practices as outlined in the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance ("MCCG").

DGB's EESG ethos encompass a range of objectives, including minimizing its environmental impact and consuming resources and materials responsibly to protect the environment. Furthermore, the Group also aims to improve the quality of life for individuals and communities where it operates by meeting their socials need and supporting the underprivileged. The Group's EESG efforts are anchored in its unwavering commitment to maintaining high standards of governance in its businesses.

1. Scope, Reporting Boundary and Framework

This statement provides an overview of DGB's efforts and initiatives undertaken during its financial year ended 31 December 2022 ("FYE 2022"), including comparisons with prior periods where applicable. The disclosures in this statement have been prepared in accordance with the Sustainability Reporting Guide (2nd Edition) by Bursa Securities, and the principles of the United Nations' Sustainability Development Goals ("UNSDG").

The overall EESG performance for all operating divisions of DGB, located in Malaysia and Taiwan, is covered in this statement, unless otherwise stated. There have been no changes to the reporting boundary in comparison to the preceding financial year. This statement is to be read in conjunction with the rest of DGB's Annual Report FYE 2022, which provides further information on our corporate governance, risk management, internal controls and other financial and non-financial aspects of the Group's operations.

2. Governance Structure

DGB's commitment to ethical and sustainable business practices is embraced across all levels of the Group. At DGB, our Board of Directors ("the Board") is firmly committed to upholding the highest ethical standards of governance, reflecting our deeply ingrained culture, values, and unwavering dedication to ethical business practices. The Board continues to be responsible in determining, monitoring, and managing the economic, environmental, and social factors that are material to the Group in line with its long-term business growth and goals.

Board of Directors

- Sets strategic direction for the Group
- Ensures sustainability is integrated into overall strategy
- Oversees establishment and monitoring of sustainability targets and metrics
- Ensures reporting on sustainability performance to stakeholders

Executive Directors ("EDs")

- Implements the Board's strategic direction
- Ensures sustainability is integrated into day-to-day operations
- Oversees development and implementation of sustainability initiatives
- Ensures compliance with sustainability regulations and standards

Management

- Responsible for day-to-day operations
- Ensures sustainability is integrated into all aspects of activities
- Works closely with EDs to develop and implement sustainability initiatives
- Ensures compliance with sustainability regulations and standards

Sustainability Statement
(cont'd)

The Board leads the Group in managing sustainability matters relating to our business operations. They are responsible for the Group's sustainability structure as well as in scrutinising, reviewing, and approving the Group's overall sustainability progress, effort and plans.

Our Board is supported by the EDs who are responsible for the development and recommendation of sustainable objectives and strategies to the Board. The EDs also oversee and monitor the performance of these sustainability strategies, which are carried out by members of the management team (collectively known as "Management") and external advisers, if required.

The Management, composed of representatives from various business functions, is responsible for identifying, implementing, managing, and reporting on approved sustainability initiatives across the Group. The Management also ensures full compliance with all relevant sustainability regulations and standards.

3. Stakeholder Engagement

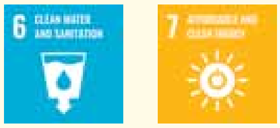
At DGB, we prioritize ethical and transparent interactions with both our internal and external stakeholders, as we believe that open platforms for engagement are critical to foster a sustainable and successful business.

The following indicates DGB's key stakeholder groups, a non-exhaustive list of their areas of interest and our various forms of engagement with them. The identification of these stakeholders is based on their level of influence on the Group, as well as the potential impact resulting from our businesses. Engagement with each stakeholder group is made on an as-needed basis.

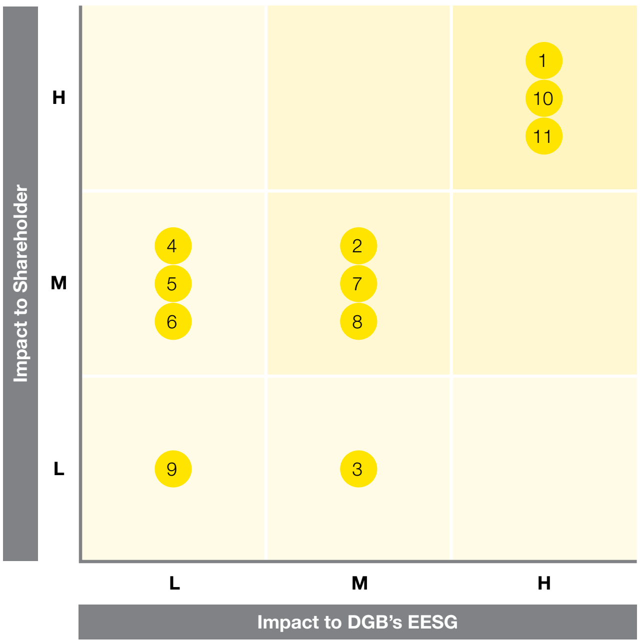
Stakeholders	Stakeholder Interest	Engagement Method
Shareholders and Investors	• Financial Performance • Key Corporate Developments • Corporate Governance	• Annual and Quarterly Reports • Annual/Extraordinary General Meeting • Bursa Malaysia Announcement • Corporate Website and Social Media Channels • Press Release
Government and Regulatory Authorities	• Corporate governance • Regulatory compliance • Labour practices • Occupational safety and health	• Attend relevant seminars and conferences • Consultation with authorities • On-time periodic reporting • Risk management and internal control • Updates on rules and regulations
Customers	• Products and services quality • Products and services pricing • Customer service and complaints resolution • Customer satisfaction	• Customer careline and email • Regular communication with customers via multiple platforms and channels • Advertising & Promotions
Suppliers	• Maintain long-term relationships • Payment schedule • Business ethics • Competitive pricing • Procurement practice	• Meeting and Discussions • Transparent procurement process • Performance Evaluations
Employees	• Occupational safety and health • Training and development • Employee benefits and welfare	• Operational Safety and Health protocols • Skills development and training opportunities • Performance appraisal • Regular communicate via email and memos • Annual performance appraisal • Engagement events such as culture, training and team builidng
Communities	• Environment protection • Local community support and development • Job and business opportunities	• Participating in local communities' activities • Local sourcing of materials • Donations and corporate contributions and sponsorships • Local employment • Internships

4. Materiality Assessment

As part of DGB's ongoing commitment to sustainability, we continuously identify, assess and prioritise the sustainability matters that are most relevant and significant both to the Group and our stakeholders. Organising and systematically reviewing sustainability matters enable the Board to have a more comprehensive understanding of their impact on the Group, enabling us to develop and implement more effective management strategies that are consistent with our values. Through a comprehensive analysis of industry specific EESG factors, peer benchmarks, and sustainability megatrends, we have identified 11 material matters that are the most relevant to our Group. These matters are aligned with our sustainability principles under the EESG pillars and are mapped against the SDGs:

Sustainability Goals	Sustainability Matters	Alignment to SDGs
Economic	1. Financial Performance 2. Digitalisation and Technology 3. Supply Chain Management	
Environement	4. Energy Management 5. Water Management 6. Waste Management	
Social	7. Talent Attraction, Retention, and Development 8. Occupational Health and Safety 9. Community Engagement	
Governance	10. Corporate Governance 11. Regulatory Compliance	

Materiality Matrix



Legend

1 Financial Performance
2 Digitalisation and Technology
3 Supply Chain Management
4 Energy Management
5 Water Managment
6 Waste Management
7 Talent Attraction, Retention and Development
8 Occupational Health & Safety
9 Community Engagement
10 Corporate Governance
11 Regulatory Compliance

Sustainability Statement
(cont'd)

ECONOMIC

1. Financial Performance

DGB is committed to making a positive impact on society and environment by increasing sustainable and responsible business practices. The Group is dedicated to fostering a sustainable business model that aligns with the goals of our stakeholders, promotes long-term value creation, and well-being of the community.

During FYE 2022, the Group remained focused on maintaining a strong balance sheet by prioritizing cost management and reinforcing its cash-flow position. The Group has undertaken several initiatives since FYE2021 to strengthen its financial position. The expansion and diversification into new business segments were aimed at creating additional revenue streams to the Group. The Group has adopted a strategic approach of dividing its businesses into independent strategic business units (SBUs), each with the capability to generate revenue under different business models. To reduce its dependence and concentration on a single business unit, the Group has diversified its operations by developing individual business segments, creating a more robust and sustainable business model.

Business Segments	Strategic Business Units	Revenue RM'000
Leisure and Hospitality	• Hotel Rooms, • Hotel F&B, • Hotel Conference Room	27,478
Value-Added Products and Serivces	• Sales of products, • Sales of vending machines, Sales of vending machine digital advertisement and campaign	11,612
Logistics Services	• Parcel delivery, • fulfilment services, warehousing services	867

Detailed discussion of DGB's financial performance for FYE 2022 is disclosed in the Management Discussion & Analysis in this Annual Report.

2. Technology and innovation

DGB remains firmly committed to digitalization and innovation as key drivers of business growth, recognising their crucial role in the rapidly evolving market. Our digitalization efforts encompass the identification and integration of solutions that enhance customer experiences, unlock new revenue opportunities, and streamlining of processes within our businesses.

These efforts enable the Group to gain deeper insights and connect with customers across our platforms, thereby enhancing our brand awareness, streamline operations to reduce costs for the benefit of both customers and the Group.

The Group utilizes data and analytics for key insights to enhance customer experience, by forecasting demand and tailoring services to individual preferences. DGB's utilization of cloud-based apps and platforms provides an established infrastructure for launching new products and services at scale, resulting in significant time and cost savings. The Group has undertaken the following digital initiatives:

(i) For the leisure and hospitality segment, the Group is leveraging the expertise, knowledge, and resources of our hotel management partner, InterContinental Hotels Group (IHG), which has a proven track record in managing hotels worldwide.

In FYE 2022, the IHG has undertaken the following digital initiatives:

Launched Next-Generation Mobile App	• streamlines the booking process, • enables faster check-in for guests • seamless access to IHG One Rewards program
Redesigned Brand Websites as Part of Transformed Booking Journey	• Digital Concierge for web and mobile • comprehensive self-service options • reduces hotel's call traffic
Introduction of 24/7 Customer Care Text Messaging Service	• asynchronous messaging service • available 24/7 • communication through SMS and popular messaging applications • reduces hotel's call traffic

(ii) For the value-added products and services segment, the Group has been incorporating a range of cutting-edge technologies to enhance our vending machine offerings. The integration of these technologies not only enhances the customer experience, but also facilitates efficient management of our vending machine operations. Among the digitalisation efforts that have been undertaken by the Group are the following:

- Cashless Payment
- Remote Vending Machine Configuration
- Remote Digital Screen Advertisement Configuration
- Real Time Data and Inventory Tracking
- Advanced Sensors for Efficient Product Dispensing

(iii) For the logistics services segment, there is a growing demand for more comprehensive logistics and warehousing solutions, driven in part by the increasing digitalisation in businesses. In response, we are continuously improving and expanding our business segments to include business-to-business deliveries and warehouse fulfilment services.

The Group is continually enhancing our online platform to provide a comprehensive and convenient seamless experience for our customers. The Group has undertaken the following digital initiatives:

Open APIs for Integration with third party platforms	prominent marketplaces and platforms • Lazada, • Shopee, • WooCommerce, • Shopify, and etc
Real time inventory management	• real time inventory level tracker • real time orders received tracker
Real time parcel delivery updates	• accurate live updates • electronic proof of delivery upon successful delivery

Our continuous efforts in digitalisation aim to enhance our operational efficiency and gain a competitive edge in the marketplace to deliver the best possible experience for our customers.

3. Supply Chain Management

DGB recognizes the importance of building long-term, mutually beneficial relationships with our suppliers in its commitment to long-term economic sustainability. Therefore, we engage with our suppliers in a fair, transparent and ethical manner. We review our suppliers based on, amongst others, price and payment terms, product and service quality, operation scale and their geographical proximity to our facilities. We take all reasonable effort to conduct appropriate evaluations of our potential suppliers. We would also regularly perform checks on the supplies received and occasionally, engage other suppliers on a trial basis.

One of our procurement practices is to source for materials locally whenever possible thus nearly all of our supplies are sourced locally whenever possible. We believe that by prioritizing local sourcing, we can create a sustainable, resilient, and responsible supply chain that benefits our businesses and community. By supporting local suppliers, we are able to create job opportunities, stimulate economic growth, and contribute to the overall well-being of the community. In addition to creating a healthy ecosystem for local suppliers, we can protect our businesses from the risks of global supply chain disruptions. It also reduces cost of purchasing and compliance, as well as minimises our carbon footprint by reducing emissions related to transportation in the supply chain.

ENVIRONMENT

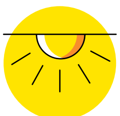
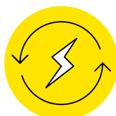
DGB recognizes the impact of its businesses on the environment and reaffirms the Group's dedication to environmental preservation by actively implementing sustainable solutions throughout the Group. We are committed to preserving the environment for future generations whilst meeting the needs of our stakeholders. We believe that it is essential for all our employees to play their part in creating a more environmentally sustainable future.

1. Energy Management

The Group acknowledges that excessive energy consumption leads to extreme greenhouse gas (GHG) emissions, which contribute climate change and pose both financial and physical risks to our businesses. As part of our commitment to improving energy efficiency, the Group has invested in upgrading capital equipment such as lifts, escalators, and chillers, as well as sensors and LED lighting replacements.

Recognizing the significant role of carbon and GHG emissions in driving climate change, we are committed to an ongoing initiative to reduce our carbon footprint. Therefore, we have implemented a range of proactive measures to curb our electricity consumption and minimize impact on the environment.

To promote a responsible business environment, we educate and encourage our employees to be more energy-conscious and adopt the energy saving practises outlined below:

	Print only when necessary		Switching off lights when not in use		Use energy saving features of all devices
	Shutting down and unplugging equipment or appliances when not in use		Conduct more virtual meeting to reduce unnecessary travelling		

These initiatives not only reduce our impact toward environment, they also contribute to cost savings. We remain committed to improve efficiency in optimising electricity in a more efficient manner ahead to reduce our environmental footprint.

Energy Management (kWh)	FYE 2022
Hotel	**2,767,828**
Office and Warehouses	**108,096**
Total Energy Management (kWh)	**2,875,924**

2. Water Management

DGB recognizes the importance of conserving water and reducing our water usage. As the availability of freshwater resources continue to decline globally, we are taking proactive steps to promote sustainable water management practices to mitigate our environmental impact. In line with our commitment to water conservation, we have introduced various measures to curtail water usage within our operations, as outlined below:

- Regular maintenance on water pipes, pumps and tanks
- Installation of low flow aerated shower heads and faucets in hotel bathrooms
- installation of water-saving flush systems

Water Management (m^3)	FYE 2022
Hotel	**37,280**
Office and Warehouses	**709**
Total Water Management (m^3)	**37,989**

3. Waste Management

At DGB, we are committed to responsible material consumption and strive to minimize wastage and pollution across all of our operations. The Group recognizes that excessive waste disposal can have a significant impact on the environment. We are actively working to significantly reduce waste and to divert waste away from landfills, to minimize our impact on the environment. Our efforts include:

- Digital consignment notes for parcel delivery
- Cashless payment system
- Electronic business card
- Replacing single-use miniature toiletries with full-size amenities
- 'Prevent, Divert, Donate' plan to minimize food waste
- Collaboration with WWF, Greenview and our industry peers on the Hotel Waste Measurement Methodology

Waste Management (Kg)	FYE 2022
Landfill diversion	**54,362**
Food waste	**2,160**
Gerneral waste	**98,522**
Total Waste Management (Kg)	**155,044**

Sustainability Statement

(cont'd)

SOCIAL

1. Talent Attraction, Retention and Development

DGB's employees are the core of our existence and is a key asset for the Group. High caliber professional talent is essential to our business model. Their skills, dedication and care define the success of the Group in the continued delivery of operational excellence and customer satisfaction. The Board continues to provide a positive working environment by prioritising talent management and development.

We are committed to fostering an inclusive and high-performance culture that supports the development of our employees. We continue to invest in necessary tools and resources to enhance the support and development of our employees for their continued success.

(i) Diversity, Equity and Inclusion (D,E&I)

At DGB, we foster a culture of respect for others and are committed to promoting diversity and inclusion across all levels of the Group. We recognise that having a diverse workforce offers numerous advantages, including an access to a wider range of perspectives and experiences, which can help drive creativity and innovation.

The Management consciously hires a diverse range of personnel in terms of ethnicity, age, and gender. We apply a strict non-discrimination principle in all aspects of our employment practices, and do not discriminate against anyone on the basis of race, religion, gender, age, sexual orientation or any other distinctions. We are committed to providing equal opportunities for career advancement based on individual merit to foster a diverse and inclusive workplace culture.

Gender	
Male	57%
Female	43%

Ethnicity	
Chinese	78%
Malay	22%

Age	
20 - 30	42%
31 - 40	36%
41 - 50	13%
51 - 60	8%
Over 61	2%

(ii) Employee Engagement

At DGB, we believe that collaboration and teamwork are crucial for improving the efficiency of our operations and continuous success of our businesses. We encourage mutual information-sharing and a healthy balance of work-and-play activities and events.

The Group conducts annual performance appraisals for all employees to facilitate a one-to-one discussion between employees and their supervisors or managers. This enables both parties to review the working relationship with the Group and within their respective departments, evaluate individual employee performance, and identify relevant training needs. We consider this engagement as a valuable opportunity to gain a better understanding of our employees and to identify areas where the Group can improve to better support them in their work.

At DGB, we believe that fostering a culture of mutual support, shared goals, and cooperation leads to a greater sense of accomplishment and promotes workplace synergy. To promote a better workplace synergy, the Human Capital Department introduces team-building activities aimed at fostering deeper inter-departmental collaboration and teamwork. We have also integrated technology into innovative solutions to promote employee engagement through our intranet portal and cloud-based collaboration tools, allowing us to efficiently deploy communication and provide data access to our staff.

(iii) Talent Development

DGB recognizes that employees are the Group's greatest asset, and we are investing in their ongoing training and development. Adequate employee training and development not only improves productivity, satisfaction, and morale, but also increases employee engagement. These efforts are crucial to attracting and retaining top talent and sustaining the long-term growth and success of our businesses.

The Board continues to invest in employee training with courses and programmes, utilising funds contributed to the Human Resources Development Fund ("HRDF") where appropriate. These include additional online trainings, web-based self-learning and sharing of knowledge via email-blast and intranet. Training programmes are developed based on business strategies, operational requirements, and employee objectives, with the goal of developing technical, interpersonal, business, and management skills.

