

**MQ TECHNOLOGY BERHAD**  
(Company No. 635804-H)  
(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 Dec 2019**

**Table 1: Financial review for current quarter and financial year to date**

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	CURRENT YEAR	PRECEDING	CHANGES		CURRENT YEAR	PRECEDING	CHANGES	
	QUARTER	YEAR	Favourable/		TO DATE	YEAR	Favourable/	
	31/12/2019	CORRESPONDIN	(Unfavourable)		31/12/2019	CORRESPONDIN	(Unfavourable)	
	RM '000	G QUARTER			RM '000	G PERIOD		
		31/12/2018	RM '000			31/12/2018	RM '000	
1 Revenue	1,813	4,955	(3,142)	-63%	9,652	24,647	(14,994)	-61%
2 Profit/(Loss) before tax	(3,937)	(3,272)	(665)	-20%	(7,481)	(5,361)	(2,120)	-40%
3 Profit/(Loss) for the period	(3,937)	(3,272)	(665)	-20%	(7,481)	(5,319)	(2,162)	-41%
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	(3,937)	(3,272)	(665)	-20%	(7,481)	(5,215)	(2,266)	-43%
5 Basic Profit/(loss) per share	(0.61)	(0.66)	0.05	8%	(1.19)	(1.15)	(0.04)	-3%
6 Proposed/Declared dividend per share	-	-			-	-		

**Table 2: Financial review for current quarter compared with immediate preceding quarter**

	CURRENT YEAR	IMMEDIATE	CHANGES	
	QUARTER	PRECEDING	Favourable/	
	31/12/2019	QUARTER	(Unfavourable)	
	RM '000	30-Sep-19	RM '000	
		RM '000		
1 Revenue	1,813	1,977	(164)	-8%
2 Profit/(Loss) before tax	(3,937)	(608)	(3,329)	-548%
3 Profit/(Loss) for the period	(3,937)	(610)	(3,327)	-545%
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	(3,937)	(610)	(3,327)	-545%
5 Basic Profit/(loss) per share	(0.61)	(0.09)	(0.52)	-578%
6 Proposed/Declared dividend per share	-	-		

	AS AT END OF	PRECEDING
	CURRENT	YEAR
	QUARTER	CORRESPONDIN
	31/12/2019	G QUARTER
	RM	31/12/2018
		RM
7 Net assets per share attributable to ordinary equity holders of the parent	0.07	0.08

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

\*\* The Basic Earnings per share is computed based on the following:

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	CURRENT YEAR	PRECEDING	CHANGES		CURRENT YEAR	PRECEDING	CHANGES	
	QUARTER	YEAR	Favourable/		TO DATE	YEAR	Favourable/	
	31/12/2019	CORRESPONDIN	(Unfavourable)		31/12/2019	CORRESPONDIN	(Unfavourable)	
	RM	G QUARTER			RM	G PERIOD		
		31/12/2018	RM			31/12/2018	RM	
Net (loss)/profit for the period - RM	(3,937,386)	(3,272,012)	(665,374)	-20%	(7,481,470)	(5,319,211)	(2,162,259)	-41%
Number of shares in issue	642,283,365	497,718,148			628,081,263	463,400,596		
Profit/(Loss) per share (sen) - Basic	(0.61)	(0.66)	0.05	8%	(1.19)	(1.15)	(0.04)	-3%

