

TECHFAST HOLDINGS BERHAD

Registration No.: 200401009317 (647820-D)
Incorporated in Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

TECHFAST HOLDINGS BERHAD

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021**

	(Unaudited)			(Unaudited)		
	3 months ended (Quarter)			3 months ended (Cumulative)		
	31.03.2021	31.03.2020	%	31.03.2021	31.03.2020	%
	RM'000	RM'000	chg	RM'000	RM'000	chg
Revenue	12,428	6,839	81.7%	12,428	6,839	81.7%
Operating expenses	(13,922)	(6,213)		(13,922)	(6,213)	
Operating profit/(loss)	(1,494)	626	-338.7%	(1,494)	626	-338.7%
Other operating income	153	387		153	387	
	(1,341)	1,013	-232.4%	(1,341)	1,013	-232.4%
Finance costs	(8)	(4)		(8)	(4)	
Profit/(Loss) before taxation	(1,349)	1,009	-233.7%	(1,349)	1,009	-233.7%
Taxation	(198)	(301)		(198)	(301)	
Net profit/(loss) after taxation	(1,547)	708	-318.5%	(1,547)	708	-318.5%
Other comprehensive income:	-	-		-	-	
Total comprehensive income/(expense)	(1,547)	708		(1,547)	708	
Profit/(loss) attributable to:						
Owners of the Company	(1,547)	708	-318.5%	(1,547)	708	-318.5%
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(1,547)	708	-318.5%	(1,547)	708	-318.5%
Earnings/(loss) per share attributable to owners of the parent:						
Basic (sen)	(0.59)	0.31		(0.59)	0.31	
Diluted (sen)	NA	NA		NA	NA	

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	(Unaudited) As at 31.03.2021 RM'000	(Audited) As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,111	7,288
Investment in associate	26,250	-
Other investment	40	62
Right-of-use asset	462	507
Goodwill on acquisition	363	363
	<u>34,226</u>	<u>8,220</u>
Current assets		
Inventories	4,279	4,902
Trade and other receivables	21,871	11,497
Tax recoverable	414	401
Fixed deposits with licensed banks	1,170	1,070
Cash and bank balances	16,124	17,028
Non-current asset held-for-sale	1,069	-
	<u>44,927</u>	<u>34,898</u>
TOTAL ASSETS	<u>79,153</u>	<u>43,118</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	78,234	39,920
Accumulated losses	(4,106)	(2,560)
Total equity	<u>74,128</u>	<u>37,360</u>
Non-current liabilities		
Finance lease liabilities	5	21
Lease liability	435	477
Deferred taxation	535	541
	<u>975</u>	<u>1,039</u>
Current liabilities		
Trade and other payables	3,493	4,302
Finance lease liabilities	150	188
Tax payable	162	229
Liabilities relating to non-current asset held-for-sale	245	-
	<u>4,050</u>	<u>4,719</u>
Total liabilities	<u>5,025</u>	<u>5,758</u>
TOTAL EQUITY AND LIABILITIES	<u>79,153</u>	<u>43,118</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>28.4</u>	<u>14.3</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021**

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Equity Attributable to Owners of the Parent RM'000
Balance at 1 January 2020	29,946	(218)	(2,460)	27,268
Net profit for the year	-	-	709	709
Purchase of own shares	-	-	-	-
Dividends paid	-	-	-	-
Balance as at 31 March 2020	29,946	(218)	(1,751)	27,977
Balance at 1 January 2021	39,920	-	(2,559)	37,361
Net loss for the period	-	-	(1,547)	(1,547)
Issue of new shares	38,314	-	-	38,314
Balance as at 31 March 2021	78,234	-	(4,106)	74,128

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

TECHFAST HOLDINGS BERHAD

Registration No.: 200401009317 (647820-D)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021**