	FYE 2022
Total training hours	1,036
Average training hour per employee	7.0

Sustainability Statement
(cont'd)

2. Occupational Safety and Health ("OSH")

DGB believes in being a responsible employer with workplace safety as its top priority. The Group's zero-tolerance principle for unsafe behaviour applies to all employees and stakeholders. As a responsible employer, the Group provides trainings and briefings customized to the area of operations, including safety and health principles and work procedures to reduce OSH incidents.

The Group is committed to ensuring the safety and well-being of its employees by providing a secure and healthy working environment. In turn, employees are obligated to adhere to the guidelines and standards set by the Group. DGB's OSH initiatives include:

- Training on proper use of equipment and safe working practicesy
- Compliance with all applicable safety and health laws and regulations
- Review the safety and health policy and give recommendations for improvement
- Evaluate the effectiveness of safety and health measures and carry out corrective action plan
- Identify workplace risk and implement a course of action to lower risks

During FYE 2022, there has not been any incident of work-related injuries or fatalities and the managing of COVID-19 was not detrimental to our business operations. There is no non-compliance to health and safety laws and regulations. Our employees have all been vaccinated with the COVID-19 vaccine. We will continue to implement control measures and strive for a zero-incident workplace.

	FYE 2022
Number of work-related fatalities	–
Lost time incident rate	–

3. Community

(i) Internship Programme

DGB remains committed to supporting the community by accepting industrial training students from colleges and universities into our internship programme. Our internship program's objective is to provide students with valuable hands-on experience and exposure to the industry, to allow interns to pursue their passions while simultaneously developing their professional skills and knowledge. By providing opportunities for students to gain practical experience, we are contributing to the growth and development of the community. We believe that there efforts will help us build stronger relationships with our community and foster a sense of social responsibility to a better future for all.

(ii) Charity

DGB is committed to making a positive impact on the communities in which we operate. As part of our corporate social responsibility commitment, we actively support the local community by donating funds and in-kind to numerous charities and foundations that assist the under privileged and less fortunate. Our donations include essential resources, food, clothing, and educational materials to support children's growth and development. In addition, we have also donated funds to support an orphanage ongoing operations expenses.

DGB's Donation to Malaysian Association for the Welfare of Mentally Challenged Children

Hosted a group of people from Eden Social Welfare Foundation during Visiting Day. We were able to share our passion for hospitality and provide visitors with a glimpse into the hotel's operations. During the visit, they were provided guided tours of our facilities and interactive activities.

GOVERNANCE

1. Corporate Governance

The Board upholds the belief that commitment to high standards of corporate governance is essential in ensuring the sustainability of the Group, as well as to safeguard shareholders' interests and deliver long-term value.

As part of our commitment to observe high standards of corporate governance, we ensure compliance with all relevant laws and regulations, including the Companies Act 2016 and the AMLR of the Bursa. We also carefully considered the practices promulgated by the Malaysian Code on Corporate Governance ("MCCG"), adopt, and apply the principles, practices, and guidelines, where applicable. An overview of the Company's application of the principles and practices of the MCCG is set out in our Corporate Governance Overview Statement in this Annual Report.

To promote sound governance, the Board has implemented the following policies:

(i) Anti-Bribery and Corruption Policy

DGB adopts a zero-tolerance policy to all forms of corruption, including bribery or the giving and solicitation of favours and contracts. With the implementation of the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, which introduces corporate liability provisions for bribery and corruption offences.

During the financial year under review, there were no major disciplinary cases related to corruption reported within the Group. There were also no fines or penalties imposed by the authorities in relation to corruption.

Sustainability Statement

(cont'd)

(ii) Whistle Blowing Policy

DGB is committed to the highest standard of corporate governance and business integrity. In compliance with the Whistleblower Protection Act 2010 (Act 711), DGB has established a Whistle Blowing Policy. The policy provides a confidential channel for anyone to report any unethical or corrupt practices related to the Group.

The Whistle Blowing Policy ensures that whistleblowers be accorded full confidentiality and protection from harassment or disciplinary action for their disclosure. We are committed to conduct our operations with integrity, responsibility, and transparency. When a case of violation is confirmed, we take appropriate corrective measures to address the issue and prevent similar incidents from happening in the future.

DGB has established a proper channel for whistleblowing to enable stakeholders, including external parties and members of the public, to raise concerns and report any unethical or illegal practices. The stakeholders can report any concerns as set out in the Whistle Blowing Policy which is available on our website.

During the financial year under review, there were no whistleblowing cases reported within the Group.

2. Regulatory Compliance

DGB is committed to regulatory compliance, which is critical for protecting the Group's integrity, reputation, and fostering stakeholders' trust. Our standard processes ensure the highest level of compliance with all related and relevant laws, regulations, and applicable standards enforced by the government and relevant authorities. To stay updated on the latest developments and updates in existing and new regulatory requirements, we practice close consultation with relevant authorities and industry expertise, enabling our operations to run smoothly without disruption.

Key regulations applicable to our operations are listed but not limited to the following:

Applicable Accounting Standards	ACE Market Listing Requirements of Bursa Malaysia Securities Berhad	Employment Act 1955
Malaysian Anti-Corruption Commission Act 2009	Personal Data Protection Act 2010	Postal Services Act 2012

During the financial year under review, there were no instances of non-compliance that resulted in significant fines or penalty.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("Board") of DGB Asia Berhad ("Company") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("Group") as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and recommendations for best practices set out in the Malaysian Code on Corporate Governance ("MCCG") and the ACE Market Listing Requirements ("AMLR" or "Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Corporate Governance Overview Statement provides a summary of the corporate governance practices of the Group during the financial year ended 31 December 2022 ("FYE 2022") with reference to the following three (3) key principles of good corporate practices as set out in the MCCG which was further updated by Securities Commission Malaysia on 28 April 2021:

a) Principle A - Board leadership and effectiveness;
b) Principle B - Effective audit and risk management; and
c) Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders.

The Corporate Governance Overview Statement augmented with a Corporate Governance Report ("CG Report") serves in compliance with Rule 15.25(2) of the AMLR to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the MCCG throughout the FYE 2022. The CG Report is available at the Group's website at www.dgbasia.com, as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board leads and has effective controls over the Group whereby collective decisions and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters.

The Board directs the Group's risk assessment, strategic planning, succession planning and financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the leadership necessary to enable the Group's business objectives to be met within the framework of risk management and internal controls as described in this Statement.

The Group is led and managed by an effective and experienced Board comprising members with a wide range of experience and qualifications.

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established the following Board Committees to assist the Board in the running of its function:

a. Audit and Risk Management Committee ("ARMC");
b. Nomination and Remuneration Committee ("NRC"); and
c. Share Issuance Scheme Committee("SIS").

Each Committee operates in accordance with clearly defined Terms of Reference ("TOR"). These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective TOR and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.2 Chairman of the Board

The Chairman of the Board was led by Dato' Seri Abdul Azim Bin Mohd Zabidi ("Dato' Seri Abdul Azim") who was appointed as the Independent Non-Executive Chairman of the Company on 27 May 2020. The Company has yet to appoint a Board Chairman since the resignation of Dato' Seri Abdul Azim on 30 August 2021.

The Company is still looking for a suitable candidate to be appointed as the Chairman of the Board in terms of an appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, gender, experience, integrity, competence and time commitment.

1.3 Chairman and Executive Directors ("EDs")

The roles of the Chairman and EDs are separate with a clear distinction of responsibilities between them to provide effective leadership of the Board and the Group. The Chairman of the Board is responsible for the leadership and effective running of the Board, whereas the EDs who lead the management of the Group, have overall responsibility for the business and day-to-day management of the Company and the implementation of the Board's policies and decisions.

1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under the Malaysian Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary plays an important role in facilitating overall compliance with the Act, AMLR and other relevant laws and regulations. The Company Secretary also assists the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.

The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.

During the FYE 2022, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary and her team to the Board in the discharge of her duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The meeting calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.5 Meeting of Board and Board Committees (Cont'd)

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, relevant supporting documents along with the Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance and it is available at the Company's website at www.dgbasia.com.

The Board Charter is subject to periodic review and is updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is published on the Company's website at www.dgbasia.com.

1.7 Code of Ethics and Conduct

The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company. The Code of Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

The Code of Ethics and Conduct requires all Directors, management and employees of the Group to observe high ethical business standards and apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Code of Ethics and Conduct will be reviewed regularly to ensure the information remains relevant and appropriate.

The Code of Ethics and Conduct is available on the Company's website at www.dgbasia.com.

1.8 Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.

The Whistle Blowing Policy is available on the Company's website at www.dgbasia.com.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.9 Anti-Bribery and Corruption Policy ("ABC Policy")

The Board had on 29 May 2020 adopted the ABC Policy as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behavior within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020 and to include the corruption risks in the annual risk assessment of the Group.

The ABC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The ABC Policy is made available on the Company's website at www.dgbasia.com.

1.10 Directors' Fit and Proper Policy

In line with the new Rule 15.01A of the AMLR, the Board had on 25 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's website at www.dgbasia.com.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

1.11 Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner in intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board has conducted a review of the relevant amendments, and after considering the assessment of the Board's understanding of sustainability issues critical to the Company's performance, the amendments were revised and approved as part of the annual performance evaluation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD

2.1 Composition and Board Balance

The Board presently has six (6) members comprised of two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition is able to provide unbiased and independent views, advice and judgement to facilitate a balanced and impartial Board decision making process in the Group as well as provide effective checks and balances to safeguard the interest of other stakeholders, and ensure that high standards of conduct and integrity are maintained, which complies with Rule 15.02 of the AMLR of Bursa Securities and Practice 5.2 of the MCCG.

The Board had on 3 April 2023 appointed Ms. Lim May Sim as the Independent Non-Executive Director and a member of ARMC and NRC of the Company.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business. The profiles of these Directors are provided on pages 6 and 7 in this Annual Report.

2.2 Tenure of Independent Non-Executive Directors

The Board acknowledges the recent amendments made by Bursa Securities on 19 January 2022 to the Listing Requirements. These amendments state that the cumulative tenure of an Independent Non-Executive Director shall not exceed twelve (12) years effective from 1 June 2023. Additionally, if the Board wishes to retain an Independent Non-Executive Director who has served for more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting, as recommended by the MCCG.

During the financial year under review, none of our Directors has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

The Company has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years. Notwithstanding that, the assessment of the independence of Independent Non-Executive Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

2.3 Appointment of Board and Senior Management

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels.

The NRC is responsible to lead the process for the nomination of a new candidate for appointment and making the necessary recommendations.

In line with the best practices of the MCCG and the gained attention of boardroom diversity as an important element of a well-functioned corporation, the Board shall through the NRC accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only gender but also age and ethnicity.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

2.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Where and when appropriate, the Board, through the NRC, will priortise the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

In view of the gained attention of boardroom diversity as an important element of a well-functioned organisation, the Gender Diversity Policy was reviewed, revised and approved by the Board on 26 August 2021 which provides a framework for the Company to improve its gender diversity at the Board and Senior Management level.

The Board had on 3 April 2023 appointed one (1) female Director on the Board, namely, Lim May Sim.

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a clearly defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particulars issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NRC	SIS
Ong Tee Kein *(Independent Non-Executive Director)*	Chairman	Member	N/A
Dato' Kua Khai Shyuan *(Executive Director)*	N/A	N/A	Chairman
Tan Sik Eek *(Executive Director)* *(Resigned on 16 December 2022)*	N/A	N/A	Member
Ho Jien Shiung *(Non-Independent Non-Executive Director)*	Member	Member	Member
Chen Chee Peng *(Independent Non-Executive Director)*	Member	Chairman	N/A
Lim May Sim *(Appointed on 3 April 2023)* *(Independent Non-Executive Director)*	Member	Member	N/A

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

2.6 NRC

The NRC of the Company is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis.

The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

In searching for suitable candidates, the NRC may leverage on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the NRC also refers to the potential candidate from the industry taking into consideration their education, skills and experience background.

During the FYE 2022, the following is the summary of activities undertaken by the NRC:-

- Reviewed and assessed the performance of all Directors of the Company.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC, and the Board and the Board Committee as a whole.
- Reviewed and recommended to the Board the re-election of Directors who were due for retirement at the AGM.
- Reviewed and recommended to the Board the remuneration packages and directors' fees and/or benefits of all Directors of the Company.
- Reviewed and considered the appointment of a new Director to the Board.

2.7 Board Appointment and Re-appointment Process

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NRC evaluates the nominee's ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the AMLR of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors shall retire from office at least once (1) in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and continuation in office of any Director for shareholders' approval at the AGM.

Corporate Governance Overview Statement
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

2.8 Annual Assessment of Effectiveness of the Board and Board Committees as a whole

The NRC has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. The Board through the annual review by the NRC on the size and composition to determine if the Board has the right size and sufficient diversity with independent elements that fit the Company's objectives and strategic goals.

In evaluating the performance of Non-Executive Directors, amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole.

Whilst, in evaluating the performance of Executive Directors, the assessment was carried out against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employees training and development, succession planning and personal input to the role.

2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the AMLR of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE 2022.

The attendance record of each Board member at the Board and Committees meetings held during the FYE 2022 are as follows:-

Type of Meetings / Name of Directors	Board of Directors	ARMC	NRC
	No. of Meetings Attended		
Tan Sik Eek *(Resigned on 16 December 2022)*	4/4	N/A	N/A
Nicholas Wong Yew Khid	4/4	N/A	N/A
Dato' Kua Khai Shyuan	4/4	N/A	N/A
Ong Tee Kein	4/4	4/4	1/1
Ho Jien Shiung	4/4	4/4	1/1
Chen Chee Peng	4/4	4/4	1/1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

2.10 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to a continuing education programme to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2022 are as follows:-

Name of Directors	Title of Seminars/Training attended
Ong Tee Kein	• Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework • Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments • Transactions & RPT Rules Simplified • MIA Blended Learning Series: An Overview of the Malaysian Private Entities Reporting Standard (MPERS) – Practical approach to recognition and measurement principles including updates • MIA Webinar Series : Companies Act 2016 Voluntary Winding Up, Judicial Management & Corporate Voluntary Arrangement
Ho Jien Shiung	• Key Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework • Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments • Transactions & RPT Rules Simplified
Dato' Kua Khai Shyuan	• Key Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework • Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments • Transactions & RPT Rules Simplified
Nicholas Wong Yew Khid	• Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework • Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments Transactions & RPT Rules Simplified • Corruption and Bribery

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

2.10 Directors' Training (Cont'd)

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2022 are as follows:-

Name of Directors	Title of Seminars/Training attended
Chen Chee Peng	• Amendments to the Listing Requirements of Bursa Securities relating to Enhanced Sustainability Reporting Framework • Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence and Other Amendments • Transactions & RPT Rules Simplified

The Board would continuously, evaluate and assess the training needs of each Director to keep them abreast with the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

PART III - REMUNERATION

3.1 Remuneration Policy

The Board had through the NRC established a formal and transparent remuneration policies and procedures which sets out the principles and guidelines for the Board and NRC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The remuneration is reviewed by the NRC on an annual basis prior to making its recommendations to the Board for approval. In its review, the NRC considers various factors including the Directors' fiduciary duties, time commitments and expertise expected from them and the Company's performance.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

The Remuneration Policy is available on the Company's website at www.dgbasia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

3.2 Remuneration of Directors and Senior Management

The remuneration of the Directors of the Company and the Group for the FYE 2022 are as follows:-

(A) The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	EPF RM'000	Total RM'000
Dato' Kua Khai Shyuan	120	144	–	–	20	17	301
Ong Tee Kein	66	–	–	–	11	–	77
Ho Jien Shiung	60	–	–	–	10	–	70
Nicholas Wong Yew Khid	120	–	–	–	20	–	140
Tan Sik Eek *(Resigned on 16 December 2022)*	120	381	–	–	20	46	567
Chen Chee Peng	55	–	–	–	–	–	55
TOTAL	**541**	**525**	**–**	**–**	**81**	**63**	**1,210**

(B) The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	EPF RM'000	Total RM'000
Dato' Kua Khai Shyuan	120	144	–	–	20	17	301
Ong Tee Kein	66	–	–	–	11	–	77
Ho Jien Shiung	60	–	–	–	10	–	70
Nicholas Wong Yew Khid	120	240	–	–	60	34	454
Tan Sik Eek *(Resigned on 16 December 2022)*	120	382	–	–	20	46	567
Chen Chee Peng	55	–	–	–	–	–	55
TOTAL	**541**	**766**	**–**	**–**	**121**	**97**	**1,524**

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

3.3 Remuneration of Senior Management

The Board is of the view that the disclosure of the Key Senior Management's remuneration components on a named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature of talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on a named basis the remuneration or in bands of RM50,000.00 for the Key Senior Management.

Alternatively, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Key Senior Management of the Group for the FYE 2022 are as follows:-

Remuneration Band	Number of Key Senior Management
RM100,001 to RM150,000	1
RM150,001 to RM200,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

4.1 Effective and Independent ARMC

The ARMC Chairman is led by Mr. Ong Tee Kein who is distinct from the Chairman of the Board.

None of the members of ARMC were former key audit partners and in order to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the ARMC and they are able to understand matters under the purview of the ARMC including the financial reporting process.

They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. The ARMC members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules.

The term of office and performance of the ARMC and its members are reviewed by the NRC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – ARMC (CONT'D)

4.2 External Auditors

The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:-

(a) Financial Reporting developments;
(b) Adoption of Malaysian Financial Reporting Standards; and
(c) Other changes in the regulatory environment.

The Board also has established the External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The ARMC is satisfied with the performance, suitability and independence of the External Auditors of the Company, ChengCo PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.

Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The internal audit function of the Group is outsourced to Kloo Point Management Services Sdn. Bhd. ("Kloo Point"), a third party professional internal audit service firm that is independent of the operations and activities of the Group. The engagement team from Kloo Point is free from any relationship or conflict of interest, which could impair their objectivity and independence.

The Board had established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual performance evaluation form. The IA Assessment Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.

Corporate Governance Overview Statement
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

5.2 Internal Audit Function (Cont'd)

The ARMC had obtained assurance from Kloo Point confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE 2022 are as disclosed in the ARMC Statement in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted. A copy of the policy is published on the Company's website at www.dgbasia.com.

The quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development.

The Company's website at www.dgbasia.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Company's AGM remains a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

PART II - CONDUCT OF GENERAL MEETING

7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

In line with Practice 13.1 of MCCG, the notice convening the 15th AGM was issued to shareholders at least 28 days before the 15th AGM date, which gives shareholders sufficient time to prepare themselves to attend the 15th AGM or to appoint a proxy to attend and vote on their behalf.

At the AGM, the shareholders are encouraged to participate in discussing the resolutions proposed or future developments of the Group's operations in general. The Board, the Management team and the Company's External Auditors, are present to answer the questions raised and provide clarification as requested by the shareholders.