**MQ TECHNOLOGY BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31  
DECEMBER 2019**

*(The figures have not been audited)*

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>			
	<b>CURRENT YEAR QUARTER 31/12/2019 RM</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31/12/2018 RM</b>	<b>CURRENT YEAR TO DATE 31/12/2019 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018 RM</b>		
Revenue	1,813,470	4,955,136	9,652,407	24,646,870	-	-
Cost of sales	(1,951,862)	(4,110,902)	(8,626,786)	(20,319,236)		
Gross Profit/(loss)	(138,392)	844,234	1,025,621	4,327,634		
Other income	140,640	121,845	328,582	309,370		
Operating expenses	(3,938,942)	(4,118,060)	(8,731,677)	(9,574,950)		
Finance cost	(491)	(120,031)	(103,639)	(422,756)		
Profit/(Loss) before tax	(3,937,185)	(3,272,012)	(7,481,113)	(5,360,702)		
Tax income	(201)	-	(357)	41,491		
Net Profit/(loss) for the period	(3,937,386)	(3,272,012)	(7,481,470)	(5,319,211)		
Other comprehensive Profit/(loss) after tax:	-	-	-	-		
Exchange translation differences	-		(25)	104,430		
Other comprehensive profit for the period, net of tax	-	-	(25)	104,430		
Total comprehensive profit/(loss) for the period attributable to Equity holders of the Company	(3,937,386)	(3,272,012)	(7,481,495)	(5,214,781)		
	(3,937,386)	(3,272,012)	(7,481,495)	(5,214,781)		
Earnings per share - (Sen)						
Basic	(0.61)	(0.66)	(1.19)	(1.15)		
Diluted	NA	NA	NA	NA		

**MQ TECHNOLOGY BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

*(The figures have not been audited)*

	<b>UNAUDITED AS AT 31/12/2019 RM</b>	<b>AUDITED AS AT 31/12/2018 RM</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	15,588,033	18,195,946
	<u>15,588,033</u>	<u>18,195,946</u>
<b>CURRENT ASSETS</b>		
Inventories	984,641	809,449
Trade and other receivables	30,679,624	26,329,151
Current tax assets	47,672	120,314
Cash and bank balances	340,378	6,248,214
Assets of disposal group classified as held for sales	-	5,895,461
	<u>32,052,315</u>	<u>39,402,589</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,743,030	4,030,313
Borrowings	13,334	6,020,365
	<u>3,756,364</u>	<u>10,050,678</u>
<b>NET CURRENT ASSETS</b>	28,295,951	29,351,911
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	-	32,468
Deferred tax liabilities	2,391,828	2,393,347
Liabilities of disposal group classified as held for sales		2,153,458
	<u>2,391,828</u>	<u>4,579,273</u>
<b>NET ASSETS</b>	<u><b>41,492,156</b></u>	<u><b>42,968,584</b></u>
<b>FINANCED BY</b>		
Share capital	58,727,723	52,521,421
Revaluation Reserve	8,055,536	8,055,560
Share Option reserve	94,996	-
Warrant reserve	8,019,821	8,019,821
Other reserve	(8,019,821)	(8,019,821)
Accumulated losses	(25,386,099)	(17,904,629)
Reserves of disposal group held for sale	-	296,232
<b>SHAREHOLDERS' EQUITY</b>	<u><b>41,492,156</b></u>	<u><b>42,968,584</b></u>
Net assets ("NA") per share (RM)	<u>0.07</u>	<u>0.08</u>

