

# SANICHI TECHNOLOGY BERHAD

Company No. 661826-K  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures below are unaudited)

|   | <u>INDIVIDUAL QUARTER</u>                         |  | <u>CUMULATIVE QUARTER</u>                                 |   |
|---|---|--|---|---|
|   | Current Quarter<br>30 September<br>2021<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30 September<br>2020<br>RM'000 | Current Year to<br>date<br>30 September<br>2021<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30 September<br>2020<br>RM'000 |
| Revenue   | 6,186   | 3,397  | 11,591  | 15,705  |
| Cost of sales   | (2,300)   | (3,383)  | (8,756)   | (12,741)  |
| <b>Gross profit</b>   | 3,886   | 14   | 2,835   | 2,964   |
| Other income  | 748   | 378  | 1,502   | 2,967   |
| Operating expenses  | (1,735)   | (2,621)  | (9,568)   | (10,197)  |
| <b>Profit / (Loss) from operations</b>                                  | 2,899   | (2,229)  | (5,231)   | (4,266)   |
| Finance costs   | (596)   | (698)  | (2,065)   | (2,232)   |
| <b>Profit / (Loss) before taxation</b>                                  | 2,303   | (2,927)  | (7,296)   | (6,498)   |
| Tax expense   | (153)   | (276)  | (447)   | (419)   |
| <b>Profit / (Loss) after tax from continuing operation</b>              | 2,150   | (3,203)  | (7,743)   | (6,917)   |
| Loss from discontinued operations, net of tax                           | -   | -  | -   | -   |
| <b>Profit / (Loss) for the period</b>                                   | 2,150   | (3,203)  | (7,743)   | (6,917)   |
| <b>Other Comprehensive Loss, net of tax</b>                             |   |  |   |   |
| Foreign currency translation  | (895)   | (489)  | (1,169)   | (489)   |
| Overprovision of taxation   | -   | -  | -   | -   |
|   | (895)   | (489)  | (1,169)   | (489)   |
| <b>Total Comprehensive Profit / (Loss)<br/>For The Financial Period</b> | 1,255   | (3,692)  | (8,912)   | (7,406)   |
| <b>Profit / (Loss) attributable to:</b>                                 |   |  |   |   |
| Owners of the Parent  | 2,153   | (3,203)  | (7,737)   | (6,916)   |
| Non-controlling interest  | (3)   | 0  | (6)   | (1)   |
|   | 2,150   | (3,203)  | (7,743)   | (6,917)   |
| <b>Total comprehensive Profit / (Loss) attributable to:</b>             |   |  |   |   |
| Owners of the Parent  | 1,255   | (3,692)  | (8,912)   | (7,406)   |
| Non-controlling interest  | 0   | 0  | 0   | 0   |
|   | 1,255   | (3,692)  | (8,912)   | (7,406)   |
| <b>Profit / (Loss) per share (sen)</b>                                  |   |  |   |   |
| Basic (note B13)  | 0.19  | (0.28)   | (0.68)  | (0.61)  |
| Diluted (note B13)  | 0.12  | (0.21)   | (0.43)  | (0.46)  |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

# SANICHI TECHNOLOGY BERHAD

Company No. 661826-K  
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

|  | (Unaudited)<br>As at<br>30<br>September<br>2021<br>RM'000 | (Audited)<br>As at<br>31<br>December<br>2020<br>RM'000 |
|--|---|--|
| <b>ASSETS</b>  |   |  |
| <b>Non-current assets</b>                                      |   |  |
| Property, plant and equipment                                  | 23,009  | 44,530   |
| Right-of-use of asset  | 19  | 44   |
| Investment properties  | 56,478  | 38,675   |
| Goodwill   | 494   | 494  |
| Other investment   | 72,481  | 23,145   |
|  | 152,481   | 106,888  |
| <b>Current assets</b>  |   |  |
| Inventories  | 104,022   | 60,100   |
| Trade and other receivables                                    | 35,034  | 43,367   |
| Contract assets  | -   | 7,549  |
| Tax assets   | 55  | 55   |
| Cash and cash equivalents                                      | 171,601   | 137,130  |
|  | 310,712   | 248,200  |
| <b>TOTAL ASSETS</b>  | 463,193   | 355,088  |
| <b>EQUITY AND LIABILITIES</b>                                  |   |  |
| <b>EQUITY</b>  |   |  |
| Share capital  | 332,886   | 236,676  |
| Retained earnings  | 29,532  | 38,444   |
| Other reserve  | 9,176   | 9,472  |
| Equity attributable to owners of the parent                    | 371,594   | 284,592  |
| Non-controlling interests                                      | 8,990   | 8,996  |
| Total equity   | 380,584   | 293,588  |
| <b>Non-current liabilities</b>                                 |   |  |
| Borrowings   | 34,915  | 36,186   |
| <b>Current liabilities</b>                                     |   |  |
| Trade and other payables                                       | 41,078  | 22,448   |
| Finance lease payables   | 63  | 10   |
| Borrowings   | 5,653   | 1,956  |
| Current tax liabilities  | 132   | 132  |
| Provisions   | 768   | 768  |
|  | 47,694  | 25,314   |
| <b>TOTAL LIABILITIES</b>                                       | 82,608  | 61,500   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | 463,193   | 355,088  |
| Net assets per share attributable to owners of the parent (RM) | 0.26  | 0.14   |

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.)