All resolutions set out in the notice of the 15th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II - CONDUCT OF GENERAL MEETING (CONT'D)

7.2 Effective Communication and Proactive Engagement

All Directors had attended the 15th AGM on a fully virtual basis and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group in the 15th AGM. The External Auditors were also invited to attend the 15th AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to in a proper and systematic manner.

The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the 15th AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 15th AGM was also published on the Company's website for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the AMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2022, except for the departures set out in the CG Report.

The Company shall continue to strive for high standards of corporate governance through the Group, and the highest level of integrity and ethical standards in all of its business dealings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. OBJECTIVES

The Audit Committee and Risk Management Committee have been merged as a single committee known as Audit and Risk Management Committee ("ARMC" or "the Committee") with effect from 25 November 2021 which aimed to improve the efficiency and effectiveness of its efficiency and effectiveness in discharging its duties. The principal objective of the ARMC of DGB Asia Berhad ("Company") is to assist the Board of Directors of the Company ("Board") in discharging its statutory duties and responsibilities in relation to corporate governance, internal audit function, financial reporting and risk management of the Company and its subsidiaries ("the Group").

B. COMPOSITION OF THE ARMC

The members of the ARMC comprising of all Non-Executive Directors with a majority of them being Independent Non-Executive Directors as follows:-

Name	Designation
Ong Tee Kein	Chairman, Independent Non-Executive Director
Chen Chee Peng	Member, Independent Non-Executive Director
Ho Jien Shiung	Member, Non-Independent Non-Executive Director
Lim May Sim *(Appointed on 3 April 2023)*	Member, Independent Non-Executive Director

The ARMC composition meets the requirements of Rule 15.09(1)(a) and (b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as Practice 9.1 under the Principle B of the Malaysian Code of Corporate Governance 2021.

The ARMC Chairman, Mr. Ong Tee Kein is a member of the Malaysian Institute of Accountants. Accordingly, the composition of ARMC members complies with Rule 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at www.dgbasia.com.

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Four (4) ARMC Meetings were held during the financial year ended 31 December 2022. The details of attendance of each member are as follows:-

Name of the ARMC Members	No. of Meetings Attended
Ong Tee Kein	4/4
Ho Jien Shiung	4/4
Chen Chee Peng	4/4
Lim May Sim *(Appointed on 3 April 2023)*	Not Applicable

The presence of the External Auditors and/or the Internal Auditors of the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Group may attend the meeting (specific to the relevant meeting and to the matters being discussed) upon the invitation of the Committee.

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

The summary of the works undertaken by the Committee during the financial year ended 31 December 2022, amongst others, included the following:-

a. Reviewed the quarterly unaudited financial results and audited financial statements of the Group including the announcements pertaining thereto, and recommended the same for the Board's approval before releasing to Bursa Securities;

b. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for the financial year ended 31 December 2022 to ensure the audit scope is comprehensive;

c. Reviewed with the External Auditors, the Audit Planning Memorandum covering findings on the results and issues arising from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the ARMC;

d. Met with the External Auditors once during the ARMC Meeting without the presence of the Executive Directors and Management to discuss any issues arising from the annual statutory audit or any matters the External Auditors may wish to discuss. There were no major issues raised during that session of the meeting;

e. Reviewed with the Internal Auditors, the internal audit plan, work done and reports for the internal audit function and considered the findings of internal audit investigations and management response thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;

f. Evaluated the performance of the External Auditors and Internal Auditors of the Company;

g. Considered and recommended the re-appointment of ChengCo PLT as the External Auditors and their audit fees to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;

h. Self-appraised the performance of the ARMC and submitted the evaluation form to the Nomination and Remuneration Committee for assessment;

i. Reviewed the Enterprise Risk Management Report for the financial year ended 31 December 2022;

j. Reviewed the Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report; and

k. Reviewed the related party transactions and/or recurrent related party transactions that transpired during the year under review to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

Audit and Risk Management Committee Report

(cont'd)

D. INTERNAL AUDIT ("IA") FUNCTION

The IA function is outsourced to an independent professional consulting company, namely Kloo Point Risk Management Services Sdn. Bhd., which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the ARMC to carry out an independent assessment and provide an objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls.

The role of the Internal Auditors, amongst others, shall cover the following areas:-

i. To evaluate the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate;

ii. To conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group;

iii. To assess and report to the ARMC as to whether risks, which may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled; and

iv. To carry out their functions according to the standards set by recognised professional bodies.

The activities carried out by the Internal Auditors of the Group during the financial period under review were summarised as below:-

- Execution of the approved internal audit plan;
- Presentation of the internal audit findings and recommendations at the Committee meetings; and
- Conducted follow up reviews to ensure action plans are properly and appropriately implemented by the Management.

The internal audits reviews did not reveal any significant weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The total fee incurred for the internal audit function of the Group during the financial year ended 31 December 2022 was RM36,963.

REVIEW OF INTERNAL AUDIT FUNCTION

For the financial year ended 31 December 2022, the Committee noted that the internal audit function is independent and the Internal Auditors have performed their audit assignments with impartiality and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of DGB Asia Berhad ("the Company") is pleased to present its Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of the Company and its subsidiaries ("Group") risk management and internal control for the financial year ended 31 December 2022 ("FYE 2022"). This Statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") on the issuance of Risk Management and Internal Control Statement pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") and the Malaysian Code on Corporate Governance.

THE BOARD'S RESPONSIBILITY

The Board acknowledges its responsibilities are fully committed to maintaining a sound risk management practices and internal control environment to safeguard the shareholders' investments and the Group's assets. The Board has an ultimate responsibility for the Group's system of risk management and internal control and its effectiveness, as well as reviewing its adequacy and integrity. The Group's risk management process and system of internal control consists of financial controls, operational and compliance controls, and risk management.

In view of the limitations that are inherent in any system of risk management and internal control, our system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Therefore, the system can only provide reasonable, but not absolute, assurance against any material misstatements, financial losses, defalcations, or fraud. The Board continuously evaluates appropriate measures to strengthen the transparency and efficiency of its operations taking into account the requirements for sound and appropriate internal control and management information system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

The Management's Responsibility

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

The Internal Audit Function Responsibility

The review of the adequacy and integrity of the Group's Risk Management and Internal control systems is the delegated responsibility of the Audit and Risk Management Committee ("ARMC"). The ARMC is assisted by the Internal Audit Function in discharging its duties and responsibilities by providing the Board with the assurance it requires on the adequacy and integrity of the system of internal controls.

The Internal Audit Function is undertaken by an outsourced independent professional service firm and adopts a risk- based approach in preparing audit plan that is reviewed and approved by the ARMC. The audit plan covers review of the risk exposures and control processes implemented by the Management, review of the critical areas within the Group including the adequacy of operational controls and information systems, compliance with established policies and procedures. Where improvement opportunities were being identified during internal audit reviews, recommendations are then made and appropriate action plans are agreed upon amongst management, operational and functional units. The internal audit reports summarising the results of periodic internal audit visits are presented to the ARMC on yearly basis and follow-up visits are performed to track the implementation progress of agreed action plans.

During the financial year under review, no material findings that would result in any material losses, contingencies or uncertainties that would warrant a separate disclosure in this annual report had been brought to the attention of the Board. Notwithstanding this, the Board will continue to embrace a risk and control conscious approach and maintain constant vigilance in order to meet its business objectives in the ever changing and challenging business environment.

Statement on Risk Management and Internal Control
(cont'd)

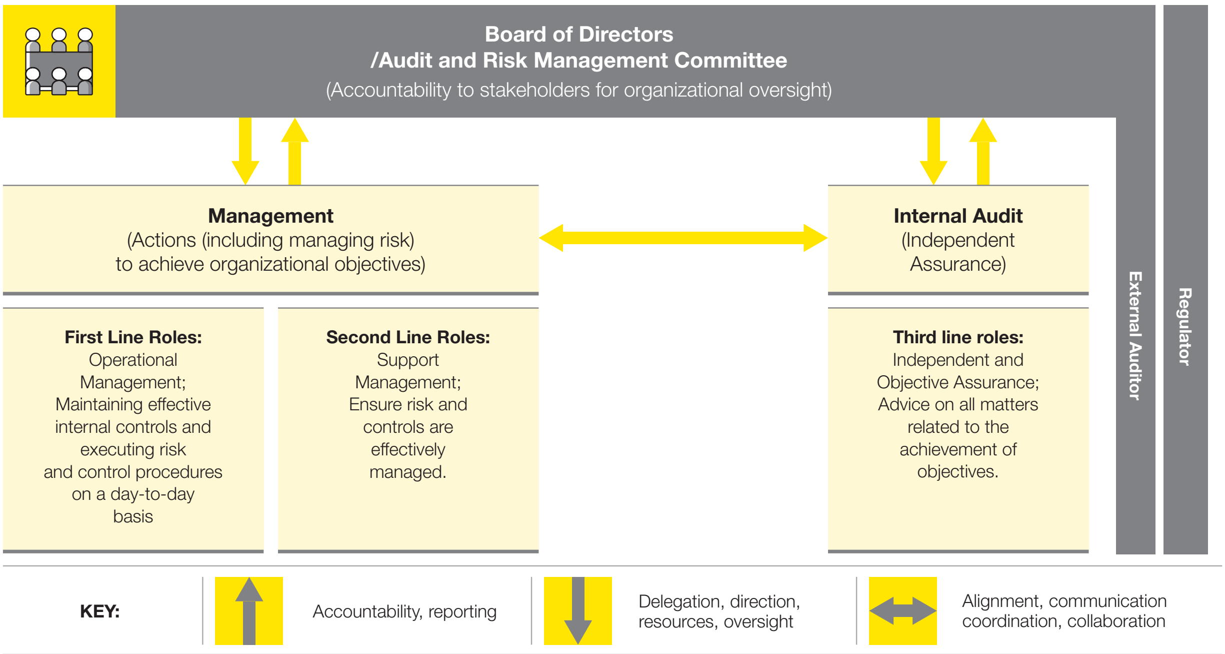
KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

(i) Risk Management Framework

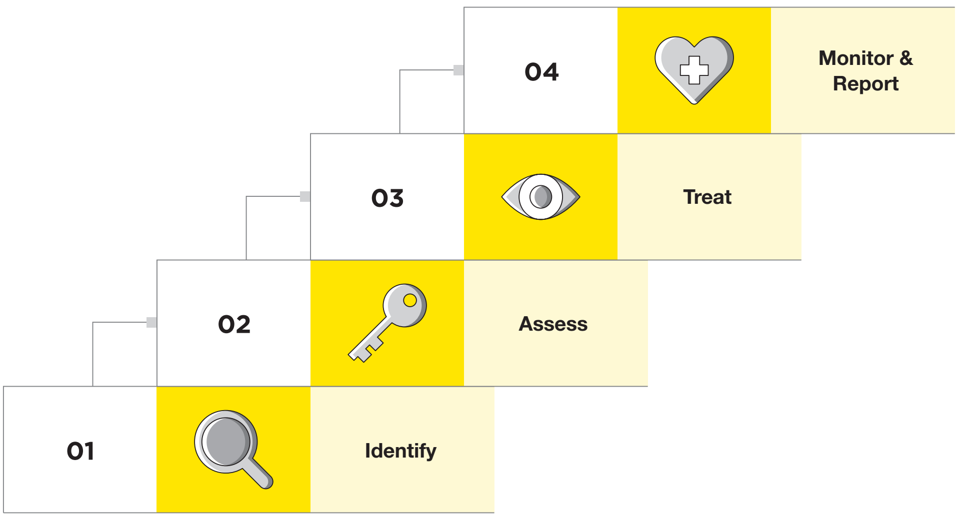
The Board has made risk assessment an on-going exercise to effectively identify, evaluate, manage and review any changes in the risks faced by the businesses in the Group. The significant risks encountered by the Group are managed in accordance with the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control.

The ARMC has been delegated to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies for the Group.

The Group's risk management framework is set out in the diagram below: -



The Group's risk management process is set out in the diagram below:



KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

(i) Risk Management Framework (Cont'd)

The risk management process involves all business and functional units of the Group identifying significant risks which impact the achievement of business objectives of the Group. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted with additional procedures to be carried out as and when required.

The Group's control activities include:

1. Regular performance review

The Board emphasises on regular reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes. The internal control issues identified and highlighted by the Internal Auditors, External Auditors and occasionally by the management team will be reviewed and therefore, addressed by the management accordingly.

2. Reviews with the External Auditors

The annual statutory audit of the Group by the External Auditors also includes a general review of the internal control systems of the Group. Weaknesses, limitations and deficiencies are identified via Management Letters and proposals for appropriate remedies are presented for consideration by the Board. In addition, material concerns are also highlighted, tabled and discussed with the ARMC.

3. Defined organisational structure

The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description, authority, accountability and responsibility in place for the Executive Directors and other senior management staff of the Group.

4. Defined policies and procedures

The terms of references, responsibilities and authority limits of the Board Committees, the Executive Director and other senior management staff of the Group are clearly defined to achieve an effective check and balance; and to promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

5. Whistleblowing Policy

Whistleblowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secured and confidential manner.

6. Information and Communication

Adequate financial and operational information systems are in place to capture and present information on a timely basis to the management. The Management teams perform regular monitoring and review of the Group's financial results. Scheduled and ad-hoc meeting were held at operational and management levels to identify, discuss and resolve business and operational issues. The management provides quarterly financial report to the Board covering financial performance and review for the performance. The ARMC also reviews the quarterly financial reports, annual financial statements and internal audit reports in periodic basis.

Statement on Risk Management and Internal Control

(cont'd)

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2022. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management process and system of internal control. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with the material internal control aspects of significant problems, if any, disclosed in this Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

The Board acknowledges its responsibility in maintaining a stringent risk management framework and effective internal control system with frequent checks on its objectivity, integrity, and adequacy in sustaining a good corporate governance practice, to ensure that shareholders' investments and the Group's assets are safeguarded as well. The responsibility for reviewing the effectiveness and efficiency of the risk management and its internal control systems has been delegated to Audit and Risk Management Committee of the Company.

The Board also takes cognisant of its responsibility for identifying, isolating, and managing significant risks within the business environment and framework in which the Group operates. The Board is aware of its responsibility for ensuring the effectiveness and adequacy of the risk management and internal control system to address management, financial, operational, management information systems and compliance risks within the ambit of applicable laws, regulations, directives, and guidelines to ensure that these systems are viable and robust.

However, it is important to note and observe that such system of risk management and internal controls is developed to mitigate and alleviate rather than to completely exclude or eliminate all related risks. Thus, any system of risk management and internal controls is designed to provide reasonable and acceptable but not absolute assurance against material misstatement, fraud or loss. Therefore, the management plays a key role in ensuring that the established risk management and internal control system processes and sanctioned procedures are appropriately implemented and closely adhered to; and to promptly provide feedback to the Board of any breach in internal controls, whether deliberately or inadvertently.

DIRECTORS' RESPONSIBLITY STATEMENT

In connection with the preparation of the annual audited financial statements of the Company and its subsidiaries ('the Group"), the Directors are required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 ("Act") and the applicable approved accounting standards as prescribed by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group as at 31 December 2022 and of the results and cash flows of the Company and the Group for the financial year then ended.

In preparing those financial statements of the Group for the financial year ended 31 December 2022; the Directors have:-

- responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy;
- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Boards has ensured that the quarterly reports and annual audited financial statements of the Company are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group maintains proper accounting records in accordance with the Act. The Board also has the overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS

Renounceable Rights Issue of New Shares with Warrants C

The Company had on 1 September 2020 announced to undertake proposed renounceable rights issue of up to 1,202,508,216 new Shares ("Rights Shares") together with up to 601,254,108 free detachable warrants in the Company ("Warrants C") on the basis of six (6) Rights Shares together with three (3) free Warrants C for every 1 existing Share held by the entitled shareholders of the Company ("Renounceable Rights Issue with Warrants C").

The Company had raised total proceeds of RM114.7 million from the Renounceable Rights Issue with Warrants C.

The status of utilisation of proceeds as at 31 December 2022 was as follows:-

Details of Utilisation	Amount of Proceeds RM	Amount Utilised RM	Amount Unutilised RM
Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia	60,000	17,088	42,912
Expansion of the smart vending machines business	15,000	10,176	4,824
Marketing expenses	20,000	5,709	14,291
Working capital	8,865	8,865	–
Acquisition and/or investment in other complementary businesses and/or assets	10,000	10,000	–
Estimated expenses for the Renounceable Rights Issue with Warrants C	900	900	–
Total	**114,765**	**52,738**	**62,027**

20% Private Placement of the total number of issued shares

The Company had on 14 July 2021 announced to undertake a private placement of new Shares of up to 20% of the total number of issued shares of the Company ("20% Private Placement") and completed the issuance and allotment of 270,321,000 new Shares at an issue price of RM0.0381 per Share on 6 September 2021. The Company had raised total proceeds of RM10.2 million from the 20% Private Placement.

The status of utilisation of proceeds as at 31 December 2022 was as follows:-

Details of Utilisation	Amount of Proceeds RM	Amount Utilised RM	Amount Unutilised RM
Upgrading of the Kimpton Da An Hotel	10,194	7,944	2,250
Expenses in relation to the 20% Private Placement	105	105	–
Total	**10,299**	**8,049**	**2,250**

Additional Compliance Information
(cont'd)

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2022 are as follows:-

	Company RM	Group RM
Audit Fee	125,681	289,935
Non-Audit Fee	70,883	70,883

3. MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries ("DGB Group") which involved Directors' or major shareholders' interests during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPTS")

The details of the Shareholders' Mandate for the RRPTs are set out in the Circular to Shareholders dated 28 April 2023 which is available on Bursa Malaysia Securities Berhad's website and the Company's website.

The details of the transactions with related parties undertaken by DGB Group during the financial year ended 31 December 2022 are disclosed in Note 30 to the audited financial statements for the financial year ended 31 December 2022.

5. SHARE ISSUANCE SCHEME ("SIS")

The Company has established a SIS of up to 30% of the issued share capital (excluding treasury shares, if any) of the Company for a period of 5 years from 11 February 2014 and subsequently extended for a further period of 5 years to 10 February 2024 pursuant to the Bylaws governing the SIS.

There were options granted under the SIS during the financial year ended 31 December 2022.