**MQ TECHNOLOGY BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(The figures have not been audited)*

	Share Capital	← Exchange Translation Reserve	Non-Distributable Assets Revaluation Reserve	Share Option Reserve	→ Warrant Reserve	Other Reserve	Distributable (Accumulated Losses)	Reserves of disposal group clasified as held for sale	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Period ended 31 December 2019</b>									
At 1 January 2019	52,521,421	-	8,055,560	-	8,019,821	(8,019,821)	(17,904,629)	296,232	42,968,584
Exchange translation differences	-	-	(24)	-	-	-	-	-	(24)
Par Value Reduction	-	-	-	-	-	-	-	-	-
Transfer of share premium upon abolishment of par value	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to right issue	6,206,302	-	-	94,996	-	-	-	-	6,301,298
Profit/(loss) for the period	-	-	-	-	-	-	(7,481,470)	-	(7,481,470)
Reserves of disposal group classified as held for sale	-	-	-	-	-	-	-	(296,232)	(296,232)
Total comprehensive profit/(loss) for the period & transactions with owners	6,206,302	-	(24)	94,996	-	-	(7,481,470)	(296,232)	(1,476,428)
At 31 December 2019	58,727,723	-	8,055,536	94,996	8,019,821	(8,019,821)	(25,386,099)	-	41,492,156
<b>Period ended 31 December 2018</b>									
At 1 January 2018	48,373,770	986,327	6,315,268	-	8,019,821	(8,019,821)	(14,058,640)	-	41,616,725
Exchange translation differences	-	(986,327)	1,740,292	-	-	-	-	-	753,965
Par Value Reduction	-	-	-	-	-	-	-	-	-
Transfer of share premium upon abolishment of par value	-	-	-	-	-	-	-	-	-
Payment of rights issue expenses	4,147,651	-	-	-	-	-	-	-	4,147,651
Loss for the year	-	-	-	-	-	-	(3,845,989)	296,232	(3,549,757)
Total comprehensive profit/(loss) for the year & transactions with owners	4,147,651	(986,327)	1,740,292	-	-	-	(3,845,989)	296,232	1,351,859
At 31 December 2018	52,521,421	-	8,055,560	-	8,019,821	(8,019,821)	(17,904,629)	296,232	42,968,584

**MQ TECHNOLOGY BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**  
*(The figures have not been audited)*

	<b>CURRENT QUARTER 31/12/2019 RM</b>	<b>AUDITED AS AT 31/12/2018 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(7,481,113)	(5,360,702)
Adjustments for:		
Depreciation	1,375,589	2,087,420
Loss/(Gain) on disposal of property, plant and equipment	(245,643)	81,468
Impairment loss on property, plant and equipment	-	2,368,000
Allowance for expected credit losses on:-		
Trade receivables		6,927
Other receivables		225,000
Interest expense	87,087	422,756
Interest income	(89)	(157,506)
Unrealised loss/(gain) on foreign exchange	12,708	12,708
	<u>(6,264,169)</u>	<u>(313,929)</u>
Operating (loss)/profit before working capital changes		
(Increase)/decrease in inventories	(175,192)	578,116
(Increase)/decrease in receivables	(46,847)	(3,434,278)
Increase/(decrease) in payables	324,076	297,697
	<u>(6,162,132)</u>	<u>(2,872,394)</u>
Cash used in operations		
Income taxes paid	(40,766)	(136,277)
Income taxes refunded	111,531	31,631
Net cash used in operating activities	<u>(6,091,367)</u>	<u>(2,977,040)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(923,819)	(498,599)
Interest received	89	157,506
Proceeds from disposal of property, plant and equipment	592,038	13,476
Net cash used in investing activities	<u>(331,692)</u>	<u>(327,617)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from Directors		306,269
Interest paid	(87,087)	(422,756)
Proceeds from private placement	6,206,304	4,147,651
Proceeds from reissue of treasury shares	94,996	-
Fixed deposit withdrawal	5,351,861	-
Repayment of term loans	(583,298)	(1,085,134)
Repayment of hire purchase obligations	(129,085)	(494,701)
Net cash generated/(used) in financing activities	<u>10,853,691</u>	<u>2,451,329</u>
Net decrease in cash and cash equivalents	4,430,632	(853,328)
Effect of exchange rate changes	34,240	31,405
Cash and cash equivalents brought forward	(4,384,494)	(3,562,571)
Cash and cash equivalents carried forward	<u>80,378</u>	<u>(4,384,494)</u>
<u>Cash and cash equivalents comprise:</u>		
Cash and bank balances	80,378	636,352
Fixed deposits with licensed banks	260,000	5,611,862
	<u>340,378</u>	<u>6,248,214</u>
Less: Pledged deposits	(260,000)	(5,611,862)
	<u>80,378</u>	<u>636,352</u>
Bank Overdraft	-	(5,020,846)
Cash and cash equivalents	<u>80,378</u>	<u>(4,384,494)</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation of Interim Financial Report**

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting in Malaysia, International Accounting Standard ("IAS") 34, Interim Financial Reporting and all the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's financial statements for the financial year ended 31st December 2018.