# SANICHI TECHNOLOGY BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

|   | Attributable to Owners of the Parent |                                  |                              |                                 |                                       | Total<br>Equity<br>RM'000 |
|---|--------------------------------------|----------------------------------|------------------------------|---------------------------------|---------------------------------------|---------------------------|
|   | Share<br>Capital<br>RM'000           | Translation<br>reserve<br>RM'000 | Warrant<br>reserve<br>RM'000 | Accumulated<br>Profit<br>RM'000 | Non-controlling<br>interest<br>RM'000 |                           |
| At 1 January 2021                         | 236,676                              | 239                              | 9,233                        | 38,444                          | 8,996                                 | 293,588                   |
| Loss for the financial period             | -                                    | -                                | -                            | (8,912)                         | (6)                                   | (8,918)                   |
| Foreign currency translation              | -                                    | (296)                            | -                            | -                               | -                                     | (296)                     |
| Issuance Rights Issue Shares              | 96,210                               | -                                | -                            | -                               | -                                     | 96,210                    |
| At 30 September 2021 (unaudited)          | 332,886                              | (57)                             | 9,233                        | 29,532                          | 8,990                                 | 380,584                   |
| At 1 January 2020                         | 184,200                              | (878)                            | 9,233                        | 46,149                          | 1,265                                 | 239,969                   |
| Loss for the financial period             | -                                    | -                                | -                            | (7,705)                         | 7                                     | (7,698)                   |
| Foreign currency translation              | -                                    | (613)                            | -                            | -                               | -                                     | (613)                     |
| Exercised employees' stock options scheme | 29,259                               | -                                | -                            | -                               | -                                     | 29,259                    |
| Private placement                         | 23,217                               | -                                | -                            | -                               | -                                     | 23,217                    |
| Incorporation of a subsidiary             | -                                    | -                                | -                            | -                               | 9,000                                 | 9,000                     |
| Accretion of interest in subsidiary       | -                                    | 1,730                            | -                            | -                               | (1,276)                               | 454                       |
| At 31 December 2020 (audited)             | 236,676                              | 239                              | 9,233                        | 38,444                          | 8,996                                 | 293,588                   |

# SANICHI TECHNOLOGY BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures below are unaudited)

|  | Current Year to<br>30 September<br>2021<br>RM'000 | Preceding Year<br>Corresponding<br>Period to<br>30 September<br>2020<br>RM'000 |
|--|---|--|
| <b>Cash flows from operating activities</b>              |   |  |
| Loss before tax  | (7,296)   | (6,498)  |
| Adjustments for:-  |   |  |
| Amortisation of investment properties                    | 614   | -  |
| Depreciation of property, plant and equipment            | 3,353   | 3,698  |
| Depreciation of right of use asset                       | 25  | -  |
| Gain on disposal of property, plant and equipment        | (33)  | (5)  |
| Interest expenses  | 1,977   | 1,686  |
| Interest income  | (628)   | (1,667)  |
| Fair value adjustment to financial assets                | (295)   | (706)  |
| Unrealised loss/(gain) on foreign exchange               | 8   | (71)   |
| Operating loss before working capital changes            | (2,274)   | (3,563)  |
| Inventories  | (43,923)  | (5,802)  |
| Receivables  | 327   | 19,819   |
| Payables   | 18,630  | (13,793)   |
| Cash used in operations                                  | (27,240)  | (3,339)  |
| Interest received  | 628   | 1,667  |
| Tax paid   | (447)   | (143)  |
| Net cash (used in) / generated from operating activities | (27,060)  | (1,815)  |
| <b>Cash flows from investing activities</b>              |   |  |
| Purchase of long term investment                         | (49,336)  | (9,508)  |
| Purchase of plant and equipment                          | (21)  | (535)  |
| Net cash used in investing activities                    | (49,357)  | (10,043)   |
| <b>Cash flows from financing activities</b>              |   |  |
| Interest paid  | (1,977)   | (1,686)  |
| Proceeds from disposal of plant and equipment            | 18,222  | -  |
| Proceeds from issuance of shares                         | 96,210  | 10,800   |
| (Repayment)/ Drawdown of borrowings                      | (1,271)   | 1,165  |
| Net cash generated from / (used in) financing activities | 111,184   | 10,279   |
| Effects of changes in exchange rates                     | (296)   | (489)  |
| Net increase/(decrease) in cash and cash equivalents     | 34,471  | (2,068)  |
| Cash and cash equivalents at beginning of the period     | 137,130   | 99,578   |
| <b>Cash and cash equivalents at end of the period</b>    | <b>171,601</b>                                    | <b>97,510</b>  |
| <b>Cash and cash equivalents comprise:</b>               |   |  |
| Fixed deposits   | 120,862   | 98,379   |
| Cash and bank balances**                                 | 50,739  | (869)  |
|  | 171,601   | 97,510   |