Details in the movement of the Shares granted under the SIS since its inception are as follows:-

	Total number of share options outstanding as at 01.01.2022 '000	Total number of share options exercised '000	Total number of share options granted '000	Total number of share options lapsed '000	Total number of share options outstanding as at 31.12.2022 '000
Employees	–	163,804	211,386	47,582	–
Directors (Including Chief Executive Officer)	–	–	–	–	–
Total	**–**	**163,804**	**211,386**	**47,582**	**–**

There was no allocation of SIS to senior management since its inception to 31 December 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection ("AIDC") and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(28,695,137)	(2,737,562)
Attributable to :		
Owners of the parent	(24,962,894)	(2,737,562)
Non-controlling interests	(3,732,243)	–
	(28,695,137)	(2,737,562)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued share capital from RM216,333,899 to RM220,519,246 by way of issuance of 163,804,412 new ordinary shares at RM0.018 per ordinary share, pursuant to the Share Issuance Scheme ("SIS").

The newly issued shares rank pari-passu in all respects with the previously issued shares. There was no issue of debentures by the Company during the financial year.

SHARE ISSUANCE SCHEME ("SIS")

The SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting duly held and convened on November 2013. The SIS shall be in force for a period of 5 years commencing from 11 February 2014, being the effective date for implementation of the SIS and extended for further periods of 5 years expiring on 10 February 2024.

The salient features of the SIS are as follows :

(a) The total number of new shares to be offered and issued under the SIS shall not exceed thirty percent (30%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the SIS, as provided in the By-Laws.

(b) The price at which the grantee is entitled to subscribe for the new shares, to be determined by the Board upon recommendation of the Option Committee, shall be fixed based on the higher of the five (5)-day weighted average market price of shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa Securities"), immediately preceding the Date of Offer of the Option with a discount of not more than 10%, if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or the par value of shares.

(c) The SIS shares shall, upon issuance, allotment and full payment, rank pari passu in all respects with the then existing share, save and except that the SIS shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of issuance and allot.

Details of share option granted and exercised under the SIS are as follows:

	Grant date	Exercise/ vesting period	RM/ option	Number of share options	Exercised	Forfeited	Exercisable as at 31.12.2022
SIS Grant 16th	7.3.2022	7.3.2022 to 10.2.2024	0.018	211,386,600	(163,804,412)	(47,582,188)	–

During the financial year, the Company increased its issued share capital by issuance of 163,804,412 new ordinary shares pursuant to the SIS.

WARRANTS

Warrant 2021/2024 ("WARRANTS C")

On 22 January 2021, the Company listed and quoted 478,188,586 Warrants C issued pursuant to the Rights Issue with Warrants.

The Warrants C are constituted by the Deed Poll dated 7 December 2020. ("Deed Poll C').

The salient features of the Warrants C are as follows:

(a) Issued up to 478,188,586 Warrants C on the basis of 6 Rights Shares together with three (3) free Warrants C for every one (1) existing ordinary shares in DGB held by shareholders whose names appear in the record of depositor (as defined herein) of the issuer as at the close of business on the entitlement date (as herein defined) ("Entitled Shareholders"). Each Warrants C entitles its registered holder to subscribe for one (1) new share at an exercise price of RM0.12 per new share (as herein defined) ("Exercise Price"), at any time until the expiring of the Warrants C on 17 January 2024 ("Exercise Period"), payable in full cash within the Exercise Period (as defined herein); and

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose; and

(c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll C and the shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

The movements in the Warrants C are as follows:

	Entitlement For Ordinary Shares			
	As at 01.01.2022	**Exercised**	**Expired**	**As at 31.12.2022**
Warrants C	478,188,586	–	–	478,188,586

During the financial year ended 31 December 2022, there were no warrants exercised by the warrant holder.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issued of options pursuant to the Share Issuance Scheme ("SIS").

Directors' Report

(cont'd)

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of report are:

Dato' Kua Khai Shyuan
Ho Jien Shiung
Nicholas Wong Yew Khid*
Ong Tee Kein
Chen Chee Peng *(appointed on 16 February 2022)*
Lim May Sin *(appointed on 3 April 2023)*
Tan Sik Eek *(resigned on 16 December 2022)*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Azril Bin Aliuddin
Kong Wei Kheong
Lin Sung Han
Tan Sik Eek
Yeo Eng Kiat
Huang Yiyuan *(resigned on 12 May 2022)*

* Director of the Company and certain subsidiary company

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of financial year in the shares in the Company during the financial year are as follows:

	No. of ordinary share			
	As at 1.1.2022	**Bought**	**Sold**	**As at 31.12.2022**
Direct interest				
Dato' Kua Khai Shyuan	93,600	–	–	93,600
Nicholas Wong Yew Khid	100,000	–	–	100,000

By virtue of their substantial interests in the shares of the Company, Nicholas Wong Yew Khid is also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Group and of the Company has received nor become entitled to receive any benefit *(other than the benefits shown under directors' remuneration)* by reason of a contract made by the Group and the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions entered into the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30 to the financial statements.

Neither during, nor at the end of the financial year, did there subsist any arrangement to which the Group and the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Group and the Company or any other body corporate.

INDEMNITY TO DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and Company during the financial year.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration during the financial year as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' remuneration				
- Bonus	388,900	100,000	348,900	50,000
- EIS contributions	309	411	206	174
- EPF contributions	96,672	100,992	63,072	66,192
- Fee	541,350	507,000	541,350	507,000
- HRDF contributions	2,400	2,400	–	–
- Salary	765,600	741,600	525,600	501,600
- SOCSO contributions	2,697	2,348	1,798	1,519
	1,797,928	1,454,751	1,480,926	1,126,485

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that no allowance for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to be realise in the ordinary course of business including the values of current assets as shown in accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

Directors' Report

(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or making of allowance for doubtful debts in the financial statements of the Group and the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since end of the financial year.

In the opinion of the directors:

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction, or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company are amounted to RM 360,818 and RM 196,564 (2021:RM 308,951 and RM 190,680) during the financial year.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The details of the significant events after the financial year are disclosed in Note 37 to the financial statements.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

AUDITORS

The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' KUA KHAI SHYUAN
Director

NICHOLAS WONG YEW KHID
Director

Kuala Lumpur,
Date: 25 April 2023

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **DATO' KUA KHAI SHYUAN** and **NICHOLAS WONG YEW KHID**, being the two of the Directors of DGB ASIA BERHAD, do hereby state that on behalf of the Directors in our opinion, the financial statements as set out on pages 67 to 138, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the results of its financial performance and cash flows of the Group and of the Company for the financial year then ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' KUA KHAI SHYUAN
Director

NICHOLAS WONG YEW KHID
Director

Kuala Lumpur,
Date : 25 April 2023

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, **DATO' KUA KHAI SHYUAN**, being the director primarily responsible for the financial management of DGB ASIA BERHAD, do solemnly and sincerely declare that the financial statements of the Group and the Company as set out on pages 67 to 138 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at)
)
on this 25 April 2023)

DATO' KUA KHAI SHYUAN
Director

Before me,

Samuel John A/L Ponniah
No.: B437
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DGB ASIA BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of DGB ASIA BERHAD, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment of goodwill

The Group's goodwill amounting to RM8,025,425, representing approximately 2.64% of the Group's total assets as at 31 December 2022.

We focus on this area as the assessment of impairment of goodwill involved management judgements and estimation uncertainty in analysing key assumption used in the discounted cash-flow projection.

Our procedures in relation to impairment of goodwill:

- We performed goodwill impairment tests in order to evaluate the recoverability of goodwill arising from business combination;

- We assessed the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets; and

- We tested the mathematical accuracy of the impairment assessment.

- In relation to discounted cash-flow:

    - Compared the cash flow projections to available business plan;
    - Compared the actual results with previous budget to assess the performance of the business a reliability of forecasting process; and
    - Verified the validity of relevant supporting documents and data that the management uses to support their impairment test assessment, e.g. discount rate, industry data on growth rate and forecast cash flow, etc.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the directors' report and, in doing so, consider whether the directors' report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the directors' report, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CHENGCO PLT
201806002622
(LLP0017004-LCA) & AF 0886
Chartered Accountants

YAP PENG BOON
02118/12/2024 J
Chartered Accountant

Kuala Lumpur,
Date: 25 April 2023

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	45,060,632	44,031,898	2,066,329	2,652,000
Right-of-use assets	5	126,006,627	154,758,755	–	–
Investment in property	6	9,573,499	–	–	–
Investment in subsidiary companies	7	–	–	45,823,636	23,272,030
Intangible assets	8	12,907,805	13,636,172	–	–
		193,548,563	212,426,825	47,889,965	25,924,030
Current assets					
Inventories	9	902,796	2,319,886	–	–
Trade receivables	10	2,381,811	2,357,145	–	–
Other receivables, deposits and prepayments	11	40,419,741	17,990,246	642,479	832,000
Amount due from subsidiary companies	12	–	–	134,352,370	91,527,905
Other investments	13	44,691,384	103,335,281	35,505,806	91,262,089
Current tax assets		81,364	35,580	–	–
Cash and cash equivalents	14	21,846,339	19,843,556	2,032,887	9,665,826
		110,323,435	145,881,694	172,533,542	193,287,820
TOTAL ASSETS		303,871,998	358,308,519	220,423,507	219,211,850
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	220,519,246	216,333,899	220,519,246	216,333,899
Reserves	16	(63,667,689)	(38,093,365)	(598,351)	2,139,211
		156,851,557	178,240,534	219,920,895	218,473,110
Non-controlling interests		(12,330,706)	(6,616,796)	–	–
TOTAL EQUITY		144,520,851	171,623,738	219,920,895	218,473,110

The accompanying notes form an integral part of these financial statements.

Statement Of Financial Position

(cont'd)

	Notes	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
LIABILITIES					
Non-current liabilities					
Finance lease liabilities	17	70,783	152,691	–	–
Lease liabilities	18	115,767,227	142,594,271	–	–
		115,838,010	142,746,962	–	–
Current liabilities					
Trade payables	19	3,243,643	1,846,175	–	–
Other payables, deposits received and accruals	20	16,652,575	19,261,913	502,612	166,281
Amount due to directors	21	7,463,559	7,613,100	–	572,459
Amount due to related party	21	3,210,000	1,205,400	–	–
Current tax liabilities		10,084	–	–	–
Finance lease liabilities	17	74,699	78,563	–	–
Lease liabilities	18	12,858,577	13,932,668	–	–
		43,513,137	43,937,819	502,612	738,740
TOTAL LIABILITIES		159,351,147	186,684,781	502,612	738,740
TOTAL EQUITY AND LIABILITIES		303,871,998	358,308,519	220,423,507	219,211,850

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Notes	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	22	39,956,538	25,002,245	–	–
Cost of sales		(15,596,427)	(13,260,549)	–	–
Gross profit		24,360,111	11,741,696	–	–
Other operating income	23	3,894,782	4,748,841	1,492,347	1,545,376
Selling and distribution expenses		(4,453,323)	(979,038)	(14,496)	–
Administrative expenses		(26,080,978)	(17,097,736)	(2,363,618)	(2,524,202)
Other operating expenses		(26,180,045)	(34,308,979)	(1,851,795)	(3,335,427)
Loss from operations	24	(28,459,453)	(35,895,216)	(2,737,562)	(4,314,253)
Finance costs	25	(235,684)	(763,335)	–	–
Loss before tax		(28,695,137)	(36,658,551)	(2,737,562)	(4,314,253)
Tax expenses	26	–	–	–	–
Net loss for the financial year, representing total comprehensive loss for the financial year		(28,695,137)	(36,658,551)	(2,737,562)	(4,314,253)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		(2,593,097)	509,266	–	–
Other comprehensive loss for the financial year, net of tax		(2,593,097)	509,266	–	–
Total comprehensive loss for the financial year		(31,288,234)	(36,149,285)	(2,737,562)	(4,314,253)

The accompanying notes form an integral part of these financial statements.

Statement Of Profit Or Loss And Other Comprehensive Income

(cont'd)

	Notes	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Loss attributable to:					
Owners of the parent		(24,962,894)	(29,180,900)	(2,737,562)	(4,314,253)
Non-controlling interests		(3,732,243)	(7,477,651)	–	–
		(28,695,137)	(36,658,551)	(2,737,562)	(4,314,253)
Total comprehensive loss attributable to:					
Owners of the parent		(25,574,324)	(28,746,539)	(2,737,562)	4,314,253
Non-controlling interests		(5,713,910)	(7,402,746)	–	–
		(31,288,234)	(36,149,285)	(2,737,562)	4,314,253
Loss per share (cent)					
- Basic	27 (a)	(1.43)	(2.15)		
- Diluted	27 (c)	(1.13)	(1.58)		

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to the owners of Company						
	Non distributable			Distributable			
Group	Share capital RM (Note 15)	Translation reserve RM (Note 16)	Warrants reserve RM (Note 16)	Accumulated losses RM (Note 16)	Sub-total RM	Non controlling interests RM	Total equity RM
Balance at 1 January 2021	83,499,151	(1,529,170)	–	(20,076,331)	61,893,650	(3,714,050)	58,179,600
Transaction with owners :							
Issuance of ordinary shares pursuant to:							
- right issue with warrants	102,506,618	–	12,258,675	–	114,765,293	–	114,765,293
- exercise of shares issuance scheme	20,028,900	–	–	–	20,028,900	–	20,028,900
- private placement	10,299,230	–	–	–	10,299,230	–	10,299,230
Total transaction with owners	132,834,748	–	12,258,675	–	145,093,423	–	145,093,423
Acquisition of subsidiary company	–	–	–	–	–	4,500,000	4,500,000
Loss for the financial year	–	–	–	(29,180,900)	(29,180,900)	(7,477,651)	(36,658,551)
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	434,361	–	–	434,361	74,905	509,266
Total comprehensive income/(loss) for the financial year	–	434,361	–	(29,180,900)	(28,746,539)	(7,402,746)	(36,149,285)
Balance at 31 December 2021	216,333,899	(1,094,809)	12,258,675	(49,257,231)	178,240,534	(6,616,796)	171,623,738

The accompanying notes form an integral part of these financial statements.

Statement Of Changes In Equity
(cont'd)

Group	Share capital RM (Note 15)	Translation reserve RM (Note 16)	Warrants reserve RM (Note 16)	Accumulated losses RM (Note 16)	Sub-total RM	Non controlling interests RM	Total equity RM
	← Attributable to the owners of Company →						
	← Non distributable →			Distributable			
Balance at 1 January 2022	216,333,899	(1,094,809)	12,258,675	(49,257,231)	178,240,534	(6,616,796)	171,623,738
Transaction with owners :							
Issuance of ordinary shares pursuant to:							
- exercise of shares issuance scheme	4,185,347	–	–	–	4,185,347	–	4,185,347
Total transaction with owners	4,185,347	–	–	–	4,185,347	–	4,185,347
Loss for the financial year	–	–	–	(24,962,894)	(24,962,894)	(3,732,243)	(28,695,137)
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	(611,430)	–	–	(611,430)	(1,981,667)	(2,593,097)
Total comprehensive (loss) for the financial year	–	(611,430)	–	(24,962,894)	(25,574,324)	(5,713,910)	(31,288,234)
Balance at 31 December 2022	220,519,246	(1,706,239)	12,258,675	(74,220,125)	156,851,557	(12,330,706)	144,520,851

The accompanying notes form an integral part of these financial statements.

Statement Of Changes In Equity
(cont'd)

Company	**Share capital RM (Note 15)**	**Option reserve RM (Note 16)**	**Warrants reserve RM (Note 16)**	**Accumulated losses RM (Note 16)**	**Total equity**
At 1 January 2021	83,499,151	–	–	(5,805,211)	77,693,940
Transaction with owners :					
Grant of shares issuance scheme					
Issuance of ordinary shares pursuant to :					
- right issue with warrants	102,506,618	–	12,258,675	–	114,765,293
- exercise of shares issuance scheme	20,028,900	–	–	–	20,028,900
- private placement	10,299,230	–	–	–	10,299,230
Total transaction with owners	132,834,748	–	12,258,675	–	145,093,423
Total comprehensive loss for the financial year	–	–	–	(4,314,253)	(4,314,253)
At 31 December 2021 and 1 January 2022	216,333,899	–	12,258,675	(10,119,464)	218,473,110
Transaction with owners :					
Issuance of ordinary shares pursuant to :					
- exercise of shares issuance scheme	4,185,347	–	–	–	4,185,347
Total transaction with owners	4,185,347	–	–	–	4,185,347
Total comprehensive loss for the financial year	–	–	–	(2,737,562)	(2,737,562)
At 31 December 2022	220,519,246	–	12,258,675	(12,857,026)	219,920,895

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Notes	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Loss before tax		(28,695,137)	(36,658,551)	(2,737,562)	(4,314,253)
Adjustments for:					
Amortisation of intangible assets	8	1,310,742	509,410	–	–
Amortisation of investment property	6	26,501	–	–	–
Depreciation of property, plant and equipment	4	5,128,440	4,476,757	614,928	463,481
Depreciation of right-of-use assets	5	13,407,559	14,275,242	–	–
Employee benefit expenses		1,236,867	2,553,900	1,236,867	2,553,900
Fair value adjustment of investment in quoted shares	13	3,358,363	8,599,054	–	–
Fair value adjustment of investment in money market fund	13	(2,194,537)	273,027	(1,404,747)	272,093
Interest expenses	25	235,684	763,335	–	–
Interest income	23	(143,985)	(1,702,889)	(87,599)	(1,535,356)
Impairment losses of inventory	9	1,676,392	113,708	–	–
Impairment losses of receivables		–	3,334,286	–	45,952
Property, plant and equipment written off	4	82	–	–	–
Reversal of impairment losses on receivables		(143,466)	(5,943)	–	–
Rental concessions	18	(956,677)	(2,500,241)	–	–
Operating loss before working capital changes		(5,753,172)	(5,968,905)	(2,378,113)	(2,514,183)
Changes in working capital:					
Inventories		(259,303)	(1,994,407)	–	–
Receivables		(21,652,640)	23,828,176	189,522	18,514,812
Payables		(1,201,783)	(31,084,948)	336,331	(302,761)
Cash (used in) / generated from operations		(28,866,898)	(15,220,084)	(1,852,260)	15,697,868
Tax paid		(57,000)	(15,000)	–	–
Tax refunded		11,250	15,000	–	–
Net cash (used in)/from operating activities		(28,912,648)	(15,220,084)	(1,852,260)	15,697,868

The accompanying notes form an integral part of these financial statements.