	(Unaudited)	
	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	(1,349)	1,009
<u>Adjustments for:</u>		
Non-cash items	926	63
Non-operating items	(2)	(45)
Operating profit/(Loss) before working capital changes	(425)	1,027
<u>Changes in working capital:</u>		
Net change in current assets	(10,632)	2,285
Net change in current liabilities	(566)	(902)
Repayment of lease liabilities	(42)	-
Cash generated from/(used in) operations	(11,665)	2,410
Tax (paid)/refunded	(320)	(365)
Net cash generated from/(used in) operating activities	(11,985)	2,045
Cash Flows From Investing Activities		
Interest received	2	45
Purchase of property, plant and equipment	(31)	(269)
Acquisition of stake in associate company	(26,250)	-
Net cash used in investing activities	(26,279)	(224)
Cash Flow From Financing Activities		
Proceeds from issue of new shares	38,314	-
Net repayment of hire purchase creditors	(62)	(56)
Interest paid	-	(4)
Net cash generated from/(used in) financing activities	38,252	(60)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS	(12)	1,761
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	17,728	8,821
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	17,716	10,582
<u>Cash and cash equivalents comprise:</u>		
Deposits with licensed banks	1,170	2,988
Short term investment	-	3,413
Cash and bank balances	16,124	4,787
Cash and cash equivalents of non-current assets held-for-sale	792	-
	18,086	11,188
Less : Fixed deposits pledged to a licensed bank	(70)	(66)
Deposits with maturity period of more than three months	(300)	(540)
	17,716	10,582

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial reports. These explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statement for the financial year ended 31 December 2020 except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to certain MFRSs and Interpretations that are issued but not yet effective as disclosed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16, Leases – Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
MFRS 17, Insurance Contracts	1 January 2023

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING

Amendments to MFRS 101, Presentation of Financial Statements 1 January 2023
- Classification of Liabilities as Current or Non-Current

The directors expect that the adoption of the above accounting standards and interpretations will have no material impact on the Financial Statements in the year of initial application.

A3. Auditor’s Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2020 was not qualified.

A4. Comments about Seasonal or Cyclical Factors

The fasteners and bunkering business segments of the Group are generally not affected by seasonal and cyclical factors. However, the mould cleaning rubber sheets segment sells its products to customers in the semi-conductor and manufacturing industries. Therefore, the performance of this division is dependent on the cyclical nature of the semi-conductor and manufacturing industries, to a certain extent.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

A6. Significant Estimates and Changes in Estimates

There were no significant estimates nor changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A7. Changes in Debt and Equity Securities

On 22 March 2021, the Company completed a private placement exercise for the issue of 75,288,900 new shares at the price of 37.50 sen per share. The shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on said day.

On 24 March 2021, the Company issued 23,441,860 new shares at price of 43.0 sen as part of the consideration for the purchase of equity stake in CCK Petroleum Sdn Bhd. The shares were listed and quoted on the ACE Market of Bursa Malaysia on the said day.

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A8. Dividend Paid or Proposed

There were no dividends nor proposed during the quarter under review.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING

A9. Segmental Information

	Self-clinching fasteners	Mould cleaning rubber sheets and LED epoxy encapsulant materials	Bunkering, vessel chartering and petroleum trading	Investment Holding	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Ended						
<u>31.03.2021</u>						
External sales	2,870	4,739	4,819	-	-	12,428
Inter-segment revenue	-	377	-	300	(677)	-
Total	<u>2,870</u>	<u>5,116</u>	<u>4,819</u>	<u>300</u>	<u>(677)</u>	<u>12,428</u>
Operating segment profit/(loss)	(206)	504	(55)	(3,752)	2,168	(1,341)
Finance cost	(1)	-	-	(7)	-	(8)
Profit/(loss) before taxation	<u>(207)</u>	<u>504</u>	<u>(55)</u>	<u>(3,759)</u>	<u>2,168</u>	<u>(1,349)</u>
Taxation	(26)	(172)	-	-	-	(198)
Net profit/(loss) after taxation	<u>(233)</u>	<u>332</u>	<u>(55)</u>	<u>(3,759)</u>	<u>2,168</u>	<u>(1,547)</u>
Segment assets	12,071	9,964	27,215	81,093	(52,622)	77,721
Unallocated corporate asset						363
Non-current assets held-for-sale						<u>1,069</u>
						<u>79,153</u>
Segment liabilities	2,571	2,096	27,157	557	(27,601)	4,780
Liabilities relating to non-current assets held-for-sale						245
						<u>5,025</u>
3 Months Ended						
<u>31.03.2020</u>						
External sales	2,811	4,002	-	26	-	6,839
Inter-segment revenue	-	316	-	1,260	(1,576)	-
Total	<u>2,811</u>	<u>4,318</u>	<u>-</u>	<u>1,286</u>	<u>(1,576)</u>	<u>6,839</u>
Operating segment profit/(loss)	107	963	-	828	(885)	1,013
Finance cost	(3)	(1)	-	-	-	(4)
Profit/(loss) before taxation	<u>104</u>	<u>962</u>	<u>-</u>	<u>828</u>	<u>(885)</u>	<u>1,009</u>
Taxation	(41)	(260)	-	-	-	(301)
Net profit/(loss) after taxation	<u>63</u>	<u>702</u>	<u>-</u>	<u>828</u>	<u>(885)</u>	<u>708</u>
Segment assets	12,528	14,015	-	36,657	(32,037)	31,163
Unallocated corporate asset						1,110
						<u>32,273</u>
Segment liabilities	1,903	2,389	-	216	(211)	4,297

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING

A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment, from the financial year ended 31 December 2020.