\*\* Cash and bank balances include amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

# **SANICHI TECHNOLOGY BERHAD**

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## **A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

### **A1. Basis of Preparation**

The unaudited condensed interim financial statements for the quarter ended 30 June 2021 have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) No. 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE Listing Requirements”). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of Sanichi Technology Berhad (“Sanichi” or “Company”) and its subsidiaries (collectively known as “Sanichi Group” or “Group”) for the financial year ended (“FYE”) 31 December 2020.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020, except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial year beginning 1 January 2021. The adoption of these standards did not have any effect on the financial performance or position of the Group and of the Company.

### **A2. Seasonality or Cyclicity Factors**

The Group’s operations for the current quarter under review were not significantly affected by any seasonal or cyclical factors.

### **A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

During the quarter, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

### **A4. Material Change in Estimates**

There were no materials changes in estimates of amounts reported in prior financial years that have a material effect on the results for the quarter under review.

### **A5. Issuances, Repurchases and Repayments of Debt and Equity Securities**

During the quarter, there were no issuances, repurchases and repayments of debt and equity securities except for disclosed in Note B7.

### **A6. Dividend Paid**

There were no dividends declared or paid during the current financial quarter under review.

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## A7. Segmental Information

The board views the Group as having two segments from an industry perspective. The reportable segments are the Precision Mould business and the Property Development business. The Precision Mould business is geographically located in Malaysia and Thailand. The Property Development business is geographically located in Malaysia only.

| <b>The Group</b>             | <b>Precision Mould</b> | <b>Property Development</b> | <b>Elimination</b> | <b>Consolidated</b> |
|------------------------------|------------------------|-----------------------------|--------------------|---------------------|
| <b>30 September 2021</b>     | <b>RM'000</b>          | <b>RM'000</b>               | <b>RM'000</b>      | <b>RM'000</b>       |
| <b>Revenue</b>               |                        |                             |                    |                     |
| External sales               | 8,572                  | 3,019                       | -                  | 11,591              |
| Inter segment sales          | -                      | -                           | -                  | -                   |
| Total revenue                | <u>8,572</u>           | <u>3,019</u>                | <u>-</u>           | <u>11,591</u>       |
| <b>Results</b>               |                        |                             |                    |                     |
| Loss from operations         | (919)                  | (4,312)                     | -                  | (5,231)             |
| Finance cost                 | (275)                  | (1,790)                     | -                  | (2,065)             |
| Income from other investment | -                      | -                           | -                  | -                   |
| Loss before tax              |                        |                             |                    | <u>(7,296)</u>      |
| Income tax                   |                        |                             |                    | <u>(447)</u>        |
| Net loss for the period      |                        |                             |                    | <u>(7,743)</u>      |

| <b>The Group</b>               | <b>Precision Mould</b> | <b>Property Development</b> | <b>Elimination</b> | <b>Consolidated</b> |
|--------------------------------|------------------------|-----------------------------|--------------------|---------------------|
| <b>30 September 2020</b>       | <b>RM'000</b>          | <b>RM'000</b>               | <b>RM'000</b>      | <b>RM'000</b>       |
| <b>Revenue</b>                 |                        |                             |                    |                     |
| External sales                 | 6,747                  | 8,958                       | -                  | 15,705              |
| Inter segment sales            | -                      | -                           | -                  | -                   |
| Total revenue                  | <u>6,747</u>           | <u>8,958</u>                | <u>-</u>           | <u>15,705</u>       |
| <b>Results</b>                 |                        |                             |                    |                     |
| (Loss) / Profit from operation | (5,961)                | 1,695                       | -                  | (4,266)             |
| Finance cost                   | (2,232)                | -                           | -                  | <u>(2,232)</u>      |
| Loss before tax                |                        |                             |                    | <u>(6,498)</u>      |
| Income tax                     |                        |                             |                    | <u>(419)</u>        |
| Net loss for the period        |                        |                             |                    | <u>(6,917)</u>      |

# **SANICHI TECHNOLOGY BERHAD**

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## **A8. Material Events Subsequent to the End of the Quarter under Review**

There were no material events subsequent to the end of the quarter under review except for those disclosed in note B7.