Statement Of Cash Flows
(cont'd)

	Notes	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from investing activities					
Acquisition of intangible assets	8	(582,800)	(1,958,000)	–	–
Acquisition of investment property	6	(9,600,000)	–	–	–
Acquisition of property, plant and equipment	4	(8,005,906)	(7,150,967)	(29,257)	(3,060,000)
Acquisition of quoted shares		(275,256)	(20,964,828)	–	–
Acquisition of subsidiary company, net of cash and cash equivalents	7	–	–	(22,551,606)	(8,572,500)
Withdrawal of money market fund	13	126,748,629	20,000,000	126,748,629	20,000,000
Interest received		87,599	1,702,889	87,599	1,535,356
Placement of money market fund	13	(69,587,599)	(113,635,409)	(69,587,599)	(111,534,182)
Proceeds from disposal of property, plant and equipment		–	1,029	–	–
Proceeds from disposal of investment in quoted shares		–	5,347,748	–	–
Withdrawal of fixed deposits with non-financial institution		–	60,251	–	60,251
Net cash from/(used in) investing activities		38,784,667	(116,597,287)	34,667,766	(101,571,075)
Cash flows from financing activities					
Advances to subsidiary companies		–	–	(42,824,465)	(52,502,366)
(Repayment to)/Financing from directors		(572,459)	(1,429,477)	(572,459)	257,591
Financing from related party		2,004,600	5,705,400	–	–
Interest paid	25	(235,684)	(763,335)	–	–
Proceeds from issuance of shares		2,948,479	142,539,523	2,948,479	142,539,523
Repayment of finance lease liability	29	(85,772)	(75,219)	–	–
Repayment of lease liabilities	29	(12,084,798)	(11,064,190)	–	–
Net cash (used in)/from financing activities		(8,025,634)	134,912,702	(40,448,445)	90,294,748
Net increase / (decrease) in cash and cash equivalents		1,846,385	3,095,331	(7,632,939)	4,421,541
Effects of exchange rate changes		156,398	122,816	–	–
Cash and cash equivalents at the beginning of financial year		19,843,556	16,625,409	9,665,826	5,244,285
Cash and cash equivalents at end of the financial year	14	21,846,339	19,843,556	2,032,887	9,665,826

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public liability company, incorporated and domiciled in Malaysia and is listed on ACE Market of the Bursa Malaysia Securities Berhad.

The principal activities of the Company consist of development and provision of software and engineering consultancy for Automated Identification and Data Collection ("AIDC") and investment holding. The principal activities of the subsidiary companies are as set out in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company was located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.

The principal place of business of the Company was located at Lot 13.5, 13th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements Group and Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements, which are presented in Ringgit Malaysia ("RM"), have been prepared under the historical cost except as disclosed in the accounting policies below.

2.3 Adoption of new and amended standards

The Group and the Company has adopted the following MFRS and Interpretations (collectively referred to as "MFRSs'), issued by the Malaysian Accounting Standards Board ("MASB") and effective for the financial periods beginning on or after 1 January 2022;

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Reference to the Conceptual Framework, (Business Combinations)
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- MFRS 116, Property, Plant and Equipment – Proceeds Before Intended Use
- Amendments to MFRS 137, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued as at the reporting date but are not yet effective:

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

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases – Lease liability in a sale and leaseback.
- Amendments to MFRS 101, Non-current liabilities with Covenants

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

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

2.5 Business combinations and consolidation

(a) Business combinations

The Group applies the acquisition method to account for all combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an acquisition.

The Group identifies the acquisition date of business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assume (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by assets, excluding goodwill.

For each business combinations, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Notes To The Financial Statements

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business combinations and consolidation (cont'd)

(a) Business combinations (cont'd)

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

The cost of business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after acquisition date is accounted as an equity transaction between the parent and the non-controlling interest and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of the reporting year in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about fact and circumstances that existed as of the acquisition date, including additional assets or liabilities in the measurement period. The measurement period for completion of the initial accounting ends after one year from the acquisition date.

(b) Subsidiaries and basis of consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decision of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting right are not dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting right.

The financial statements of the parents Company and all its subsidiaries used in the preparation of the consolidated financial statement are prepared as of the same reporting date of 31 December 2022.

The consolidated financial statements are prepared using uniform accounting policies for like transaction, other events conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date acquisition (which is the date the Group assumes control of an investee) or up effective date of disposal (which is the date the Group ceases to have control of an investee).

All intra-group balance and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business combinations and consolidation (cont'd)

(b) Subsidiaries and basis of consolidation (cont'd)

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statements of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of change in equity.

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.6 Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of nonmonetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

Notes To The Financial Statements
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting periods; or
(iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting periods; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

2.8 Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purpose or for rental to others are recognised as property, plant and equipment when the Group and the Company obtains control of the asset. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on the nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchases price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses All property, plant and equipment are depreciated by allocating the depreciable amount over the remaining useful life. The depreciation methods used and useful lives of the respective classes of property, plant and equipment are as follows:

	Method	Useful life (years)
Computer and software	Straight-line	3 to 5
Furniture and fittings	Straight-line	5 to 10
Hotel equipment	Straight-line	3 to 5
Leasehold improvement and renovation	Straight-line	3 to 15
Machine	Straight-line	8
Motor vehicles	Straight-line	5
Office equipment	Straight-line	3 to 5
Plant and machinery	Straight-line	5

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment (cont'd)

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current financial year.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

2.9 Leases

As lessee

The Group and the Company recognise a Right of use assets ("ROU") and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 2.12 on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or at the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

	Method	Useful life (years)
Leasehold land and building	Straight-line	15
Motor vehicle	Straight-line	2
Office premises	Straight-line	2 to 3
Warehouse	Straight-line	2

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option. Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Investment properties

Investment properties, including right of use assets held by lessee are properties held either to earn rental income or for capital appreciation or for both. An investment property is recorded at cost on initial recognition. Cost of an investment property comprises purchase price plus all directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. Cost of a self-constructed investment property comprises all direct and indirect construction costs but exclude internal profits.

All investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All investment properties are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

2.11 Intangible assets

(a) Goodwill on consolidation

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(b) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

(c) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(d) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows :

	Method	Useful life (years)
Software license	Straight-line	2 to 5
Software application	Straight-line	3 to 5

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2.12 Impairment of non-financial assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increase to its recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes To The Financial Statements

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments

(a) *Initial recognition and measurement*

A financial asset or financial liability is recognised in the statement of financial position when. And only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measure at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transition price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(b) *Financial instrument categories and subsequent measurement*

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change of the business model.

For purpose of subsequent measurement financial assets are classified in four categories:

- Amortised cost
- Fair value through other comprehensive income – debt investments
- Fair value through other comprehensive income – equity investments
- Fair value through profit or loss

The Group and the Company does not have any financial assets classified other than amortised cost.

(i) Amortised cost ("AC")

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(b) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

(a) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieve by both collecting contractual cash flows and selling the debt investment, and its contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss ("FVPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(b) Financial instrument categories and subsequent measurement (cont'd)

Financial liability

The categories of financial liabilities at initial recognition are as follow:

- Amortised cost ("AC")
- Fair value through profit or loss ("FVPL")

The Group and the Company does not have any financial liabilities classified other than amortised cost.

(i) Amortised cost ("AC")

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method (EIR).

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

(ii) Fair value through profit or loss ("FVPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair values basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group and the Company's key management personnel; or

(iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

(c) Regular way purchase or sale of financial asset

A regular way purchase or sale of financial assets in recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Trade date accounting refer to:

(i) the derecognition of an asset to be received and the liability to pay for it on the trade date, and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(c) Regular way purchase or sale of financial asset (cont'd)

Settlement date accounting refer to:

(i) the recognition on an asset on the day it is received by the Group and the Company, and

(ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit and loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharge, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group and the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis, or to realise the asset and liability simultaneously.

2.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets

(a) *Financial assets*

The Group and the Company recognises loss allowances for expected credit losses on financial assets measure at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of an asset, while 12 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generated sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group and the Company's procedures for recovery amounts due.

(b) *Other assets*

The carrying amount of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets (cont'd)

(b) Other assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand, which are subject to a significant risk of changes in value.

2.17 Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

2.18 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

2.19 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

2.20 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Company performs;

(b) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(b) Post-employment benefits

The Group and the Company pays monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Group and the Company is limited to the amount that they required to contribute to the EPF. The contributions to EPF are charged to profit or loss in the period to which they relate.

(c) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a trinomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based in weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2.22 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group and the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes To The Financial Statements

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of deductible temporary differences associated with investments in associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.23 Earnings per share

The Group presents basic and diluted earnings/(loss) per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date except for fair value of shared-based payment. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

LEVEL 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities.

LEVEL 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by directors for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The directors decide, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

Notes To The Financial Statements

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Fair value measurement (cont'd)

At each reporting date, the senior management analyses the movement in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.26 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- has control or joint control over the Group and the Company; or
- has significant influence over the Group and the Company; or
- is a member of the key management personnel of the Group and the Company or of a parent of the Group and the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- The entity and the Group and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of the third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group and the Company or an entity related to the Group and the Company. If the Group and the Company is itself such a plan, the sponsoring employers are also related to the Group and the Company.
- The entity is controlled or joint-controlled by a person identified in (a) above.
- The entity or any member of a group of which it is a part, provides key management personnel services to the Group and the Company or to the parent of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Accounting judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Judgement and assumption applied

In the selection of accounting policies for the Group and the Company, the areas that require significant judgements and assumptions are in:

(i) Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

(ii) Determining the lease term of contracts with renewal options - the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and the Company are in measuring:

(a) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(b) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's provision for current and deferred taxes because the ultimate tax liability for the Group and the Company is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial period in which those differences arise.

(c) Measurement of expected credit loss ("ECL")

Significant judgement is required in determining ECL. Directors need to identified and categorised financial assets into relevant segment by similar characteristic and credit risk. The directors need to apply suitable measurement method to measure ECL on the relevant segments.

(d) Useful lives of property, plant and equipment, right of use assets and investment properties.

The Group and the Company regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for the property, plant and equipment, ROU asset and investment properties are disclosed in Notes 4, 5 and 6 respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and the Company are in measuring: (cont'd)

(e) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

(f) Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(g) Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would reflect in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number equity instruments expected to vest is revised by the Group and the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

Notes To The Financial Statements

(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Computer and software RM	Furniture and fittings RM	Hotel equipment RM	Leasehold improvement and renovation RM	Machine RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Total RM
Cost									
At 1 January 2022	3,765,522	53,925	457,432	46,864,781	3,913,800	1,698,816	168,075	229,529	57,151,880
Addition	46,054	45,314	–	513,038	7,257,120	141,250	3,130	–	8,005,906
Written off	(1,802)	–	–	–	–	–	–	–	(1,802)
Translation exchange	–	–	(24,160)	(2,436,385)	–	–	(4,824)	–	(2,465,369)
At 31 December 2022	3,809,774	99,239	433,272	44,941,434	11,170,920	1,840,066	166,381	229,529	62,690,615
Accumulated depreciation									
At 1 January 2022	955,796	45,562	443,037	9,903,726	185,780	1,355,697	118,276	112,108	13,119,982
Charge for the financial year	732,382	9,216	11,740	3,329,364	845,653	137,778	20,163	42,144	5,128,440
Written off	(1,720)	–	–	–	–	–	–	–	(1,720)
Translation exchange	–	–	(23,689)	(589,882)	–	–	(3,148)	–	(616,719)
At 31 December 2022	1,686,458	54,778	431,088	12,643,208	1,031,433	1,493,475	135,291	154,252	17,629,983
Net carrying amount									
At 31 December 2022	2,123,316	44,461	2,184	32,298,226	10,139,487	346,591	31,090	75,277	45,060,632

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Computer and software RM	Furniture and fittings RM	Hotel equipment RM	Leasehold improvement and renovation RM	Machine RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Total RM
Cost									
At 1 January 2021	681,823	50,425	446,194	44,809,698	–	1,643,816	156,148	157,028	47,945,132
Addition	3,083,699	3,500	–	14,580	3,913,800	55,000	7,887	72,501	7,150,967
Disposals	–	–	(9,396)	–	–	–	–	–	(9,396)
Translation exchange	–	–	20,634	2,040,503	–	–	4,040	–	2,065,177
At 31 December 2021	3,765,522	53,925	457,432	46,864,781	3,913,800	1,698,816	168,075	229,529	57,151,880
Accumulated depreciation									
At 1 January 2021	425,756	44,546	285,521	6,192,249	–	1,190,095	96,978	71,171	8,306,316
Charge for the financial year	530,040	1,016	150,426	3,383,342	185,780	165,602	19,614	40,937	4,476,757
Disposals	–	–	(8,367)	–	–	–	–	–	(8,367)
Translation exchange	–	–	15,457	328,135	–	–	1,684	–	345,276
At 31 December 2021	955,796	45,562	443,037	9,903,726	185,780	1,355,697	118,276	112,108	13,119,982
Net carrying amount									
At 31 December 2021	2,809,726	8,363	14,395	36,961,055	3,728,020	343,119	49,799	117,421	44,031,898

Notes To The Financial Statements

(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer and software RM	Leasehold improvement and renovation RM	Motor vehicles RM	Office equipment RM	Total RM
Cost					
At 1 January 2021	32,443	10,013	1,100,000	8,234	1,150,690
Additions	3,060,000	–	–	–	3,060,000
At 31 December 2021 and 1 January 2022	3,092,443	10,013	1,100,000	8,234	4,210,690
Additions	29,257	–	–	–	29,257
At 31 December 2022	3,121,700	10,013	1,100,000	8,234	4,239,947
Accumulated depreciation					
At 1 January 2021	31,962	10,013	1,045,000	8,234	1,095,209
Charge for the financial year	408,481	–	55,000	–	463,481
At 31 December 2021					-
and 1 January 2022	440,443	10,013	1,100,000	8,234	1,558,690
Charge for the financial year	614,928	–	–	–	614,928
At 31 December 2022	1,055,371	10,013	1,100,000	8,234	2,173,618
Net carrying amount					
At 31 December 2021	2,652,000	–	–	–	2,652,000
At 31 December 2022	2,066,329	–	–	–	2,066,329

(a) The net carrying amount of property, plant and equipment acquired under finance lease is as follows:

	Group 2022 RM	Group 2021 RM
Motor vehicles	179,846	287,762

(b) The currency exposure profile of property, plant and equipment are as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Ringgit Malaysia	13,648,222	7,508,409	2,066,329	2,652,000
Taiwan Dollar	31,412,410	36,523,489	–	–
	45,060,632	44,031,898	2,066,329	2,652,000

5. RIGHT-OF-USE ASSETS

The Group has a lease contract for leasehold land and buildings, motor vehicle, office premises and warehouse used in its operations that has lease terms of 2 to 15 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amount of right of use assets recognised and the movement during the financial year:

Group	Leasehold land and buildings RM	Motor vehicle RM	Office premises RM	Warehouse RM	Total RM
Cost					
At 1 January 2021	174,621,162	–	822,513	23,762	175,467,437
Additions	–	–	206,125	–	206,125
Translation exchange	8,081,825	–	–	–	8,081,825
At 31 December 2021 and 1 January 2022	182,702,987	–	1,028,638	23,762	183,755,387
Additions	–	241,601	182,720	710,206	1,134,527
Translation exchange	(18,304,874)	–	–	–	(18,304,874)
At 31 December 2022	164,398,113	241,601	1,211,358	733,968	166,585,040
Accumulated depreciation					
At 1 January 2021	13,688,969	–	188,123	1,980	13,879,072
Charge for the financial year	14,011,115	–	242,345	21,782	14,275,242
Translation exchange	842,318	–	–	–	842,318
At 31 December 2021 and 1 January 2022	28,542,402	–	430,468	23,762	28,996,632
Charge for the financial year	12,913,012	10,067	330,085	154,395	13,407,559
Translation exchange	(1,825,778)	–	–	–	(1,825,778)
At 31 December 2022	39,629,636	10,067	760,553	178,157	40,578,413
Net carrying amount					
At 31 December 2021	154,160,585	–	598,170	–	154,758,755
At 31 December 2022	124,768,477	231,534	450,805	555,811	126,006,627

Notes To The Financial Statements

(cont'd)

5. RIGHT-OF-USE ASSETS (CONT'D)

(a) The following are the amounts recognised in profit or loss:

	Group 2022 RM	Group 2021 RM
Depreciation of right of use assets	13,407,559	14,275,242
Interest on lease liabilities	227,739	752,046

(b) The currency exposure profile of right-of-use assets are as follows:

	Group 2022 RM	Group 2021 RM
Ringgit Malaysia	1,238,150	598,171
Taiwan Dollar	124,768,477	154,160,584
	126,006,627	154,758,755

6. INVESTMENT IN PROPERTY

Group	Freehold land RM	Freehold buildings RM	Total RM
Cost			
At 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Additions	7,100,000	2,500,000	9,600,000
At 31 December 2022	7,100,000	2,500,000	9,600,000
Accumulated depreciation			
At 1 January 2021, 31 December 2021 and 1 January 2022	–	–	–
Charge for the financial year	–	26,501	26,501
At 31 December 2022	–	26,501	26,501
Net carrying amount			
At 31 December 2021	–	–	–
At 31 December 2022	7,100,000	2,473,499	9,573,499

6. INVESTMENT IN PROPERTY (CONT'D)

Investment in property comprise freehold land and buildings that are leased to a third party. The leases contain an initial non-cancellable period of 1 to 5 years. Subsequent renewals are negotiated with the lessee and on year renewal period.

The investment properties are valued based on valuation performed by an independent professional valuer with experience in valuing freehold land and buildings of similar nature. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The following are recognised in profit or loss:

	Group	
	2022 RM	**2021 RM**
Lease income	160,960	–
Direct operating expenses	409,612	–

The operating lease payments to be received are as follows:

	Group	
	2022 RM	**2021 RM**
Less than one year	116,060	–
Between one and five years	88,500	–
Total undiscounted lease payments	204,560	–

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022 RM	**2021 RM**
Unquoted shares in Malaysia, at cost		
At beginning of the year	26,234,100	17,661,600
Additions	22,551,606	8,572,500
At end of the year	48,785,706	26,234,100
Accumulated impairment losses		
At beginning and end of the year	(2,962,070)	(2,962,070)
Net carrying amount	45,823,636	23,272,030

Notes To The Financial Statements
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name	Principal place of business	Ownership interest 2022 %	Ownership interest 2021 %	Principle activities
Direct holding:				
DGB Properties Sdn. Bhd.	Malaysia	100	100	Business wholesale and retail dealers in digital of scan equipment and related products
DGB Networks Sdn. Bhd.	Malaysia	100	100	Business of courier services, vending machines, software customisation and development, other related activities and investment holding
DGB Asia Capital Sdn. Bhd.	Malaysia	100	100	Dormant
CLI Investment Limited*	Taiwan	87.20	61.60	Investment in and operation of a hotel
Indirect subsidiaries:				
Held by DGB Networks Sdn. Bhd.:				
Spacedx Sdn. Bhd.	Malaysia	55	55	Business of vending machines and other related activities, renting and leasing of other machinery, equipment and tangible goods and advertising activities through vending machines
DGB Express Sdn. Bhd.	Malaysia	100	100	Business as retailers of all kinds of products through various channels such as brick and mortar stores, online platforms, direct sales, door-to-door sales persons, vending machines and others
Held by DGB Asia Capital Sdn. Bhd.:				
DGB Asia Capital Limited#*	Hong Kong	100	-	Dormant

* Subsidiary companies not audited by CHENGCO PLT.
\# Subsidiary company was newly acquired and incorporated 18 October 2022, no audit has been done during the year. Unaudited financial statement has been reviewed and was used for the consolidation during the year.