**A2 Seasonal or cyclical factors**

There were no seasonal or cyclical factors affecting the results of the Group for the period under review.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period under review.

**A4 Material changes in estimates**

There were no changes in the nature and amount of estimates reported in prior financial year that have a material effect in the period under review.

**A5 Debt and equity securities**

There were no shares issued during the period under review.

**A6 Dividend paid**

There was no dividend paid during the current financial quarter.

**A7 Segment reporting**

Business Segments

The Group operates in a single business segment, namely design and manufacturing of moulds, tools, dies, jigs, fixtures, advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for use in manufacturing and application in hard disk drives and semiconductor industries and design, development and manufacture of advanced automation modules/assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components. Accordingly, no industry segment information of the Group has been presented.

Geographical Segments

The business segment of the Group is managed principally in Malaysia and Thailand. The products are distributed mainly in Malaysia and Thailand. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and capital expenditure are based on the geographical location of assets.

	SEGMENT REVENUE			
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Malaysia	201,206	534,799	349,423	4,678,502
Thailand	1,477,905	3,704,776	795,4031	16,021,792
United States of America	109,335	448,168	453,880	2,120,634
United Kingdom	-	-	-	6,482
Other Asia Pacific countries	25,024	267,393	895,073	1,819,460
	<u>1,813,470</u>	<u>4,955,136</u>	<u>9,652,407</u>	<u>24,646,870</u>
	-	-	-	-
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Malaysia	47,640,348	46,937,607	923,819	131,981
Thailand	-	6,773,289	-	878,332
	<u>47,640,348</u>	<u>53,710,896</u>	<u>923,819</u>	<u>1,010,313</u>
	-	-	-	-

**A8 Valuation of property, plant and equipment**

There were no revaluation of its property, plant and equipment during the period under review. As at 31 December 2018, property, plant and equipment were stated at cost except for land and buildings and improvements which were stated at valuations less accumulated depreciation.

**A9 Material events subsequent to the end of the quarter**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2018 to the date of this announcement which would substantially affect the financial results of the Group.

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group during the period under review.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

**B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**

**B1 Review of performance**

For the quarter under review, Group 's revenue at RM 1.81 million representing a decrease of RM 3.14 million (or 63%) from RM 4.95 million of the preceeding year corresponding quarter.

The Group recorded loss before tax of RM3.94 million for the quarter under review as compared to loss before tax of RM3.27 million in the preceeding year corresponding quarter (Q4-2018). The higher loss before tax of approximately RM0.67 million as compared to the corresponding quarter in preceeding year was mainly the Employee share option scheme expense.

**B2 Variation of results against immediate preceding quarter**

During the quarter under review, sales decreased by RM 0.17 million (Revenue, Q4-2019: RM 1.81 million - Q3-2019: RM 1.98 million) compared to preceeding quarter. The decrease of sales was mainly due to rework on the rejection project that cost slower process to process more job.

The group has recorded a loss before tax of RM 3.94 million in the quarter under review, an increase by RM 3.27 million compared to a loss before tax of RM0.61 million in the preceeding quarters (Q3-2019). Higher loss before tax as compared to the corresponding quarter in preceeding year was mainly due to cost of sales exceed the revenue as there is a significant value of rejection cost for rework on current quarter and Employee share option scheme charge.

**B3 Prospects for the forthcoming financial year**

Manufacturing business component

The outlook for Group's tooling and precision components business is expected to maintain the existing business level for the financial year 2019 . There are various cost saving measures have been implaced to improve the Gross Profit margin and lower the operating expenditures.

Theme park

The theme park component of the Group has yet to be fully operational and is not expected to contribute significantly to the Group in Q2 2019.