## **A9. Changes in the Composition of the Group**

During the quarter under review, there were no significant changes in the composition of the Group.

## **A10. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date up to the date of this report.

## **A11. Capital Commitments**

There were no material capital commitments in respect of property, plant and equipment as at the end of the current quarter under review.

## **A12. Significant Related Parties Transactions**

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

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## B. ADDITIONAL INFORMATION REQUIRED BY ACE LISTING REQUIREMENTS (APPENDIX 9B)

### B1. Review of Group's Results for the Current Quarter and Year-to-Date Ended 30 September 2021

|   | Individual period (period ended 30 September 2021) |                                      |                     | Cumulative period    |                                     |                     |
|---|--|--------------------------------------|---------------------|----------------------|-------------------------------------|---------------------|
|   | Current Year Quarter                               | Preceding Year Corresponding Quarter | Changes (in Amount) | Current Year-to-date | Preceding Year Corresponding Period | Changes (in Amount) |
|   | 30 Sep 2021  | 30 Sep 2020                          |                     | 30 Sep 2021          | 30 Sep 2020                         |                     |
|   | RM'000   | RM'000                               | RM'000              | RM'000               | RM'000                              | RM'000              |
| Revenue   | 6,186  | 3,397                                | 2,789               | 11,591               | 15,705                              | (4,114)             |
| Operating profit / (loss)   | 2,151  | (2,229)                              | 4,380               | (6,733)              | (4,266)                             | (2,467)             |
| Profit / (Loss) before interest and tax                               | 2,899  | (2,229)                              | 5,128               | (5,231)              | (4,266)                             | (965)               |
| Profit / (Loss) before tax  | 2,303  | (2,927)                              | 5,230               | (7,296)              | (6,498)                             | (798)               |
| Profit / (Loss) after tax   | 2,150  | (3,203)                              | 5,353               | (7,743)              | (6,917)                             | (826)               |
| Profit / (Loss) attributable to ordinary equity holders of the parent | 2,153  | (3,203)                              | 5,356               | (7,737)              | (6,916)                             | (821)               |

The Group recorded a revenue of RM 6.186 million for the quarter ended 30 September 2021. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM 2.303 million and RM 2.150 million for the period respectively.

The Group recorded a revenue of RM 3.397 million for the immediate preceding quarter at 30 September 2020. The Group recorded LBT and LAT of RM 2.927 million and RM 3.203 million respectively for the immediate preceding quarter at 30 September 2020.



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### B2. Variation of Results for the Current Quarter Ended 30 June 2021 against Immediate Preceding Quarter

|  | Current<br>Quarter<br>30/9/2021<br>RM'000 | Preceding<br>Quarter<br>30/6/2021<br>RM'000 | Variance<br>RM'000 |
|--|---|---|--------------------|
| Revenue  | 6,186                                     | 1,321                                       | 4,865              |
| Operating Profit / (Loss)  | 2,151                                     | (3,060)                                     | 5,149              |
| Profit / (Loss) before Interest and tax                                  | 2,899                                     | (3,060)                                     | 5,959              |
| Profit / (Loss) before tax   | 2,303                                     | (3,782)                                     | 6,085              |
| Profit / (Loss) after tax  | 2,150                                     | (3,927)                                     | 6,077              |
| Profit / (Loss) attributable to ordinary equity<br>holders of the parent | 2,153                                     | (3,927)                                     | 6,080              |

The Group recorded the decrease of approximately 368% in its revenue to RM 6.186 million for the quarter ended 30 September 2021 against RM 1.321 million for the immediate preceding quarter ended 30 June 2021. The Group registered PBT and PAT of RM 2.303 million and RM 2.150 million respectively for the current quarter ended 30 September 2021, as compared to LBT and LAT of RM 3.782 million and RM 3.927 million respectively in the immediate preceding quarter ended 30 June 2021. The reason for the Group's higher revenue for the current quarter was mainly due to slow recovery of tooling job completion recorded within the quarter ended 30 September 2021.

### B3. Group's Prospects for FYE 31 December 2022

Barring any unforeseen circumstances, the Board expects the Group's performance to be challenging for the financial year ending 31 December 2022. Volatility of foreign exchange rates will continue to affect the Group's tooling business as a significant percentage of its revenue is derived from overseas markets. Furthermore, the uncertainty carried the impact of covid-19 that might affect the performance of the Group in the near future. However, the completion of several share issuances during the year and the expected completion of property development in Marina Point Melaka would strengthen the financial health of the Group. Furthermore, the Group had entered several memorandum of understanding with reputable corporations such as Collaboration Agreement with PDZ and several reputable corporations, the Group is of the view that the Group might yield a fruitful results in the near future.