(a) Additional of subscription on subsidiary shares

During the financial year, the Company has additional subscription of new ordinary shares for a non-cash consideration of RM22,551,606. Interest in CLI Investment Limited has increased from 61.60% to 87.20%.

(b) Acquisition and incorporation of sub-subsidiary companies

On 18 October 2022, DGB Asia Capital Sdn. Bhd. acquired 100% equity interest in DGB Asia Capital Limited for total cash consideration of RM60. The acquisition and incorporation has been completed as at the date of this report and consequently DGB Asia Capital Limited became a sub-subsidiary company of the Group.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Material partly-owned subsidiary companies

The Group's subsidiary company that has material non-controlling interests is as follow:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2022 %	2021 %	2022 RM	2021 RM	2022 RM	2021 RM
CLI Investment Limited*	87.2	61.6	(5,633,019)	(6,746,684)	(15,823,753)	(10,190,734)
Spacedx Sdn. Bhd.	55	55	(80,891)	(926,062)	3,493,047	3,573,938

* Subsidiary companies not audited by CHENGCO PLT.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

The summarised financial information for subsidiary companies, CLI Investment Limited and Spacedx Sdn. Bhd. That has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

Notes To The Financial Statements
(cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Material partly-owned subsidiary companies (cont'd)

(i) Summarised statement of financial position

	CLI Investment Limited*		Spacedx Sdn. Bhd.	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current assets	156,186,753	190,693,742	13,178,860	7,571,014
Current assets	30,838,900	15,862,107	3,292,004	2,427,302
Non-current liabilities	(115,296,934)	(142,302,821)	(45,134)	(94,796)
Current liabilities	(87,104,625)	(85,815,204)	(8,663,403)	(1,961,435)
Net (liabilities)/assets	(15,375,906)	(21,562,176)	7,762,327	7,942,085

(ii) Summarised statement of profit or loss and other comprehensive income

	CLI Investment Limited*		Spacedx Sdn. Bhd.	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	27,478,347	18,200,890	4,301,123	–
Loss for the financial year	(10,734,655)	(16,163,611)	(408,958)	(2,057,915)
Total comprehensive loss for the financial year	(16,365,336)	(15,897,070)	(408,958)	(2,057,915)

* Subsidiary companies not audited by CHENGCO PLT.

(iii) Summarised statement of cash flows

	CLI Investment Limited*		Spacedx Sdn. Bhd.	
	2022 RM	2021 RM	2022 RM	2021 RM
Net cash (used in)/from operating activities	(5,058,803)	(24,583,722)	5,130,826	(3,854,156)
Net cash (used in)/from investing activities	22,551,606	(2,110,624)	(7,306,452)	(7,964,109)
Net cash (used in)/from financing activities	(10,376,354)	39,451,683	4,877,543	11,824,441
Net increase in cash and cash equivalents	7,116,449	12,757,337	2,701,917	6,176

* Subsidiary companies not audited by CHENGCO PLT.

(d) Impairment losses on investment in subsidiary companies

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount thus below the carrying amount of the investment cost in these subsidiary companies.

8. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Software application RM	Software License RM	Software under development RM	Total RM
Cost					
At 1 January 2021	8,025,425	276,735	–	4,000,000	12,302,160
Additions	–	148,000	1,810,000	–	1,958,000
Control transfer within the group	–	–	4,000,000	(4,000,000)	–
Translation exchange	–	1,043	–	–	1,043
At 31 December 2021 and 1 January 2022	8,025,425	425,778	5,810,000	–	14,261,203
Additions	–	582,800	–	–	582,800
Reclassification	–	1,810,000	(1,810,000)	–	–
Translation exchange	–	(1,244)	–	–	(1,244)
At 31 December 2022	8,025,425	2,817,334	4,000,000	-	14,842,759
Accumulated amortisation					
At 1 January 2021	–	115,063	–	–	115,063
Charge for the financial year	–	79,241	430,169	–	509,410
Translation exchange	–	558	–	–	558
At 31 December 2021 and 1 January 2022	–	194,862	430,169	–	625,031
Charge for the financial year	–	299,569	1,011,173	–	1,310,742
Reclassification	–	241,336	(241,336)	–	–
Translation exchange	–	(819)	–	–	(819)
At 31 December 2022	–	734,948	1,200,006	–	1,934,954
Net carrying amount					
At 31 December 2021	8,025,425	230,916	5,379,831	–	13,636,172
At 31 December 2022	8,025,425	2,082,386	2,799,994	–	12,907,805

(i) Goodwill on consolidation

The recoverable amount for the above was derived based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units. The review suggested recognition of full impairment loss to be provided on goodwill.

(ii) Software application

The software application consists of software program/system to use and integrate the acquired software into the group's products.

8. INTANGIBLE ASSETS (CONT'D)

(iii) Software license

The software consists of an exclusive software licensing rights to use and integrate the acquired software into the Group's products.

(iv) Software under development

Computer software under development represents costs incurred on development relating to the design and testing of new application. Capitalised development cost is amortised when the assets is ready for use on a straight-line basis over its estimated useful lives of 5 years.

With regards to the assessments of value-in-use of these cash generating units, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying amounts of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

The currency exposure profile of intangible assets are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Ringgit Malaysia	12,901,939	13,626,503
Taiwan Dollar	5,866	9,669
	12,907,805	13,636,172

9. INVENTORIES

	Group	
	2022	**2021**
	RM	**RM**
At cost		
Finished goods	902,796	2,319,886
Recognised in profit or loss		
Inventories recognised as cost of sales	6,192,807	4,363,084
Impairment during the financial year	1,676,392	113,708

The currency exposure profile of inventories of the Group is as follows:

	Group	
	2022	**2021**
	RM	**RM**
Ringgit Malaysia	653,114	2,319,886
Taiwan Dollar	249,682	–
	902,796	2,319,886

10. TRADE RECEIVABLES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Trade receivables	6,858,920	6,977,720	475,899	475,899
Less : Accumulated impairment losses	(4,477,109)	(4,620,575)	(475,899)	(475,899)
At 31 December	2,381,811	2,357,145	–	–

The Group's and the Company's normal trade credit terms granted to trade receivables ranged from 30 to 150 days (2021: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

The reconciliation of the allowance for impairment losses of trade receivables are as follows:

	Expected credit losses RM	**Credit impaired RM**	**Total RM**
Group			
At 1 January 2021	167,434	1,188,652	1,356,086
Impairment loss recognised	–	3,270,432	3,270,432
Reversal of impairment loss	(5,943)	–	(5,943)
Ar 31 December 2021 and 1 January 2022	161,491	4,459,084	4,620,575
Reversal of impairment loss	(143,466)	–	(143,466)
At 31 December 2022	18,025	4,459,084	4,477,109

	Expected credit losses RM	**Credit impaired RM**	**Total RM**
Company			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	–	475,899	475,899

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes To The Financial Statements

(cont'd)

10. TRADE RECEIVABLES (CONT'D)

An aging analysis of trade receivables as at reporting date is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gross amount				
Current	542,219	1,870,891	–	–
Past due not impaired:				
Less than 30 days	1,386,767	79,176	–	–
31 to 90 days	122,109	–	–	–
More than 90 days	4,807,825	5,027,653	475,899	475,899
	6,316,701	5,106,829	475,899	475,899
	6,858,920	6,977,720	475,899	475,899
Credit impaired				
Individually impaired	(4,459,084)	(4,459,084)	(475,899)	(475,899)
Expected credit losses	(18,025)	(161,491)	–	–
	(4,477,109)	(4,620,575)	(475,899)	(475,899)
	2,381,811	2,357,145	–	–

Trade receivables that are neither past due nor individually impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2022, gross trade receivables of RM1,839,592 (2021: RM486,254) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and the Company that are individually assessed to be impaired amounting to RM4,477,109 and RM475,899 (2021: RM4,620,575 and RM475,899) respectively, relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The currency exposure profile of trade receivables of the Group and the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	1,074,673	1,558,188	–	–
Taiwan Dollar	1,307,138	798,957	–	–
	2,381,811	2,357,145	–	–

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	23,300,610	474,327	45,952	45,952
Deposits	7,187,320	15,531,946	–	–
Prepayments	10,010,467	2,126,484	642,479	832,000
	40,498,397	18,132,757	688,431	877,952
Less: Accumulated impairment losses	(78,656)	(142,511)	(45,952)	(45,952)
	40,419,741	17,990,246	642,479	832,000

Inclusive in the other receivables are related to a fund paid to a foreign license stockbroking and investment management company amounted to RM23,258,081 for investment purpose.

Movements in the allowance for impairment losses of other receivables and deposits are as follows:

	Credit impaired RM
Group	
At 1 January 2021	78,656
Impairment loss recognised	63,855
Ar 31 December 2021 and 1 January 2022	142,511
Written off	(63,855)
At 31 December 2022	78,656
Company	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	45,952

The currency exposure profile of other receivables, deposits and prepayments of the Group and the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	2,285,575	9,965,265	642,479	832,000
United States Dollar	22,058,081	–	–	–
Hong Kong Dollar	1,200,000	–	–	–
Taiwan Dollar	14,876,085	8,024,981	–	–
	40,419,741	17,990,246	642,479	832,000

Notes To The Financial Statements
(cont'd)

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Company	
	2022 RM	2021 RM
Non-trade related	139,570,308	96,745,843
Less: Accumulated impairment losses	(5,217,938)	(5,217,938)
	134,352,370	91,527,905

Amount due from subsidiary companies represent advances and payment made on behalf, which are non-trade in nature, unsecured, non-interest bearing and recoverable on demand.

Movement in the allowances for impairment losses (individually impaired) are as follows:

	Company	
	2022 RM	2021 RM
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,217,938	5,217,938

13. OTHER INVESTMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Quoted shares in Malaysia	6,292,312	9,375,419	-	-
Money market fund	38,399,072	93,959,862	35,505,806	91,262,089
Total investments, classified as fair value though profit or loss, stated at market value	44,691,384	103,335,281	35,505,806	91,262,089

Movements of the quoted shares in Malaysia are as follows:

	Group	
	2022 RM	2021 RM
At beginning of the year	9,375,419	2,357,393
Additions	272,256	20,964,828
Disposals	–	(5,347,748)
	9,647,675	17,974,473
Add: Fair value adjustments	(3,358,363)	(8,599,054)
At end of the year	6,289,312	9,375,419

13. OTHER INVESTMENTS (CONT'D)

Movement of the money market fund are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the year	93,959,862	597,480	91,262,089	–
Additions	69,587,599	113,635,409	69,587,599	111,534,182
Withdraw	(126,748,629)	(20,000,000)	(126,748,629)	(20,000,000)
	36,798,832	94,232,889	34,101,059	91,534,182
Fair value adjustments	2,194,537	(273,027)	1,404,747	(272,093)
Translation exchange	(594,297)	–	–	–
At end of the year	38,399,072	93,959,862	35,505,806	91,262,089

The currency exposure profile of other investments of the Group and the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	36,112,105	91,858,635	35,505,806	91,262,089
Taiwan Dollar	2,286,967	2,101,227	–	–
	38,399,072	93,959,862	35,505,806	91,262,089

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash in hand	75,473	396	–	–
Cash at bank	21,770,866	19,483,160	2,032,887	9,665,826
	21,846,339	19,483,556	2,032,887	9,665,826

The currency exposure profile of cash and cash equivalents of the Group and the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	7,759,722	14,670,687	2,032,887	9,665,826
Hong Kong Dollar	1,967,591	-	–	–
Taiwan Dollar	12,119,026	4,812,869	–	–
	21,846,339	19,483,556	2,032,887	9,665,826

Notes To The Financial Statements
(cont'd)

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid:				
At beginning of the year	1,621,928,666	160,230,488	216,333,899	83,499,151
Issuance:				
- pursuant to exercised of share issuance scheme	163,804,412	235,000,000	4,185,347	20,028,900
- pursuant to private placement	–	270,321,000	–	10,299,230
- pursuant to right issues with warrants	–	956,377,178	–	114,765,293
Warrants C reserve	–	–	–	(12,258,675)
At end of the year	1,785,733,078	1,621,928,666	220,519,246	216,333,899

The holders of the ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

During the financial year, the Company increased its issued share capital from RM216,333,899 to RM220,519,246 by way of issuance of 163,804,412 new ordinary shares at RM0.018 per ordinary share, pursuant to the Share Issuance Scheme ("SIS").

The newly issued shares rank pari-passu in all respects with the previously issued shares. There was no issue of debentures by the Company during the financial year.

16. RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:				
Warrants reserve	12,258,675	12,258,675	12,258,675	12,258,675
Translation reserve	(1,706,239)	(1,094,809)	–	–
	10,552,436	11,163,866	12,258,675	12,258,675
Distributable:				
Accumulated losses	(74,220,125)	(49,257,231)	(12,857,026)	(10,119,464)
	(63,667,689)	(38,093,365)	(598,351)	2,139,211

<u>Translation reserve</u>

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

17. FINANCE LEASE LIABILITIES

	Group 2022 RM	2021 RM
Future minimum lease payments		
Not later than 1 year	79,299	86,508
Later than 1 year and not later than 5 years	72,060	158,568
	151,359	245,076
Less: Future finance charges	(5,877)	(13,822)
	145,482	231,254
Present value of liabilities		
Not later than 1 year	74,699	78,563
Later than 1 year and not later than 5 years	70,783	152,691
	145,482	231,254

Finance lease liabilities bear interest at rates of 2.18% (2021: 2.18%) per annum.

18. LEASE LIABILITIES

	Group 2022 RM	2021 RM
At beginning of the year	156,526,939	162,588,990
Additional	1,134,526	206,125
Repayments	(12,084,798)	(11,064,190)
Rent concession related to Covid-19	(956,677)	(2,500,241)
Translation exchange	(15,994,186)	7,296,255
At end of the year	128,625,804	156,526,939
Present as:		
Non-current	115,767,227	142,594,271
Current	12,858,577	13,932,668
	128,625,804	156,526,939

The Group lease leasehold land and buildings, motor vehicle, office premises and warehouse. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The amount of lease liabilities expenses recognised in the Group's profit or loss for the financial year ended 31 December 2022 is disclosed in Note 5.

Notes To The Financial Statements
(cont'd)

18. LEASE LIABILITIES (CONT'D)

The currency exposure profile of lease liabilities of the Group is as follows:

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	1,250,684	603,095
Taiwan Dollar	127,375,120	155,923,844
	128,625,804	156,526,939

19. TRADE PAYABLES

	Group	
	2022 RM	2021 RM
Trade payables	3,243,643	1,846,175

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 180 days (2021: 30 to 180 days).

The currency exposure profile of trade payables of the Group is as follows:

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	1,872,303	195,005
Taiwan Dollar	1,371,340	1,651,170
	3,243,643	1,846,175

20. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	10,314,925	17,023,425	112,062	28,631
Accruals	6,220,511	212,388	390,550	137,650
Deposits received	117,139	2,026,100	–	–
	16,652,575	19,261,913	502,612	166,281

Included in other payables are funds paid on behalf of the Group by a foreign licensed stockbroking and investment management company amounted to RM 285,846 (2021: RM 665,297) for investment purpose.

20. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS (CONT'D)

The currency exposure profile of other payables, deposits received and accruals of the Group and the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	2,507,169	3,312,474	502,612	166,281
Taiwan Dollar	14,145,406	15,949,439	–	–
	16,652,575	19,261,913	502,612	166,281

21. AMOUNT DUE TO DIRECTORS/RELATED PARTY

Group and Company

The amount due is non-trade in nature, unsecured, interest free and repayable on demand.

22. REVENUE

	Group	
	2022 RM	2021 RM
Revenue from contract with customers:		
Proprietary software	–	834,095
Value added products and services	11,611,405	5,479,564
Logistics services	866,786	487,696
Leisure and hospitality	27,478,347	18,200,890
	39,956,538	25,002,245
Geographic market		
Malaysia	12,478,191	6,801,355
Taiwan	27,478,347	18,200,890
	39,956,538	25,002,245
Timing of transfer of good or service		
At a point in time	39,956,538	25,002,245

Notes To The Financial Statements

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23. OTHER OPERATING INCOME

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Fixed deposit interest income	–	1,174	–	1,174
Fair value gain on money market (Note 13)	2,194,537	–	1,404,748	–
Interest income	143,985	1,701,715	87,599	1,534,182
Other income	269,807	539,768	–	10,020
Rental concessions	956,677	2,500,241	–	–
Rental income	186,310	–	–	–
Reversal of impairment losses on:				
- trade receivables	143,466	5,943	–	–
	3,894,782	4,748,841	1,492,347	1,545,376

24. LOSS BEFORE TAX

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Loss before tax is derived after charging:				
Auditor's remuneration:				
- statutory audit - current	277,720	254,600	120,000	135,000
- statutory audit - under provision in prior financial year	10,776	1,351	4,920	2,680
- other services	72,322	53,000	71,644	53,000
Depreciation of property, plant and equipment (Note 4)	5,128,440	4,476,757	614,928	463,481
Depreciation of right of use assets (Note 5)	13,407,559	14,275,242	–	–
Amortisation of investment property (Note 6)	26,501	–	–	–
Amortisation of intangible assets (Note 8)	1,310,742	509,410	–	–
Staff cost (Note 28)	17,130,558	13,869,545	2,717,793	3,709,872
Impairment losses of:				
- trade receivables (Note 10)	–	3,270,432	–	–
- other receivables (Note 11)	–	63,855	–	–
- inventories (Note 9)	1,676,392	113,708	–	–
Fair value loss on money market (Note 13)	(2,194,537)	273,027	(1,404,747)	272,093
Fair value loss on quoted securities (Note 13)	3,358,363	8,599,054	–	–
Management fees	871,392	318,382	–	–
Short-term leases or leases of low value assets	2,039,265	245,846	–	–

For short-term leases with lease term of 12 months or less and for leases of low value assets of less than RM20,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred.

25. FINANCE COSTS

	Group	
	2022	**2021**
	RM	**RM**
Finance lease interest	7,945	11,289
Interest on lease liabilities	227,739	752,046
	235,684	763,335

26. TAX EXPENSE

(a) *Major components of income tax*

No provision for current tax and deferred tax has been made for the financial year as the Group and the Company has no chargeable income.