**B4 Profit forecast and profit guarantee**

The Group did not provide any profit estimate, forecast, projection, internal targets or profit guarantee in any public documents for the financial year ending 31 December 2019.

**B5 Taxation**

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
Current year	Preceding year	Current year	Preceding year
quarter	corresponding	to date	corresponding
31/12/2019	quarter	31/12/2019	period
RM	31/12/2018	RM	31/12/2018
	RM		RM
Tax based on results for the quarter/period:			
Malaysian income tax and def			
-	-	-	-

The effective tax rate of the Group for the current period under review was lower than the statutory tax rates mainly due to a subsidiary, Microlead Precision Technology Sdn Bhd had been granted Pioneer Status by the Malaysian Industrial Development Authority in which 100% of the subsidiary's statutory income from

**B6 Sale of unquoted investments and/or properties**

There was no sale of unquoted investments or properties during the period under review.

**B7 Purchase or Sale of quoted securities**

There was no purchase or sale of quoted securities during the period under review.

## B8 Status of Corporate Proposals

The joint venture between Star Acres Sdn Bhd and Cash Support Sdn Bhd is pending the transfer of the project land and issuance of shares in Cash Support Property Sdn Bhd ("JV Entity"). The transfer of the project land from Cash Support Sdn Bhd to the JV Entity has been approved by the state government.

Purpose	Proposed Utilisation	Actual Utilisation as at 31 December 2019	Valuation for utilisation of proceeds as at 31 December 2019	Balance to be utilised as at 31 December 2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Payment for Subscription Shares	15,900	15,226	-	674
Extension to existing factory	9,480	2,000	(2,554)	4,926
Working capital	987	3,541	2,554	-
Estimated expenses in relation to the Corporate Exercise	1,160	1,160	-	-
<b>Total</b>	<b>27,527</b>	<b>21,927</b>	<b>-</b>	<b>5,600</b>

### Explanation for deviation

(1) Proceeds were used for working capital as it is more urgent compared to the extension of factory and purchase of equipments.

The Company has announced that the Memorandum of Agreement ("MOA") with Cambodia Resort and Entertainment Co., Ltd., which was previously extended to 2 January 2019 is deemed to be lapsed. The MOA, which related to proposed joint venture between Star Acres Sdn Bhd, a wholly owned subsidiary of the Company, and Cambodia Resort and Entertainment Co., Ltd to develop and manage a theme park in the Kingdom of Cambodia has not been extended as the parties have not been able to move the venture forward.

Joint Venture between MQ's wholly-owned subsidiary, Star Acres Sdn Bhd, and Cash Support Sdn Bhd to develop and carry on the business of the Theme Park ("Investment")

- (i) SASB and CSSB had on 18 January 2019 mutually agreed to further extend the SSA Cut-Off Date from 19 January 2019 to 19 July 2019 for the parties to obtain/fulfil conditions precedent pursuant to the SSA; and
- (ii) CSSB and CSPSB had on 18 January 2019 mutually agreed to further extend the SPA Cut-Off Date from 19 January 2019 to 19 July 2019 for the parties to obtain, fulfil or waive the conditions precedent pursuant to the SPA.

On 22 August, the Board of Directors' of MQ Tech announce that:

- (i) SASB and CSSB had mutually agreed to further extend the SSA Cut-Off Date from 20 July 2019 to 19 January 2020 for the parties to obtain/pursuant to the SSA; and fulfil the conditions precedent
- (ii) CSSB and CSPSB had mutually agreed to further extend the SPA Cut-Off Date from 20 July 2019 to 19 January 2020 for the parties to obtain, precedent pursuant to the SPA. fulfil or waive the conditions

The Company announced the proposal for diversification of the existing principal activities and private placement on 7 December 2017:

- (i) Proposed diversification of the existing principal activities of MQ Group to include marketing services for gaming related businesses pursuant to the marketing agreement dated 7 December 2017 entered into between MQ and Vivo Tower Holdings Ltd; and
- (ii) Proposed private placement of 82,953,024 new Placement Shares at an issue price of RM0.05 per Placement Share.
- (iii) The Company submitted the listing application for the Proposed Private Placement to Bursa Malaysia Securities Berhad on 18 January 2018.