### B4. Variance of Profit Forecast

The Group did not publish any profit forecast for the period/year under review.

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## B5. Tax Expenses

Taxation comprises the following:-

|                                     | Individual quarter ended |              | Cumulative quarter ended |              |
|-------------------------------------|--------------------------|--------------|--------------------------|--------------|
|                                     | 30                       | 30           | 30                       | 30           |
|                                     | September                | September    | September                | September    |
|                                     | 2021                     | 2020         | 2021                     | 2020         |
|                                     | RM'000                   | RM'000       | RM'000                   | RM'000       |
| In respect of the current period:-  |                          |              |                          |              |
| Current taxation                    | (153)                    | (276)        | (447)                    | (419)        |
| Deferred taxation                   | -                        | -            | -                        | -            |
|                                     | <u>(153)</u>             | <u>(276)</u> | <u>(447)</u>             | <u>(419)</u> |
| In respect of the previous period:- |                          |              |                          |              |
| Taxation                            | -                        | -            | -                        | -            |
| Deferred taxation                   | -                        | -            | -                        | -            |
| Net tax charge/(credit)             | <u>(153)</u>             | <u>(145)</u> | <u>(447)</u>             | <u>(419)</u> |

## B6. Profit/(Losses) on Sale of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the quarter under review and financial year-to-date.

## B7. Status of Corporate Proposals Announced

There were no corporate proposal announced but not completed as at the date of this report except for:-

- 1.) On behalf of the Board of Directors of the Company, Mercury Securities Sdn Bhd (“Mercury Securities” or the “Principal Adviser”) wishes to announce that the Company proposes to undertake (1) proposed diversification of the business of Sanichi and its subsidiaries (“Sanichi Group” or the “Group”) to include the manufacture, sale and marketing of gloves and other related activities (“Gloves Business”) (“Proposed Diversification”); (2) proposed consolidation of every 10 existing ordinary shares in Sanichi (“Sanichi Shares” or “Shares”) into 1 Share (“Consolidated Share”) (“Proposed Share Consolidation”); (3) proposed renounceable rights issue of up to 1,424,437,980 new Shares (“Rights Shares”) together with up to 712,218,990 free detachable warrants in Sanichi (“Warrants F”) on the basis of 6 Rights Shares together with 3 free Warrants F for every 1 Consolidated Share held by the entitled shareholders of the Company on an entitlement date to be determined (“Entitlement Date”) (“Entitled Shareholders”) (“Proposed Rights Issue with Warrants”); (4) termination of the existing employees’ share options scheme of the Company, which took effect on 7 November 2014 for a period of 5 years and subsequently extended for another 5 years (“Existing ESOS”) (“Proposed Termination of Existing ESOS”); and (5) proposed establishment of a new employees’ share options scheme (“New ESOS” or “Scheme”) involving up to 30% of the total number of issued Shares (excluding treasury shares, if any) (“Proposed New ESOS”). Please refer to announcement dated 3 February 2021, 19 February 2021 and 22 March 2021 for further details. The Company had on 5 April 2021 announced that the listing and quotation of 200,471,911 Consolidated Shares and 36,932,791 Consolidated Warrants E on the ACE Market of Bursa Securities has been completed on 6 April 2021

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The Company wishes to announce that the Company has resolved to fix the issue price of the Rights Shares at RM0.08 per Rights Share (“Issue Price”) and the exercise price of the Warrants F at RM0.10 per Warrant F (“Exercise Price”). The Board had fixed the Issue Price after taking into consideration. (i) the funding requirements of the Group as set out in Section 7 of the circular to shareholders of the Company dated 24 February 2021 (“Circular”); (ii) the TEAP of Sanichi Shares based on the 5-day VWAP of Sanichi Shares up to and including 7 April 2021, being the last trading day before the date of fixing the Issue Price and the Exercise Price (“LTD”); and (iii) the rationale for the Rights Issue with Warrants, as set out in Section 8 of the Circular. The Issue Price represents a discount of 23.44% to the TEAP of Sanichi Shares of RM0.1045, calculated based on the 5-day VWAP of Sanichi Shares up to and including the LTD of RM0.2648. The Board had fixed the Exercise Price after taking into consideration, amongst others, the TEAP of Sanichi Shares. The Exercise Price represents a discount of 4.31% to the aforementioned TEAP. Please refer to announcement dated 8 April 2021.