A11. Subsequent Events

On 31 March 2021, the Company signed the share sale agreement for the sale of 100% equity stake in its wholly-owned subsidiary, Oriem Technology Sdn Bhd (“Oriem”) for a cash consideration of RM900,000. The disposal of Oriem was completed on 7 April 2021 and ceased to be a subsidiary company.

On 31 March 2021, the Company implemented an Employee Share Option Scheme (“ESOS”). On 23 April 2021, a total of 46,816,480 share options were exercised and the same number of new ordinary shares were issued at 32.04 sen per share pursuant to its ESOS.

There were no other material events subsequent to the end of the current quarter that have not been reflected in the financial statements, which are likely to substantially affect the results of the current quarter under review.

A12. Changes in Composition of the Group

There were no other changes in the composition of the Group that occurred in the quarter under review.

A13. Contingent Liabilities

As at 31 March 2021, the Company is contingently liable for corporate guarantees provided to financial institutions for banking facilities amounting to RM2.40 million granted to the subsidiary companies.

A14. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim condensed financial statements as at the end of the quarter under review.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

A. EXPLANATORY NOTES AS PER MFRS 134 – INTERIM FINANCIAL REPORTING

A15. Related Party Transactions

There were no other related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter, other than those disclosed below:

Related Party Transactions	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 months ended (Cumulative)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000

Company connected to a director

Professional fee payable to:

- ML Taxation Services Sdn Bhd	1	-	1	-
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The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

1st Quarter 2021 vs 1st Quarter 2020

The Group revenue for the current quarter of RM12.43 million was 81.7% higher than RM6.84 million recorded for the corresponding quarter in the previous year. The Group recorded a loss before taxation of RM1.35 million for the quarter ended 31 March 2021 compared to a profit before taxation (“PBT”) of RM1.01 million during the corresponding quarter in the previous year. In the current quarter under review, the Group profit was affected by a impairment loss on Oriem Technology Sdn Bhd (“Oriem”), expenses relating to corporate exercises and reduced interest income.

The self-clinching fastener (“SCF”) segment recorded revenue of RM2.87 million for the current quarter under review which was marginally higher than RM2.81 million for the corresponding quarter in the previous year. The SCF segment made a loss before tax of RM0.21 million for the current quarter compared to a PBT of RM0.10 million in the corresponding quarter of the previous year. Financial performance of the SCF segment was affected by higher operating expenses.

The mould cleaning rubber sheets (“rubber sheets”) and LED epoxy encapsulant (“epoxy”) material segment recorded a PBT of RM0.50 million which was lower than RM0.96 million recorded in the corresponding quarter in the previous year. Total external sales revenue of RM4.74 million for the quarter under review was higher compared to RM4.00 million for the corresponding quarter last year. The segment recorded lower PBT despite higher sales turnover due to higher administrative and operating expenses.

The oil bunkering business segment which contributed revenue of RM4.82 million recorded a loss of RM0.06 million in the quarter under review. There were no comparative figures for the corresponding period in the previous year as the oil bunkering business commenced operations in December 2020.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2. Comment on Material Change in Profit Before Taxation of Current Quarter Compared with the Immediate Preceding Quarter

	(Unaudited)		%
	3 months ended (Quarter)		
	31.03.2021	31.12.2020	
	RM'000	RM'000	<i>chg</i>
Revenue	12,428	12,464	-0.3%
Operating expenses	(13,922)	(12,425)	
Operating profit/(loss)	(1,494)	39	N/A
Other operating income	153	(33)	
	(1,341)	6	N/A
Finance costs	(8)	(7)	
Loss before taxation	(1,349)	(1)	N/A
Income tax expense	(198)	(373)	
Net loss after taxation	(1,547)	(374)	313.6%
Other comprehensive income:	-	-	
Total comprehensive expense	(1,547)	(374)	
Loss attributable to:			
Owners of the Company	(1,547)	(374)	313.6%
Total comprehensive loss attributable to:			
Owners of the Company	(1,547)	(374)	313.6%

In the current quarter under review, the Group made a loss of RM1.55 million compared to a loss of RM0.37 million in the preceding quarter ended 31 December 2020. In the current quarter under review, the Group financial performance was affected by corporate exercise expenses and reduced interest income.