On 4 April 2018, the company announced to Bursa Securities that the proposed utilisation of the proceeds from the Rights Issue exercise of approximately RM9.48 million earmarked for the extension to its existing factory in Bayan Lepas, Penang to be partially re-allocated (approximately RM2.55 million) to working capital of the Group.

On 5 April 2018, Bursa Malaysia Securities Berhad has approved the listing of up to 82,953,024 Placement Shares to be issued pursuant to the Proposed Private Placement for the proposed diversification of the Group's principal activities to gaming related business subject to the following conditions:-

- The Company and UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") must fully comply with the relevant provisions under the ACE Marketing Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- The Company and UOBKH to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- The company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.



On 16 May 2018, all resolution as set out in the Notice of Extraordinary General Meeting ("EGM") dates 14 April 2018 were duly passed at the EGM. Below are the Ordinary Resolution passed at the EGM.

Ordinary Resolution 1

- Proposed diversification of the existing principal activities of MQ and its subsidiaries to include marketing services for gaming related businesses. ("Proposed Diversification")

Ordinary Resolution 2

- Proposed private placement of 82,953,024 ordinary shares in MQ ("Placement share(s)") at an issue price of RM0.05 per placement share ("Proposed Private Placement")

Ordinary Resolution 3

- Proposed allocation of 41,476,512 placement shares to Wong Ken Hong at an issue price of RM0.05 per placement share ("Proposed Allocation")

82,953,024 placement shares at an issue price of RM0.05 per share was completed upon listing and quotation on ACE Market of Bursa Malaysia Securities Berhad with effect from 9.00am 01/06/2018

Utilisation of Proceeds from Private Placement

- The funds from private placement of RM4.15 million was received on 01 June 2018

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation as at 30 June 2018 (RM'000)	Timeframe for utilisation	Balance to be utilised as at 30 June 2018 (RM'000)
Provision or marketing services pursuant to the	3,878	3,650	24 months	228
Expenses in relation to the pro	270	270	1 month	-
	4,148	3,920		228

On 04/06/2018, MQ Technology Berhad (Vendor) entered into conditional share sale agreement(SSA) with TC Smart Engineering (M) Sdn Bhd (Purchaser) for the disposal of 300,000 ordinary shares of MPT Solutions Co Ltd (MPTS) , representing entire equity shares of the company for a total consideration of RM 3,500,000.00 ( RGT: Three million five hundred thousand)  
Upon completion of the disposal, MPTS will cease to be a subsidiary of the company.

On 04/07/2018, The Board of Directors of MQ Tech (Company) has entered into a supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of 45 days from 4 July 2018 to 18 August 2018 in order to facilitate the fulfilment of Conditions Precedent. ( Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 17/08/2018, The Board of Directors of MQ Tech (Company) has entered into a second supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of 45 days from 19 August 2018 to 02 October 2018 in order to facilitate the fulfilment of Conditions Precedent. (Second Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 02/10/2018, The Board of Directors of MQ Tech (Company) has entered into a third supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of Six (6) months from 02 October 2018 to 01 April 2019 in order to facilitate the fulfilment of Conditions Precedent. (Third Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 18/10/2019, The Board of Directors of MQ Tech (Company) has entered into a shareholders' agreement with KAFA and shall inject a capital investment of Ringgit Malaysia Three Million Only (RM3,000,000.00) which represent 100% of the shareholding of SPV; and By way of goodwill, MQ shall divest 30% of the shareholdings in the SPV to KAFA for a consideration of Ringgit Malaysia One (RM1.00) only

On 18/10/2019. The Board of Directors' of MQ Tech wishes to announce that MQ Tech and KAFA had mutually agreed to extend the Cut-Off Date from 18 October 2019 to 17 November 2019 for the parties to obtain/ fulfil the conditions precedent pursuant to the Agreement.