- 2.) On behalf of the Board of Directors of the Company (“Board”), Mercury Securities Sdn Bhd (“Mercury Securities” or the “Principal Adviser” or the “Placement Agent”) wishes to announce that the Company proposes to undertake the private placement of up to 524,815,000 new ordinary shares in the Company (“Sanichi Shares” or “Shares”), representing 30% of the enlarged total number of issued shares of the Company, to independent third-party investor(s) to be identified later and at an issue price to be determined later (“Placement Shares”) (“Proposed Private Placement”). Please refer to announcement dated 25 September 2020, 9 October 2020, 16 October 2020, 12 November 2020, 24 November 2020, 2 Dec 2020, and 7 December 202 for further details. Further to the above, Mercury Securities wishes to announce, on behalf of the Board, that the Company has decided not to place out the remaining 110,876,400 Placement Shares out of the 524,815,000 Placement Shares allocated under the Maximum Scenario. As such, the Private Placement is deemed completed. On 7 Dec 2020, the Company completed a private placement exercise which involved the issuance of 413,938,600 new shares, raising a total of RM23.22 million carries an utilization of proceed as follows:-

## Status of Utilisation of Proceeds

| Purpose                                       | Proposed Utilisation | Actual Utilisation as at 30/9/2021 | Intended Timeframe for Utilisation | Balance Unutilised |     |
|---|----------------------|------------------------------------|------------------------------------|--------------------|-----|
|   | RM'000               | RM'000                             |                                    | RM'000             | %   |
| Development of Marina Point Project           | 22,866               | -                                  | Within eighteen (18) months        | 22,866             | 100 |
| Estimated expenses for the corporate exercise | 351                  | 351                                | Immediate                          | -                  | -   |
|   | 23,217               | 351                                |                                    | 22,866             | 98  |

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- 3.) The Board of Directors of Sanichi (“Board”) wishes to announce that the Company had on 17 July 2020 entered into a Collaboration Agreement (“the Agreement”) with PDZ Holdings Bhd (“PDZ”) (individually and collectively known as “Party” or “the Parties”) to jointly develop and operate a regional e-Commerce logistics hub located in Desaru, Kota Tinggi, Johor which will eventuate to the forming of Special Purpose Vehicle (“SPV”). Please refer to announcement dated 17 May 2020, 17 July 2020 and 30 October 2020 for further details. No major development after the agreement signed.
- 4.) The Board of Directors of Sanichi Technology Berhad (“Sanichi” or “the Company”) wishes to announce that the Company had on 11 December 2018 entered into a Memorandum of Understanding (“MOU”) with FKS Holdings Pte. Ltd. (“FKS”) (Company No. 201502196H), a company incorporated in Singapore. The Board of Directors of Sanichi on 14 December 2018 wishes to further inform that the Parties agree to enter into an agreement within 6 months from the date of the MOU (i.e. 11 December 2018) or such other extended period as may be agreed by the Parties. Please refer to announcement for further details. No major development after the MOU signed.
- 5.) The Board of Directors of Sanichi Technology Berhad (“Sanichi” or “the Company”) wishes to announce that the Company had on 18 May 2020 entered into a Memorandum of Understanding with PNE PCB BERHAD (Registration No. 198801000741 (168098-V) or any of its subsidiaries, a company incorporated in Malaysia and having its correspondence address at 6, Jalan Firma 2/1, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, AT SYSTEMATIZATION BERHAD (Registration No. 200401006297 (644800-X) or any of its subsidiaries, a company incorporated in Malaysia and having its correspondence address at Lot 11.2, Level 11, Menara Lien Hoe, No.8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor and ARZON SOLAR, LLC, a company incorporated in the United States of America and having its correspondence address at 3425 Fujita Street, Torrance, California 90505, USA. Please refer to announcements dated 18 May 2020, 20 May 2020, 27 May 2020, 17 August 2020, 27 November 2020, 25 February 2021 and 12 May 2021 for further details. No major development after the MOU signed.
- 6.) On behalf of the Board, Mercury Securities wishes to announce that the Rights Issue with Warrants has been completed following the listing and quotation of 738,658,516 Rights Shares, 369,329,241 Warrants E, 13,541,530 additional Warrants C and 31,792,007 additional Warrants D with effect from 9.00 a.m. today on the ACE Market of Bursa Securities. Please refer to announcements dated 9 Oct 2017, 27 July 2018, 24 Oct 2018, 21 Nov 2018 and 12 Dec 2018, 18 Dec 2018 and 20 Dec 2018 for further details.