For the current quarter, the SCF segment recorded revenue of RM2.87 million which was lower than RM3.04 million recorded in previous quarter ended 31 December 2020. The SCF segment made a loss before tax of RM0.21 million compared to a loss of RM0.17 million in the previous quarter. Loss was due to higher direct costs and higher operating expenses.

The rubber sheets and epoxy material segment recorded a PBT of RM0.50 million on sales revenue of RM5.12 million, which was lower than PBT of RM1.48 million on sales revenue of RM5.83 million recorded in the previous quarter ended 31 December 2020. Results were lower in the current quarter under review due to lower sales and higher direct costs and operating expenses resulting in margin compression.

Oil bunkering segment contributed RM4.82 million in revenue in the current quarter compared to RM4.00 million in the December 2020 quarter. The segment however, recorded some marginal loss due to operating expenses.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Prospects For The Financial Year Ending 31 December 2021

Oil Bunkering, Vessel Chartering and Petroleum Trading Segment

In an effort to expand Techfast Group's revenue and profits as well as diversify its earnings base, the Techfast Group is diversifying its principal activities to include new petroleum trading business, thereby reducing its reliance on its manufacturing business segment. This new business segment commenced operations under its wholly-owned subsidiary, Fast Energy Sdn Bhd ("FESB") in December 2020 and management hopes that this business will contribute to group profit going forward.

On 24 March 2021, the Company completed the acquisition of 35% equity stake in CCK Petroleum Sdn Bhd ("CCKSB"), which is now an associate company. CCKSB is principally engaged in the business of trading marine fuels. The acquisition of CCKSB comes with a profit guarantee for a period of two (2) years from the date of acquisition. The profit attributable to the Company for its 35% equity interest is RM1.75 million for each of the two (2) years.

SCF Segment

This pandemic has severely affected the domestic and export sales especially to the USA, which is our largest market for the SCF business segment. The Company is facing increasing cost pressure and the shortage of skilled labour and management expects a challenging business environment going forward in the year 2021.

Rubber Sheets and Epoxy Segment

This segment continue to experience competitive pressure with lack of international travel due to the pandemic. As a result, it faces the risk of losing customers to local competitors in China and Taiwan due to the inability to provide onsite physical technical support to customers.

Management expects a challenging business operating environment for the current year 2021, despite covid-19 vaccine roll-outs worldwide.

Our Board anticipates the petroleum trading business to potentially contribute 25% or more of the net operating profits of Techfast Group moving forward and the overall profitability of the Group to be satisfactory for the year 2021.

B4. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B5. Income Tax Expense

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 months ended (Cumulative)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	201	199	201	199
Deferred taxation	(3)	102	(3)	102
	<u>198</u>	<u>301</u>	<u>198</u>	<u>301</u>
Underprovision for tax in prior year	-	-	-	-
Total income tax expense	<u>198</u>	<u>301</u>	<u>198</u>	<u>301</u>

The disproportionate tax charge of the Group is due to certain expenses of the Group companies which are not deductible for tax purposes and there is no Group relief over the loss making company within the Group.

B6. Corporate Proposals

On 11 January 2021, the shareholders of the Company approved the following corporate proposals at an Extraordinary General:

- (i) private placement of 75,288,900 new ordinary shares in Techfast Holdings Berhad ("Techfast" or "the Company"), representing approximately 30% of the total issued shares of Techfast at an issue price of 37.5 per share to identified investors;
- (ii) acquisition of 175,000 ordinary shares in CCK Petroleum Sdn Bhd ("CCKSB"), representing 35.0% equity interest in CCKSB from Kuah Choon Ching for a purchase consideration of RM26,250,000 to be satisfied via a combination of RM16,170,000 in cash and RM10,080,000 via the issuance of 23,441,860 new ordinary shares in the Company at an issue price of 43.0 sen per share;
- (iii) diversification of the existing principal activities of Techfast and its subsidiaries to include trading of petroleum products, oil bunkering and other related activities; and
- (iv) establishment of an employees' share option scheme ("ESOS") of up to 30% of the total issued shares of Techfast (excluding treasury shares, if any) at any point in time over the duration of the ESOS for the eligible directors and employees.