(b) *Relationship between tax expense and accounting loss*

Reconciliation between tax expense and the product of accounting loss multiplied by the statutory tax rate is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Loss before tax	(28,695,137)	(36,658,551)	(2,737,562)	(4,314,253)
Tax calculated at statutory tax rate of 24%	(6,886,833)	(8,798,052)	(657,015)	(1,035,420)
Effect of tax in foreign juridictions	429,386	646,544	–	–
Tax effect of expenses not deductible for tax purposes	2,964,476	5,892,181	341,817	278,423
Income tax not subject to tax	(4,202,563)	(492,246)	(358,163)	(490,820)
Utilisation of deferred tax assets not recognised in prior financial year	(218,114)	–	–	–
Deferred tax assets not recognised during the financial year	7,913,648	2,751,573	673,361	1,247,817
	–	–	–	–

Notes To The Financial Statements
(cont'd)

26. TAX EXPENSE (CONT'D)

The amount of temporary differences for which not deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	(4,042,792)	(2,670,467)	(510,169)	(359,581)
Unutilised tax losses	29,398,317	20,959,893	1,732,381	445,050
Unabsorbed capital allowances	4,246,376	3,616,941	743,220	1,206,602
	29,601,901	21,906,367	1,965,432	1,292,071

Deferred tax assets have not been recognised in respect of these items as it is not probable that the future taxable profits of the Group or Company will be available against which the deductible temporary differences can be utilised.

With effect from year of assessment 2022, unused tax losses are allowed to be carried forward up to a maximum of ten consecutive years of assessment under current tax legislation. The other temporary differences do not expire under current tax legislation.

27. LOSS PER SHARE

(a) Basis loss per share

The basic loss per share is calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022	2021
Loss attributable to owner of the parent (RM)	(25,574,324)	(28,746,539)
Weighted average number of ordinary shares at 31 December	1,785,733,078	1,335,773,834
Basic loss per share (sen)	(1.43)	(2.15)

27. LOSS PER SHARE (CONT'D)

(b) Weighted average number of ordinary shares

	Group 2022	2021
Issued ordinary shares as at 1 January	1,621,928,666	160,230,488
Effect of new ordinary share pursuant to:		
- exercise of share issuance scheme	163,804,412	172,087,912
- private placement	–	89,116,813
- right issues with warrants	–	914,338,621
Weighted average number of ordinary shares at 31 December	1,785,733,078	1,335,773,834

(c) Diluted loss per share

	Group 2022	2021
Loss attributable to owner of the parent (RM)	(25,574,324)	(28,746,539)
Weighted average number of ordinary shares at 31 December	1,785,733,078	1,335,773,834
Effects of exercise of warrant	478,188,586	478,188,586
Weighted average number of ordinary shares at 31 December	2,263,921,664	1,813,962,420
Basic loss per share (cent)	(1.13)	(1.58)

28. STAFF COST

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries and allowances	15,422,600	10,153,123	1,415,850	1,084,284
Defined contribution plan	414,462	707,169	63,072	69,534
Other benefits	1,293,496	3,009,253	1,238,871	2,556,054
	17,130,558	13,869,545	2,717,793	3,709,872

Included in the other benefit is share based payment transaction benefit amounted to RM1,236,867 (2021: RM2,553,900).

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28. STAFF COST (CONT'D)

Included in staff costs is aggregate amount if remuneration received and receivable by the directors of the company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Directors' remuneration				
- Bonus	388,900	100,000	348,900	50,000
- EIS contributions	309	411	206	174
- EPF contributions	96,672	100,992	63,072	66,192
- Fee	541,350	507,000	541,350	507,000
- HRDF contributions	2,400	2,400	–	–
- Salary	765,600	741,600	525,600	501,600
- SOCSO contributions	2,697	2,348	1,798	1,519
	1,797,928	1,454,751	1,480,926	1,126,485

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes.

	At beginning of financial year RM	**Financing cash flows (i) RM**	**New lease RM**	**Other changes (ii) RM**	**At end of financial year RM**
2022					
Group					
Finance lease liabilities	231,254	(85,772)	–	–	145,482
Lease liabilities	156,526,939	(12,084,798)	1,134,527	(16,950,864)	128,625,804
	156,758,193	(12,170,570)	1,134,527	(16,950,864)	128,771,286
2021					
Group					
Finance lease liabilities	306,473	(75,219)	–	–	231,254
Lease liabilities	162,588,990	(11,064,190)	206,125	4,796,014	156,526,939
	162,895,463	(11,139,409)	206,125	4,796,014	156,758,193

(i) The financing cash flows represent payment of finance lease liabilities and lease liabilities in the statement of cash flows.

(ii) Other changes include expiration of lease contracts, income from Covid-19 rent concessions and translation exchange.

30. RELATED PARTY DISCLOSURES

Related party transaction

	Group	
	2022 RM	2021 RM
Sales to:		
Entities in which directors have interest	4,009,200	3,700,800
Purchase of property, plant and equipment from:		
Entities in which directors have interest	4,009,200	3,700,800
Purchase of networks subsciption form:		
Entities in which directors have interest	31,393	16,894

	Company	
	2022 RM	2021 RM
Transaction with subsidiary companies		
CLI Investment Limited	1,422,306	44,229,270
DGB Properties Sdn. Bhd.	9,394,054	1,251,961
DGB Networks Sdn. Bhd.	8,700,450	7,003,500
DGB Asia Capital Sdn. Bhd.	23,307,655	17,635
Advance of working capital	42,824,465	52,502,366

31. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements, are as follows:

	Group	
	2022 RM	2021 RM
Property, plant and equipment	177,700	5,432,000
Intangible assets		
- Software	79,774	112,848

Notes To The Financial Statements

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32. SEGMENT INFORMATION

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

The Group is organised into main business segments as follows:-

(i) Proprietary software

Licensing fee for the right to use the Group's customised in-house software and annual licensing, maintenance and technical support and software customisation and development.

(ii) Automatic Identification and Data Collection ("AIDC") hardware/ equipment.

Sale of bar code and radio frequency identification reading equipment, hand-held computers and radio frequency data communications systems.

(iii) Leisure and hospitality

Operation of hotel

(iv) Value added products and services

Business of vending machines, digital advertising and other related activities

(v) Logistics services

Business of courier services and other related activities

The Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties.

32. SEGMENT INFORMATION (CONT'D)

Group 2022	Proprietary software RM	Value added products and services RM	Logistics services RM	Leisure and hospitality RM	Others RM	Total RM
Revenue						
External revenue	–	11,611,405	866,786	27,478,347	–	39,956,538
Results						
Segment results	–	(6,110,256)	(5,278,054)	(10,535,112)	(6,680,017)	(28,603,439)
Interest expense	–	(4,627)	(28,678)	(199,543)	(2,835)	(235,683)
Interest income	–	–	–	–	143,985	143,985
Loss before tax	–	(6,114,883)	(5,306,732)	(10,734,655)	(6,538,867)	(28,695,137)
Tax expense	–	–	–	–	–	–
Loss for the financial year	–	(6,114,883)	(5,306,732)	(10,734,655)	(6,538,867)	(28,695,137)
Segment assets	–	17,123,978	9,397,908	187,025,653	90,324,459	303,871,998
Segment liabilities	–	5,098,947	2,841,340	150,355,426	1,055,434	159,351,147

Notes To The Financial Statements
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32. SEGMENT INFORMATION (CONT'D)

Group 2022	Proprietary software RM	Value added products and services RM	Logistics services RM	Leisure and hospitality RM	Others RM	Total RM
Other non-cash item						
Amortisation of intangible assets	–	800,004	507,360	3,378	–	1,310,742
Depreciation of property, plant and equipment	–	861,792	378,755	3,262,429	625,464	5,128,440
Depreciation of right-of-use assets	–	113,652	300,926	12,913,010	79,971	13,407,559
Depreciation of investment property	–	–	–	–	26,501	26,501
Employee benefit expenses	–	–	–	–	1,236,867	1,236,867
Fair value adjustment of investment in quoted shares	–	–	–	–	3,358,363	3,358,363
Fair value adjustment of money market fund	–	–	–	–	(2,194,537)	(2,194,537)
Impairment losses of inventory	–	1,676,392	–	–	–	1,676,392
Reversal of impairment losses on receivables	–	(143,466)	–	–	–	(143,466)
Rental concessions	–	(1,256)	–	(955,421)	–	(956,677)

32. SEGMENT INFORMATION (CONT'D)

Group 2021	Proprietary software RM	Value added products and services RM	Logistics services RM	Leisure and hospitality RM	Others RM	Total RM
Revenue						
External revenue	834,095	5,479,564	487,696	18,200,890	–	25,002,245
Results						
Segment results	(739,009)	(9,149,844)	(963,157)	(15,590,818)	(11,155,276)	(37,598,104)
Interest expense	(2,003)	(13,160)	(1,171)	(740,326)	(6,676)	(763,336)
Interest income	–	–	–	167,533	1,535,356	1,702,889
Loss before tax	(741,012)	(9,163,004)	(964,328)	(16,163,611)	(9,626,596)	(36,658,551)
Tax expense	–	–	–	–	–	–
Loss for the financial year	(741,012)	(9,163,004)	(964,328)	(16,163,611)	(9,626,596)	(36,658,551)
Segment assets	3,274,189	21,509,685	1,914,419	206,555,849	125,054,377	358,308,519
Segment liabilities	416,950	2,739,139	243,791	180,565,094	2,719,807	186,684,781

32. SEGMENT INFORMATION (CONT'D)

Group 2021	Proprietary software RM	Value added products and services RM	Logistics services RM	Leisure and hospitality RM	Others RM	Total RM
Other non-cash item						
Amortisation of intangible assets	13,003	85,422	7,603	3,380	400,002	509,410
Depreciation of property, plant and equipment	42,157	276,946	24,649	3,476,173	656,832	4,476,757
Depreciation of right-of-use assets	19,527	128,282	11,417	14,011,115	104,901	14,275,242
Employee benefit expenses	–	–	–	–	2,553,900	2,553,900
Fair value adjustment of investment in quoted shares	–	–	–	–	8,599,054	8,599,054
Fair value adjustment of money market fund	–	–	–	–	273,027	273,027
Impairment losses of inventory	–	113,708	–	–	–	113,708
Impairment losses of receivables	–	–	–	–	3,334,286	3,334,286
Reversal of impairment losses on receivables	–	–	(5,943)	–	–	(5,943)
Rental concessions	–	–	–	(2,499,823)	(418)	(2,500,241)

32. SEGMENT INFORMATION (CONT'D)

Geographical information

	Group			
	Revenue		Non-current asset	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	12,478,191	6,801,355	37,361,810	21,733,083
Taiwan	27,478,347	18,200,890	156,186,753	190,693,742
	39,956,538	25,002,245	193,548,563	212,426,825

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
Measures at amortised cost ("AC")				
Trade receivables	2,381,811	2,357,145	–	–
Other receivables and deposits	30,409,274	15,863,762	–	–
Amount due from subsidiary companies	–	–	134,352,370	91,527,905
Cash and cash equivalents	21,846,339	19,843,556	2,032,887	9,665,826
	54,637,424	38,064,463	136,385,257	101,193,731
Measures at fair value through profit or loss ("FVTPL")				
Other investments	44,691,384	103,335,281	35,505,806	91,262,089
Financial liabilities				
Measures at amortised cost				
Trade payables	3,243,643	1,846,175	–	–
Other payables, deposits received and accruals	16,652,575	19,261,913	502,612	166,281
Amount due to directors	7,463,559	7,613,100	–	572,459
Amount due to related party	3,210,000	1,205,400	–	–
Finance lease liabilities	145,482	231,254	–	–
Lease liabilities	128,625,804	156,526,939	–	–
	159,341,063	186,684,781	502,612	738,740

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34. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

<u>Trade receivables</u>

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position at the end of the reporting period.

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

Group	Current RM	1 to 30 days past due RM	31 to 90 days past due RM	>90 days past due RM	Total past due RM
2022					
Expected credit loss rate	0%	0%	50%	1%	33%
Gross carrying amount at default	542,219	1,386,767	122,109	4,807,825	6,316,701
Expected credit loss	–	(143)	(15,337)	(2,545)	(18,025)
Credit impaired	–	–	–	(4,459,084)	(4,459,084)
	542,219	1,386,624	106,772	346,196	1,839,592
2021					
Expected credit loss rate	0%	0%	0%	28%	0%
Gross carrying amount at default	1,870,891	79,176	–	5,027,653	5,106,829
Expected credit loss	–	–	–	(161,491)	(161,491)
Credit impaired	–	–	–	(4,459,084)	(4,459,084)
	1,870,891	79,176	–	407,078	486,254
Company					
2022					
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount at default	–	–	–	475,899	475,899
Credit impaired	–	–	–	(475,899)	(475,899)
	–	–	–	–	–
2021					
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount at default	–	–	–	475,899	475,899
Credit impaired	–	–	–	(475,899)	(475,899)
	–	–	–	–	–

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34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk (cont'd)*

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and of the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that then cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Liquidity risk (cont'd)*

Analysis of financial liabilities by remaining contractual maturity obligations

The table below summarises the maturity profile of the Group and of the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations:-

Group 2022	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 5 years RM	More than 5 years RM
Financial liabilities						
Trade payables	3,243,643	–	3,243,643	3,243,643	–	–
Other payables, deposits received and accruals	16,652,575	–	16,652,575	16,652,575	–	–
Amount due to directors	7,463,559	–	7,463,559	7,463,559	–	–
Amount due to related party	3,210,000	–	3,210,000	3,210,000	–	–
Finance lease liability	145,482	2.18%	151,359	79,299	72,060	–
Lease liabilities	128,625,804	2.44% to 5.37%	132,875,342	13,617,752	65,682,643	53,574,947
	159,341,063		163,596,478	44,266,828	65,754,703	53,574,947
2021						
Financial liabilities						
Trade payables	1,846,175	–	1,846,175	1,846,175	–	–
Other payables, deposits received and accruals	19,261,913	–	19,261,913	19,261,913	–	–
Amount due to directors	7,613,100	–	7,613,100	7,613,100	–	–
Amount due to related party	1,205,400	–	1,205,400	1,205,400	–	–
Finance lease liability	231,254	2.18%	245,076	86,508	158,568	–
Lease liabilities	156,526,939	2.44% to 5.37%	161,430,928	14,095,638	57,467,564	89,867,726
	186,684,781		191,602,592	44,108,734	57,626,132	89,867,726

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Liquidity risk (cont'd)*

Analysis of financial liabilities by remaining contractual maturity obligations (cont'd)

The table below summarises the maturity profile of the Group and of the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations:- (cont'd)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 5 years RM	More than 5 years RM
2022						
Financial liabilities						
Other payables and accruals	502,612	–	502,612	502,612	–	–
2021						
Financial liabilities						
Other payables and accruals	166,281	–	166,281	166,281	–	–
Amount due to directors	572,459	–	572,459	572,459	–	–
	738,740		738,740	738,740	–	–

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Market risk*

The Group's exposure to a risk of change in their fair value due to changes in interest rates related primarily from their bank borrowings.

(i) *Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Group	
	2022 RM	**2021 RM**
Fixed rate		
Financial liabilities		
Finance lease liabilities	145,482	231,254
Lease liabilities	128,625,804	156,526,939
	128,771,286	156,758,193

(d) *Foreign currency risk*

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Taiwan Dollar ("TWD") and Hong Kong Dollar ("HKD").

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Notes To The Financial Statements
(cont'd)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Foreign currency risk (cont'd)*

The following table shows the accumulated amount of financial assets and liabilities in foreign currencies:

Group	**USD RM**	**HKD RM**	**TWD RM**	**Total RM**
2022				
Trade receivables	–	–	1,307,138	1,307,138
Other receivables and deposits	22,058,081	1,200,000	14,876,085	16,076,085
Cash and cash equivalents	–	1,967,591	12,119,026	14,086,617
Trade payables	–	–	(1,371,340)	(1,371,340)
Other payables, deposits received and accruals	–	–	(14,145,406)	(14,145,406)
Amount due to directors	–	(7,463,559)	–	(7,463,559)
Lease liabilities	–	–	(127,375,120)	(127,375,120)
	22,058,081	(4,295,968)	(114,589,617)	(118,885,585)

Group				
2021				
Trade receivables	–	–	798,957	798,957
Other receivables and deposits	–	–	8,024,981	8,024,981
Other invesments	–	–	2,101,227	2,101,227
Cash and cash equivalents	–	–	4,812,869	4,812,869
Trade payables	–	–	(1,651,170)	(1,651,170)
Other payables, deposits received and accruals	–	–	(15,949,439)	(15,949,439)
Amount due to directors	–	(7,040,641)	–	(7,040,641)
Lease liabilities	–	–	(155,923,844)	(155,923,844)
	–	(7,040,641)	(157,786,419)	(164,827,060)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting year/period with all other variables held constant is as follows:

	Group	
	Increase / (decrease) in the results 2022 RM	**Increase / (decrease) in the results 2021 RM**
Effects on loss before taxation:		
TWD		
- strengthened by 5% (2021: 5%)	(5,729,481)	(7,889,321)
- weakened by 5% (2021: 5%)	5,729,481	7,889,321
HKD		
- strengthened by 5% (2021: 5%)	(214,798)	(352,032)
- weakened by 5% (2021: 5%)	214,798	352,032
USD		
- strengthened by 5% (2021: 5%)	1,102,904	–
- weakened by 5% (2021: 5%)	(1,102,904)	–

35. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern and to maintain a capital structure, so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company managers need determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies and processes during the financial year.

35. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 31 December 2022, the gearing ratio are as follows:

	Group	
	2022 RM	**2021 RM**
Finance lease liabilities	145,482	231,254
Lease liabilities	128,625,804	156,526,939
	128,771,286	156,758,193
Less:		
Cash and cash equivalents	(21,846,339)	(19,843,556)
Net debt	106,924,947	136,914,637
Total equity	144,520,851	171,623,738
Total capital	251,445,798	308,538,375
Gearing ratio	43%	44%

There was no change in the group's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirement.

36. FAIR VALUE OF ASSETS AND LIABILITIES

The group and the company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value of financial instruments that are carried at fair value:

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximate fair value.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximate fair value.

Trade and other receivables, cash and cash equivalents, trade and other payables, the carrying amount of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature of that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

37. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

On 4 April 2023, the Company announced that the offer of 96,700,000 number of options has been made to the eligible persons to subscribe for new ordinary shares in the Company under the Share Issuance Scheme of the Company at exercise price of RM0.010.