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### Status of Utilisation of Proceeds

| Purpose                                       | Proposed Utilisation | Actual Utilisation as at 30/9/2021 | Intended Timeframe for Utilisation | Balance Unutilised |    |
|---|----------------------|------------------------------------|------------------------------------|--------------------|----|
|   | RM'000               | RM'000                             |                                    | RM'000             | %  |
| Property development activities               | 60,000               | 41,431                             | Within thirty-six (36) months      | 18,569             | 31 |
| Working capital                               | 12,946               | 12,946                             | Up to twelve (12) months           | -                  | -  |
| Estimated expenses for the corporate exercise | 920                  | 920                                | Immediate                          | -                  | -  |
|   | 73,866               | 55,297                             |                                    | 18,569             | 31 |

- 7.) The Company had on 18 February 2016 announced that the Company proposes to undertake the following: (1) proposed par value reduction via the cancellation of RM0.075 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 (“Proposed Par Value Reduction”); (2) proposed consolidation of every four (4) ordinary shares of RM0.025 each (after the Proposed Par Value Reduction) in Sanichi into one (1) ordinary share of RM0.10 each (“Share”) (“Proposed Share Consolidation”); and (3) proposed renounceable rights issue of up to 779,928,448 new Shares (“Rights Shares”) together with up to 389,964,224 free warrants (“Warrants D”) on the basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Share held by the entitled shareholders on an entitlement date to be determined (after the Proposed Share Consolidation) (“Proposed Rights Issue with Warrants”). For more details, please refer to Bursa Malaysia announcement dated 18 February 2016, 8 March 2016, 10 March 2016, 27 April 2016, 4 May 2016, 20 May 2016, 30 May 2016, 31 May 2016, 14 June 2016, 28 June 2016, 21 July 2016, and 28 July 2016. The Company wishes to announce that on 29 July 2016 the Rights Issue with Warrants has been completed following the listing and quotation of 572,273,460 Rights Shares and 286,136,730 Warrants D as well as 6,064,595 additional Warrants B and 34,889,061 additional Warrants C arising from the Rights Issue with Warrants on the ACE Market of Bursa Securities. The utilization of proceeds as below:-

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## Status of Utilisation of Proceeds

| Purpose   | Proposed Utilisation | Actual Utilisation as at 30/9/2021 | Intended Timeframe for Utilisation | Balance Unutilised |    |
|---|----------------------|------------------------------------|------------------------------------|--------------------|----|
|   | RM'000               | RM'000                             |                                    | RM'000             | %  |
| Completing the construction of a factory building               | 5,500                | 5,500                              | Within eighteen (18) months        | -                  | -  |
| Expansion of production capacity                                | 6,000                | 6,000                              | Within twenty four (24) months     | -                  | -  |
| Marketing expenses  | 4,000                | 4,000                              | Within twenty four (24) months     | -                  | -  |
| Acquisition of properties for investment                        | 36,000               | 10,000                             | Within twenty four (24) months     | 26,000             | 72 |
| Acquisition and/or investment in other complementary businesses | 4,957                | 4,957                              | Within twenty four (24) months     | -                  | -  |
| Working capital   | 5,493                | 5,493                              | Within twenty four (24) months     | -                  | -  |
| Estimated expenses for the corporate exercise                   | 1,000                | 1,000                              | Immediate                          | -                  | -  |
|   | 62,950               | 36,950                             |                                    | 26,000             | 41 |

- 8.) The Board of Directors of Sanichi wishes to announce a Press Release entitled "Sanichi's 8 sen Rights Issue offer is world's lowest price for Glove Stocks". Please refer to announcements dated 22 April 2021.
- 9.) The Company wishes to announce that the Company renounceable the Rights Issue of up to 1,424,428,212 new ordinary shares in Sanichi ("Sanichi Shares" or "Shares") ("Rights Shares") at an issue price of RM0.08 per rights share together with up to 712,214,106 free detachable warrants in Sanichi ("Warrants F") on the basis of 6 Rights Shares together with 3 free Warrants F for every 1 existing share held by the entitled shareholders of Sanichi. On behalf of the Board, Mercury Securities wishes to announce that pursuant to the close of acceptance, excess applications and payment for the Rights Shares with Warrants F, the Company had received valid acceptance and excess applications for a total of 1,202,623,503 Rights Shares, representing 99.98% subscription of the total number of Rights

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Shares available for subscription under the Rights Issue with Warrants. Successful applicants of the Rights Shares will be given Warrants F on the basis of 1 Warrants F for every 2 Rights Shares successfully subscribed for. The total number of excess Rights Shares available for allocation was 616,725,714. In view that the total number of excess Rights Shares applied for was 616,517,751, the board has decided to allot the excess Rights Shares to all the entitled shareholders and/or their renounce(s) and/or transferee(s) who have applied for the excess Right Shares in full. Please refer to announcements dated 23 April 2021, 11 May 2021 and 20 May 2021. On behalf of the Board, Mercury Securities wishes to announce that the Rights Issue with Warrants has been completed following the listing and quotation of 1,202,623,503 Rights Shares, 601,311,751 Warrants F and 63,302,561 Additional Warrants E on the ACE Market of Bursa Securities on 28 May 2021.