On 15/10/2019. The Board of Directors' of MQ Tech wishes to announce that MQ Tech and KAFA had mutually agreed to extend the Cut-Off Date from 18 October 2019 to 17 November 2019 for the parties to obtain/ fulfil the conditions precedent pursuant to the Agreement.

On 15/11/2019. The Board of Directors' of MQ Tech wishes to announce that MQ Tech and KAFA had mutually agreed to extend the Cut-Off Date from 18 November 2019 to 17 December 2019 for the parties to obtain/ fulfil the conditions precedent pursuant to the Agreement.

On 17/12/2019. The Board of Directors' of MQ Tech wishes to announce that MQ Tech and KAFA had mutually agreed to further extend the Cut-Off Date for another one (1) month from 17 December 2019 to 16 January 2020 for the parties to obtain/ fulfil the conditions precedent pursuant to the Agreement.

**B9 Group's borrowings and debt securities**

The borrowings are secured denominated in Malaysian Ringgit and Thai Baht.

	Current Year Quarter 31/12/2019					
	Long term		Short term		Total borrowings	
	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing	Local Borrowing (RM)
<b>Secured Borrowings</b>	-	-	-	13,334	-	13,334
Hire Purchase	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-
Overdraft	-	-	-	-	-	-
Sub total	-	-	-	13,334	-	13,334

	Preceding Year Quarter 31/12/2018					
	Long term		Short term		Total borrowings	
	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing	Local Borrowing (RM)
<b>Secured Borrowings</b>	410,055	33,317	423,979	109,103	834,034	142,420
Hire Purchase	5,016	-	95,221	583,298	100,237	583,298
Term Loan	-	-	191,904	5,020,846	191,904	5,020,846
Overdraft	-	-	-	-	-	-
Sub total	415,071	33,317	711,104	5,713,247	1,126,175	5,746,564

	Current Year Quarter 31/12/2019	Preceding Year Quarter 31/12/2018
Weighted Average Fixed Interest Rate - Hire Purchase	13.04%	6.39%
Weighted Average Floating Interest Rate - Overdraft	Nil	5.00%
Weighted Average Floating Interest Rate - Term Loan	7.04%	7.04%

**B10 Realised and Unrealised Profit or Losses**

	As at 31/12/2019	As at 31/12/2018
Total retained profits of the Company and its subsidiaries:-		
- Realised gain / (loss)	(42,491,140)	(35,858,644)
- Unrealised gain / (loss)	-	-
	(42,491,140)	(35,858,644)
Less: Consolidation adjustments and eliminations	17,105,041	17,954,015
Total Accumulated losses as per statement of financial position	(25,386,099)	(17,904,629)

**B11 Profit for the Period**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding year	Current	Preceding year
	year	corresponding	year	corresponding
	quarter	quarter	to date	period
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM	RM	RM	RM
Profit for the period is arrived at after crediting:				
Interest income	23	157,080	89	157,504
Other income / (loss)	140,640	(35,235)	328,493	150,758
Gain/(loss) on disposal of property, plant and equipment	137,058	1,101	245,643	81,467
Unrealised Foreign exchange gain	-	-	-	-
and after charging:				
Interest expense	(491)	120,031	(87,087)	422,756
Depreciation	(296,929)	607,705	(1,375,589)	2,087,420

There were gain on disposal of Motor vehicle for current quarter and financial period end 31 Dec 2019

**B12 Off balance sheet financial instruments**

The Group does not have any derivative financial instruments as at the date of this report.

**B13 Material litigation**

There were no material litigation pending since the last the last annual balance sheet date until the date of this

**B14 Dividends**

No dividend has been declared or paid by the Company in this financial quarter.