PROPERTIES OWNED BY DGB GROUP

No.	Registered/ Beneficial Owner	Location	Description of Asset / Existing Use	Tenure	Approximate Age of Buildings (Years)	Size	Net Book Value as at 31 December 2022 (RM'000)	Date of Acquisition
1.	DGB Properties Sdn. Bhd.	No. 6, 6-1 & 6-3, Jalan 25/70A, Desa Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan	4-Storey Corner Shop Office - Investment Properties	Freehold	26	1,765 sq. ft	5,580	30 November 2021
2.	DGB Properties Sdn. Bhd.	No 32, Jalan SS19, Subang Jaya,47500 Subang Jaya Selangor Darul Ehsan	4-Storey Corner Shop Office - Investment Properties	Freehold	12	4069 sq. ft	3,993	28 June 2022

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Total Number of Issued Shares	:	1,785,733,078 ordinary shares
Class of Equity Securities	:	Ordinary shares
Voting Rights	:	One vote for every ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100 shares	547	20,141	*
100 - 1,000 shares	1,218	745,649	0.04
1,001 - 10,000 shares	3,643	20,673,485	1.16
10,001 - 100,000 shares	5,636	252,627,571	14.15
100,001 - less than 5% of issued shares	2,543	1,339,773,132	75.02
5% and above of issued shares	1	171,893,100	9.63
Total	**13,588**	**1,785,733,078**	**100.00**

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
XOX (HONG KONG) LIMITED	256,000,000	14.34	–	–
XOX BHD	–	–	256,000,000	14.34

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Kua Khai Shyuan	93,600	0.01	–	–
Nicholas Wong Yew Khid	100,000	0.01	–	–

Analysis Of Shareholdings

(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2023

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name No. of Shares held	No. of Shares held	%
1.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for the Hongkong and Shanghai Banking Corporation Limited (GCHK-LAZARUS)*	171,893,100	9.63
2.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kho Chong Yau (E-TSA)*	40,594,300	2.27
3.	Choong Yean Yaw	39,441,100	2.21
4.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	*21,750,000*	*1.22*
5.	Md Nor Bin Mansor	13,440,000	0.75
6.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Francis Chai Kim Lung*	12,000,000	0.67
7.	Ong Teong Yew	11,643,000	0.65
8.	Ng Kok Seng	10,570,000	0.59
9.	Yong Choo Kiong	10,000,000	0.56
10.	Chung Kin Chuan	9,500,000	0.53
11.	Tan Chai Poh	8,860,000	0.50
12.	Kavitha Krishnabahawan	7,100,500	0.40
13.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd for Chang Vun Lung*	7,000,000	0.39
14.	Siew Mon Chun	6,750,000	0.38
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd for Jason Kong Wai Kay*	6,020,440	0.34
16.	Affin Hwang Nominees (Asing) Sdn Bhd *Exempt An for Sanston Financial Group Limited (Account Client)*	6,000,000	0.34
17.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Thiam Choy (E-SRB)*	6,000,000	0.34
18.	Affin Hwang Investment Bank Berhad IVT *(BSH)*	5,998,800	0.34
19.	Chee Chiew Kin	5,836,200	0.33
20.	Woon Jing Wei	5,500,000	0.31
21.	Yap Chee Kuan	5,192,410	0.29
22.	Kenanga Nominees (Asing) Sdn Bhd *Rakuten Trade Sdn Bhd for Andrea Westrich Geb. Wagner*	5,120,000	0.29
23.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Kok Seng*	5,100,000	0.29
24.	Tan Seng Chee	5,000,000	0.28
25.	Seow Weng On	4,270,000	0.24
26.	Rosmawati Binti Mahmud	4,200,000	0.24
27.	Ayob Bin Mohd Abas	4,100,000	0.23
28.	Ng Yew Choy	4,055,400	0.23
29.	Lim Poh Fong	4,038,800	0.23
30.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Swee Joo (002)*	4,000,000	0.22

ANALYSIS OF WARRANTS C HOLDINGS
AS AT 31 MARCH 2023

Type of Securities	:	Warrants 2021/2024 ("Warrants C")
Total Number of Outstanding Warrants	:	478,188,586
Exercise Price	:	RM0.12
Exercise Period	:	18 January 2021 to 17 January 2024

DISTRIBUTION OF WARRANTS C HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	31	1,364	*
100 - 1,000	59	28,619	0.01
1,001 - 10,000	416	2,512,621	0.53
10,001 - 100,000	1,332	62,531,918	13.08
100,001 - less than 5% of issued warrants	763	413,114,064	86.39
5% and above of issued warrants	–	–	–
Total	**2,601**	**478,188,586**	**100.00**

* Negligible

THIRTY LARGEST WARRANTS C HOLDERS AS AT 31 MARCH 2023

No.	Name	No. of Warrants held	%
1.	Tok Boon Seong	7,272,600	1.52
2.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Pledged Securities Account for Tok Boon Seong*	5,150,000	1.08
3.	Yap Tat Loong	5,000,000	1.05
4.	Md Nor Bin Mansor	4,500,000	0.94
5.	Teo Ah Seng	4,500,000	0.94
6.	Ayob Bin Mohd Abas	4,349,900	0.91
7.	Kenanga Nominees (Asing) Sdn Bhd *Rakuten Trade Sdn Bhd for Andrea Westrich Geb. Wagner*	4,170,000	0.87
8.	Ch'ng Chor Wah	4,100,000	0.86
9.	Woon Kim Yan	4,000,000	0.84
10.	Ooi Khai Huat	3,706,300	0.78
11.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd *Pledged Securities Account for Lim Yan Ling*	3,511,000	0.73
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yong Swee Hong (E-Trade)*	3,500,000	0.73

Analysis Of Warrants C Holdings
(cont'd)

THIRTY LARGEST WARRANTS C HOLDERS AS AT 31 MARCH 2023 (CONT'D)

No.	Name	No. of Warrants held	%
13.	Tan Tian Hui	3,468,700	0.73
14.	Tan Poi Len	3,236,000	0.68
15.	Chang Xuan Rou	3,100,000	0.65
16.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd for Pam Wai Luen*	3,000,000	0.63
17.	Tan Koh Wah	3,000,000	0.63
18.	Liew Kim Choi	2,500,000	0.52
19.	Maybank Nominees (Tempatan) Sdn Bhd *Tan Sun Ping*	2,500,000	0.52
20.	Teng, Chung-Chien	2,500,000	0.52
21.	Wang Tak Ann	2,469,300	0.52
22.	Liew Chin Choi	2,410,000	0.50
23.	Liew Chee Soon	2,400,000	0.50
24.	Esther Hong Keng Aik	2,300,000	0.48
25.	Siew Mon Chun	2,250,000	0.47
26.	Chan Wei Teck	2,224,830	0.47
27.	Chong Chin Hup @ Teoh Chin Hup	2,200,000	0.46
28.	Mohd Zahari Bin Jusoh	2,112,500	0.44
29.	Yee Wai Han	2,100,000	0.44
30.	AmBank (M) Berhad *Pledged Securities Account for Wong Ah Yong (SMART)*	2,000,000	0.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("16th AGM" or "Meeting") of DGB Asia Berhad ("DGB" or "the Company") will be held on a fully virtual and entirely via remote participation and electronic voting via online meeting platform at https://rebrand.ly/DGB-AGM provided by Mlabs Research Sdn. Bhd. from the Main Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 June 2023 at 2.30 p.m. or at any adjournment thereof, to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees and benefits of up to RM1,000,000 for the period commencing from the date immediately after this 16th AGM until the next Annual General Meeting ("AGM") of the Company. ***Ordinary Resolution 1***

3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution:-

   (i) Mr. Ho Jien Shiung ***Ordinary Resolution 2***
   (ii) Mr. Ong Tee Kein ***Ordinary Resolution 3***

4. To re-elect Ms. Lim May Sim who retires pursuant to Clause 91 of the Company's Constitution. ***Ordinary Resolution 4***

5. To re-appoint ChengCo PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 5***

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** ***Ordinary Resolution 6***

   "THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company ("Shares") to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time ("Mandate") AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")** ***Ordinary Resolution 7***

"THAT authority be and is hereby given in line with Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.3(i) of the Circular to Shareholders dated 28 April 2023 in relation to the Proposed Renewal of Existing Shareholders' Mandate which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

Notice Of Annual General Meeting

(cont'd)

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")** ***Ordinary Resolution 8***

"THAT authority be and is hereby given in line with Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.3(ii) of the Circular to Shareholders dated 28 April 2023 in relation to the Proposed New Shareholders' Mandate which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed New Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed New Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed New Shareholders' Mandate in the best interest of the Company."

9. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** ***Special Resolution***

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved for adoption with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

10. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)
Company Secretary

Date: 28 April 2023
Petaling Jaya, Selangor Darul Ehsan

Notes:

(a) A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

Notice Of Annual General Meeting

(cont'd)

Notes: (Cont'd)

(f) To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or via email at ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 16 June 2023 shall be regarded as members and entitled to attend and vote at the Meeting.

(h) All the resolutions as set out in this Notice of Meeting will be put to vote by poll.

(i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

(j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.dgbasia.com for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate the payment of Directors' fees and benefits for the period commencing from the date immediately after this 16th AGM until the date of the next AGM to be held in the year 2024. In the event of the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

3. Items 3 and 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of five (5) Directors of the Company are to retire in accordance with Clause 85 of the Company's Constitution.

Clause 91 of the Company's Constitution provides that any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Mr. Ho Jien Shiung and Mr. Ong Tee Kein ("Retiring Directors") who were appointed to the Board on 13 October 2017 and 1 August 2014 respectively, will retire in accordance with Clause 85 of the Company's Constitution whereas Ms. Lim May Sim who was appointed on 3 April 2023 will retires in accordance with Clause 91 of the Company's Constitution. All of the retiring Directors being eligible, have offered themselves for re-election at the 16th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek for shareholders' approval to re-elect the aforementioned retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

Notice Of Annual General Meeting
(cont'd)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONT'D)

3. Items 3 and 4 of the Agenda – Re-election of Directors (Cont'd)

The retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the retiring Directors are provided in the Directors' Profile on pages 6 to 7 of the Company's Annual Report 2022.

4. Item 6 of the Agenda – General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company (10% General Mandate) for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the last AGM held on 23 June 2022 which will lapse at the conclusion of the Meeting.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

5. Items 7 and 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate

The Ordinary Resolution 7 and Ordinary Resolution 8 proposed under items 7 and 8 of the Agenda, if passed, will give the mandate to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and/or trading nature in accordance with Rule 10.09 of the Listing Requirements of Bursa Securities. The mandate, unless revoke or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 28 April 2023 for further details.

6. Item 9 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

Notice Of Annual General Meeting

(cont'd)

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF DGB ASIA BERHAD ("THE COMPANY")

This is Appendix A referred to in item 9 of the Agenda of the Notice of Sixteenth Annual General Meeting of the Company dated 28 April 2023.

Clause No.	Existing Clause	Proposed Clause
54 *Offer of new Shares*	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company. **For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable.** **In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.**

APPENDIX A (CONT'D)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF DGB ASIA BERHAD ("THE COMPANY") (CONT'D)

Clause No.	Existing Clause	Proposed Clause
125A *Validity of Electronic / Digital Signature*	New provision	For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons: (a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.

ADMINISTRATIVE NOTES

FOR THE FULLY VIRTUAL SIXTEENTH ANNUAL GENERAL MEETING (“16TH AGM” OR “MEETING”) OF DGB ASIA BERHAD (“DGB” OR “THE COMPANY”)

Meeting Day and Date	:	Friday, 23 June 2023
Time	:	2:30 p.m., or at any adjournment thereof
Main Venue	:	Main Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

The 16th AGM will be held on a fully virtual and entirely via remote participation and electronic voting via an online meeting platform at https://rebrand.ly/DGB-AGM provided by Mlabs Research Sdn. Bhd. (“Mlab”)

MODE OF MEETING

In line with the Government’s directive and the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 (“SC Guidance”), the 16th AGM of the Company will be conducted on **a fully virtual basis and entirely via remote participation and electronic voting.**

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

Shareholders are to present, participate, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 16th AGM using the RPV facilities provided by Mlabs via https://rebrand.ly/DGB-AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 16th AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at https://rebrand.ly/DGB-AGM provided by Mlabs.

As the 16th AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 16th AGM via RPV facilities may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR THE RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 16th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

Procedures		**Action**
Before the 16th AGM		
1.	Register as participant in DGB Virtual 16th AGM	• Using your computer, access the website at https://rebrand.ly/DGB-AGM. Click on the **Register** link to register for the 16th AGM session. • If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click **Register** and enter your email followed by **Next** to fill in your details to register for the 16th AGM session. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS). Refer to the tutorial guide posted on the same page for assistance.

Administrative Notes

(cont'd)

PROCEDURES FOR THE RPV (CONT'D)

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 16th AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:- (Cont'd)

Procedures		Action
Before the 16th AGM		
2.	Submit your online registration	• All the Shareholders are required to register prior to the meeting. Registration for the 16th AGM is open from 2.30 p.m. on Friday, 28 April 2023 till 2.30 p.m. on Thursday, 22 June 2023. • Clicking on the link in item 1 will redirect you to the 16th AGM event page. Click on the Register link for the online registration form. • Complete your particulars on the registration page. Your name **MUST** match your CDS account name. • Kindly fill in the CDS account number and indicate the number of shares you hold. If you have more than one CDS account, please state the CDS account number and indicate the number of shares held separately with a comma (,). • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected. • System will send an email to notify you that your registration for remote participation is received and pending verification. • After verification of your registration against the General Meeting Record of Depositors of the Company (**"ROD"**) as at **16 June 2023** the system will send you an **email to notify you if your registration is approved or rejected after 16 June 2023.** • If your registration is rejected, you can contact ShareWorks Sdn. Bhd. for clarifications or to appeal.
On the day of 16th AGM		
3.	Attending DGB Virtual 16th AGM	• Two reminder emails will be sent to your inbox. First is one day before the 16th AGM day, while the 2nd will be sent 1 hour before the 16th AGM session. • Click **Join Event** in the reminder email to participate in the RPV. • Please ensure you have downloaded and installed Cisco WebEx Meetings application before attending the Virtual 16th AGM.
4.	Participating with live video	• You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied to later through your registered email. • The session will be recorded. • Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the 16th AGM. • The list of resolutions for voting will appear on the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given time frame. • Click on the **Submit** button when you have completed it. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the 16th AGM, the live session will end.

Administrative Notes

(cont'd)

RECORD OF DEPOSITORS

Only a depositor name appears on the ROD as at **16 June 2023** shall be entitled to present, participate, speak and vote at the 16th AGM or appoint proxy(ies)/corporate representative(s) attorney(s) to attend and/or vote on his/her behalf.

INDIVIDUAL SHAREHOLDERS

Individual shareholders are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the 16th AGM. Please refer to the details as set out above for information.

If an individual member is unable to attend the 16th AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

CORPORATE MEMBERS

Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the 16th AGM using the RPV Facilities. Corporate members who wish to participate and vote remotely at the 16th AGM must contact ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than Wednesday, 21 June 2023 at 2.30 p.m.-

i. Certificate of appointment of its Corporate Representative or Proxy Form under the seal of the corporation;
ii. Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
iii. Corporate Representative's or proxy's email address and mobile phone number.

If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the 16th AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

NOMINEE COMPANY MEMBERS

The beneficiaries of the shares under a Nominee Company's CDS account ("Nominee Company member(s)") are also strongly advised to participate and vote remotely at the 16th AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the 16th AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the 16th AGM. Nominee Company must contact ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than Wednesday, 21 June 2023 at 2.30 p.m.:-

i. Proxy Form under the seal of the Nominee Company;
ii. Copy of the proxy's MyKad (front and back)/Passport; and
iii. Proxy's email address and mobile phone number.

If a Nominee Company member is unable to attend the 16th AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and to indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

If a shareholder is unable to attend the 16th AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and to indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Administrative Notes
(cont'd)

REVOCATION OF PROXY
Please note that if a Shareholder has submitted his/her Form of Proxy prior to the 16th AGM and subsequently decides to personally participate in the 16th AGM via RPV Platform, the Shareholder must contact ShareWorks Sdn. Bhd. to revoke the appointment of his/her proxy no later than Wednesday, 21 June 2023 at 2.30 p.m.

POLL VOTING

The voting at the 16th AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the 16th AGM and on Bursa Securities' website at www.bursamalaysia.com.

RECORDING/PHOTOGRAPHY

By participating at the 16th AGM, you agree that no part of the 16th AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiry prior to the Meeting, please contact the following persons during office hours (from 9:00 a.m. to 5:30 p.m. (Monday to Friday except public holidays):-

For Registration, logging in and system related:	For Proxy and other matters:
Name: Ms Eris / Ms Jey Telephone No.: +603-7688 1013 Email: vgm@mlabs.com	Name: Mr Chan Wai Kien & Mr Kou Si Qiang Telephone No.: +603-6201 1120 Email: ir@shareworks.com.my

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DGB ASIA BERHAD

200601001857 (721605-K)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.
No. of Shares held

I/We, ...
(Full name in block and NRIC No. / Registration No.)

Tel. No.: .... of ....
(Address)

....
(Address)

with email address .... mobile phone no. ....

being a member of DGB Asia Berhad ("the Company"), hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address & contact number		

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email address & contact number		

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Sixteenth Annual General Meeting ("16th AGM" or "Meeting") of DGB Asia Berhad ("DGB" or "the Company") will be held on a fully virtual and entirely via remote participation and electronic voting via online meeting platform at https://rebrand.ly/DGB-AGM provided by Mlabs Research Sdn. Bhd. from the Main Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 23 June 2023 at 2.30 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM1,000,000 for the period commencing from the date immediately after this 16th AGM until the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Ho Jien Shiung as a Director of the Company.		
3.	To re-elect Mr. Ong Tee Kein as a Director of the Company.		
4.	To re-elect Ms. Lim May Sim as a Director of the Company.		
5.	To re-appoint ChengCo PLT as Auditors of the Company.		
6.	To approve the authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
8.	To approve the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
No.	**Special Resolution**	**For**	**Against**
1.	To approve the Proposed Amendments to the Constitution of the Company.		

** delete whichever not applicable*

Dated this .... day of 2023

....
Signature(s) of Member(s) / Common Seal

Notes:

(a) A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(f) To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or via e-mail at ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 16 June 2023 shall be regarded as members and entitled to attend and vote at the Meeting.

(h) All the resolutions as set out in this Notice of Meeting will be put to vote by poll.

(i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

(j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.dgbasia.com for the latest updates on the status of the Meeting.

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AFFIX
STAMP

The Share Registrar

DGB ASIA BERHAD **[200601001857 (721605-K)]**
ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing

DGB ASIA BERHAD

Reg. No. 200601001857 (721605-k)

Folow us: @dgbasia

Lot 13.5, 13th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana,
47410 Petaling Jaya, Selangor Darul Ehsan
T: 7622 6986   F: 7622 6987