## B8. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

|                              | <b>RM'000</b> |
|------------------------------|---------------|
| <u>Short Term Borrowings</u> |               |
| Lease Liabilities            | 62            |
| Term Loans                   | 5,653         |
|                              | <hr/>         |
|                              | 5,715         |
| <u>Long Term Borrowings</u>  |               |
| Lease Liabilities            | -             |
| Term Loans                   | 34,915        |
|                              | <hr/>         |
|                              | 34,915        |
|                              | <hr/>         |
| <b>Total</b>                 | <b>40,630</b> |

The Group does not have any foreign borrowings and debt securities as at the date of this report.

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### B9. Trade Receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 2 months (2020: 1 month to 2 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

|                               | As at quarter ended 30 September 2021 |              |              |                    |        |
|-------------------------------|---------------------------------------|--------------|--------------|--------------------|--------|
|                               | Current                               | 1 – 3 months | 3 – 6 months | More than 6 months | Total  |
|                               | RM'000                                | RM'000       | RM'000       | RM'000             | RM'000 |
| Precision mould division      | 32                                    | -            | -            | -                  | 32     |
| Property development division | 42                                    | 36           | 357          | 1,251              | 1,686  |
| Total                         | 74                                    | 36           | 357          | 1,251              | 1,718  |

### B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

### B11. Material Litigation

There was no material litigation involving the Group as at the date of this report.

### B12. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.



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## B13. Earnings Per Share (“EPS”) / Loss Per Share (“LPS”)

### Basic LPS

|   | Current quarter ended   |                         | Cumulative quarter ended |                         |
|---|-------------------------|-------------------------|--------------------------|-------------------------|
|   | 30<br>September<br>2021 | 30<br>September<br>2020 | 30<br>September<br>2021  | 30<br>September<br>2020 |
| Net profit / (loss) for the period (RM'000)       | 2,150                   | (3,203)                 | (7,743)                  | (6,916)                 |
| Weighted average number of shares in issue ('000) | 1,131,803               | 1,132,686               | 1,131,803                | 1,132,686               |
| Basic PPS / (LPS) (sen)                           | <u>0.19</u>             | <u>(0.28)</u>           | <u>(0.68)</u>            | <u>(0.61)</u>           |

Basic PPS / (LPS) is calculated by dividing the net profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

### Diluted EPS

#### 1) Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants during the financial period ended 30 September 2021.

|   | Individual Quarter                        |  | Cumulative Quarter                                |   |
|---|---|--|---|---|
|   | Current<br>Quarter<br>Ended<br>30/09/2021 | Preceding<br>Corresponding<br>Quarter<br>Ended<br>30/09/2020 | Current<br>Year<br>To Date<br>Ended<br>30/09/2021 | Preceding<br>Year<br>To Date<br>Ended<br>30/09/2020 |
| Net profit / (loss) attributable to ordinary equity holders of the Company (RM'000)                               | 2,153                                     | (3,203)  | 7,737   | (6,916)   |
| Weighted average number of ordinary shares in issue ('000)  | 1,131,803                                 | 1,132,686  | 1,131,803   | 1,132,686   |
| Effect of dilution after conversion of all outstanding ICULS, ESOS and Warrants ('000)                            | 664,614                                   | 369,329  | 664,614   | 369,329   |
| Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share | <u>1,796,417</u>                          | <u>1,502,015</u>   | <u>1,796,417</u>                                  | <u>1,502,015</u>                                    |
| Diluted basic earning / (loss) per share (sen)  | 0.12                                      | (0.21)   | (0.43)  | (0.46)  |

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## B14. Comprehensive Income / (Expenses) Disclosure

|   | Current quarter ended             |                                   | Cumulative quarter ended          |                                   |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 30<br>September<br>2021<br>RM'000 | 30<br>September<br>2020<br>RM'000 | 30<br>September<br>2021<br>RM'000 | 30<br>September<br>2020<br>RM'000 |
| Interest income                                 | 279                               | 253                               | 628                               | 1,641                             |
| Interest expense                                | (583)                             | (518)                             | (1,977)                           | (1,686)                           |
| Depreciation and<br>amortization                | (1,274)                           | (1,233)                           | (3,967)                           | (3,698)                           |
| Fair value adjustment in<br>quoted shares       |                                   | -                                 |                                   | 706                               |
| Unrealized gain / (loss)<br>on foreign exchange | 8                                 | 26                                | (8)                               | (71)                              |
| Realized (loss) / gain on<br>foreign exchange   | (8)                               | 5                                 | (26)                              | (101)                             |
| Unrealized gain on<br>investment in quote       | 323                               | -                                 | 294                               | -                                 |

## B15. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2020 were not subject to any qualification.