**B15 Profit / (loss) per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding year	Current	Preceding year
	year	corresponding	year	corresponding
	quarter	quarter	to date	period
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Profit/(loss) after tax attributable to shareholders (RM)	(3,937,386)	(3,272,012)	(7,481,470)	(5,319,211)
Weighted average number of ordinary shares in issue	642,283,365	497,718,148	628,081,263	463,400,596
Loss per share - (Sen)				
Basic	(0.61)	(0.66)	(1.19)	(1.15)
Diluted	NA	NA	NA	NA

**B16 Auditor's report on preceding annual financial statements**

The auditors have expressed a qualified opinion on the Company's statutory financial statements for the year ended 31 December 2018 in their report dated 25 April 2019, with regards to the investment in the theme park business.

Board of Directors of MQ Technology Berhad ("the Company") further clarified on the following:-

- The Qualified Opinion disclosed in the Independent Auditors' Report are not a material uncertainty related to going concern.
- That the Independent Auditors have expressed an "except for" opinion in respect of the Company's investment in the theme park.
- The Management is reassessing the viability of the theme park business in view of the current economic and political conditions and is in the midst of determining the most appropriate options and / or measures to actualise the investment.
- Barring unforeseen circumstances, the Board expects to address the matter concerned within the next financial year.

**B17 Authorise for issue**

The interim financial statements were authorised for issue by the Board of Directors on 28 February 2020.

**B18 Other income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 RM	Preceding year corresponding quarter 31/12/2018 RM	Current year to date 31/12/2019 RM	Preceding year corresponding period 31/12/2018 RM
Other income	140,640	121,845	328,582	309,370
MQ				
Unrealised gain on forex	-	-	-	-
MPT				
Interest received	23	62	89	160
Scrap sales	3,558	1,828	18,380	17,892
Vending machine rental receiv	-	-	-	-
Unrealised gain on forex	-	(30,930)	-	69,993
Gain on disposal of fixed asse	137,059	-	245,644	-
MPTS				
Interest Income	-	5	3	263
Gain on Sale of asset	-	-	39,804	-
Sale Scrap	-	168	-	12,770
Other Income	-	19,803	24,662	85,338
SA				
Interest Income	-	1	-	1
	-	130,908	-	122,953

**B19 Foreign Exchange Exposure**

Areas in which are relevant to foreign exchange exposure within the group are:-

- MPTS, which is the Thailand subsidiary and its operating currency is in Baht
- overseas sales in USD
- and Bank account in foreign currency (USD).

There is no hedging performed within the group.

**B20 Trade receivables**

Currently there is only credit sales in MPT within the group, and below are the gross trade receivable aging analysis:-

Third parties
**MPT - Trade receivable aging as at 31.12.2019**

Credit term	5 Mths+	4 Mths	3 Mths	2 Mths	1 Mth	Current
30	(2,838)	-	-	5,800	25,391	13,828
45	(4,490)	-	-	-	-	-
50	20,254	22,495	4,463	467,474	150,728	752,857
60	9,999	-	6,333	72,289	145,632	259,878
90	-	-	-	19,202	21,445	82,217
	22,925	22,495	10,796	564,765	343,196	1,108,780
Advance received from debtor	-	-	-	-	-	-
Unrealised gain/(loss) foreign	(5,029)	-	17,894	-	-	(52,622)
	17,896	22,495	28,690	564,765	343,196	1,056,158

It is noted that there is some delay in the receivable from trade debtors in MPT, however there are continuous subsequent receipt from the trade debtors up to date, hence no recoverability issue.

Related parties

Credit term awarded to related parties are in line with credit term awarded to third party, there no exceptional prolonged credit term being awarded to them and normally trade receivable from related parties were usually received within the credit term.

Subsidiaries that have Sales transactions with its related party are:-

Related Parties	Nature of Transactions
MPTS sells to ZT	Supply of Wirecut and Electric Discharge Machining (EDM) process
MPT sells to WI	Supply of Automation and Precision parts

WI – Wistech Integration Sdn Bhd  
ZT – Zoomic Technology (Thailand) Co., Ltd