On 22 March 2021, 75,288,900 shares were issued at an issue price of 37.5 sen which marked the completion of the private placement exercise. The Company's issued and paid-up share capital was increased from RM39,920,488 to RM68,153,826 following the private placement.

On 24 March 2021, the Company increased its issued and paid-up share capital from RM68,153,826 to RM78,233,826 by way of issuance of 23,441,860 new ordinary shares pursuant to the acquisition exercise as mentioned in (ii) above.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

On 14 April 2021 and on 24 May 2021, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") made announcements with regards to the following proposals:

- (i) a renounceable rights issue of up to 909,204,618 new ordinary shares in Techfast on the basis of 2 rights share for every 1 existing ordinary shares in Techfast ("Techfast Share") held, together with up to 454,602,309 free detachable warrants in Techfast ("Warrant(s)") on the basis of 1 Warrant for every 2 Rights Shares subscribed for; and
- (ii) the Company had on 14 April 2021 entered into a conditional share sale agreement with Lu Eng Shean for the proposed disposal of its 100% equity interest in Techfast Precision Sdn Bhd ("TPSB"), comprising 8,000,000 ordinary shares in TPSB for a disposal consideration of RM6,100,000 to be satisfied entirely via cash.

The above corporate proposals have yet to be completed as at the date of this report.

B7. Utilisation of Proceeds from Corporate Proposals

On 15 December 2020, the Company completed a private placement exercise for the issue of 22,814,847 new shares at an issue price of 43.72 sen per share. The total proceeds raised from the private placement amounted to RM9,974,651 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 31 March 2021 were as follows:

Purpose	Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM '000	Balance to be Utilised RM '000
Working capital	Within 12 months from receipt of placement funds	9,874	5,071	4,803
Estimated expenses	Upon completion of exercise	100	100	-
Total		9,974	5,171	4,803

On 22 March 2021, the Company completed a private placement exercise for the issue of 75,288,900 new shares at an issue price of 37.5 sen per share. The total proceeds raised from this private placement amounted to RM28,233,338. The status of the utilisation as at 31 March 2021 were as follows:

Purpose	Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM '000	Balance to be Utilised RM '000
For the settlement of cash consideration for acquisition in CCK Petroleum Sdn Bhd	Upon completion of proposed acquisition	16,170	16,170	-
Working capital for petroleum trading business	Within 1 months from completion of private placement	11,693	11,693	-
Estimated expenses	Upon completion of exercise	370	370	
Total		28,233	28,233	-

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Group Borrowings

	As at 31.03.2021 RM '000	As at 31.12.2020 RM '000
Finance lease liabilities		
Repayable within one year denominated in Ringgit Malaysia	150	188
Repayable after one year denominated in Ringgit Malaysia	5	21
	<u>155</u>	<u>209</u>

B9. Changes in Material Litigation

The Company is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B10. Dividend Policy

A dividend policy of the Company was established and took effect from the financial year ended 31 December 2017. Techfast targets a payout ratio of at least 40% of its audited consolidated profit after taxation attributable to shareholders for each financial year, after excluding any income that is capital in nature.

B11. Earnings Per Share (“EPS”)

(a) Basic earnings / (loss) per share

	(Unaudited) 3 months ended (Quarter)		(Unaudited) (Audited) 3 Months Ended (Cumulative)	
	<u>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2021</u>	<u>31.03.2020</u>
Net profit/(loss) attributable to owners of the Company (RM '000)	(1,547)	708	(1,547)	708
Weighted average number of ordinary shares in issue ('000)	261,412	227,648	261,412	227,648
Basic earnings/(loss) per share (sen)	(0.59)	0.31	(0.59)	0.31

(b) Diluted earnings per share

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive shares outstanding at the balance sheet date.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2021

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B12. Notes to the Statement of Comprehensive Income

Profit/(Loss) before taxation is arrived at after crediting/(charging) the following income/(expense) items:

	(Unaudited)		(Unaudited)	
	3 months ended (Quarter)		3 Months Ended(Cumulative)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	2	45	2	45
Interest expense	(8)	(4)	(8)	(4)
Depreciation and amortisation	(252)	(223)	(252)	(223)
Provision for obsolete stocks	-	(93)	-	(93)
Impairment of assets	(725)	-	(725)	-
Foreign exchange gain/(loss)	95	346	95	346

By order of the Board

Tan Tong Lang
Company Secretary
Dated: 28 May 2021