

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2020**

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	31 December 2020 RM '000	31 December 2019 RM '000	31 December 2020 RM '000	31 December 2019 RM '000
Revenue	4,470	15,692	32,791	65,047
Cost of sales	(7,389)	(13,161)	(29,672)	(51,112)
Gross (loss)/profit	(2,919)	2,531	3,119	13,935
Other operating income	1,511	6,288	2,044	6,305
Administrative expenses	(8,707)	(3,303)	(22,304)	(7,671)
Selling and distribution expenses	(296)	93	(1,540)	(1,477)
Other operating expenses	(10,867)	135	(10,907)	-
Finance costs	(477)	(546)	(1,492)	(1,872)
(Loss)/Profit before taxation	(21,755)	5,198	(31,080)	9,220
Taxation	-	71	-	166
(Loss after taxation) ("LAT")/Profit after taxation ("PAT")	(21,755)	5,269	(31,080)	9,386
Other comprehensive (loss)/income: <i>Items that maybe reclassified subsequently to profit or loss</i>				
- Foreign exchange translation	(641)	(284)	3,643	(1,849)
Total comprehensive (loss)/income	(22,396)	4,985	(27,437)	7,537
(LAT)/PAT ATTRIBUTABLE TO:				
- Owners of the company	(22,541)	2,704	(31,353)	6,847
- Non-controlling interest	786	2,565	273	2,539
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
- Owners of the company	(22,997)	2,420	(27,465)	5,211
- Non-controlling interest	601	2,565	28	2,326
Weighted average no. of ordinary shares ('000)	1,486,650	942,505	1,486,650	940,313
(Loss)/Earnings per share attributable to owners of the Company (sen):				
- Basic	(1.52)	0.29	(2.09)	1.00
- Diluted	N/A	0.23	N/A	0.80

N/A: The effect is not shown as this is anti-dilutive.

Note:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Kanger International Berhad ("**Kanger**" or the "**Company**") for the financial year ended ("**FYE**") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	(Unaudited) As at 31 December 2020 RM '000	(Audited) As at 31 December 2019 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	204,019	103,025
Right-of-use assets	2,583	3,225
Intangible assets	12,675	16,267
	<u>219,277</u>	<u>122,517</u>
CURRENT ASSETS		
Inventories	10,436	17,272
Trade and other receivables	92,648	89,143
Current tax assets	668	8
Cash and cash equivalents	65,736	10,264
	<u>151,488</u>	<u>116,687</u>
TOTAL ASSETS	<u>370,765</u>	<u>239,204</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	228,223	104,326
Reserves	11,238	38,703
Redeemable convertible notes	-	591
SHAREHOLDERS' EQUITY	<u>239,461</u>	<u>143,620</u>
Non-controlling interests	13,150	9,484
TOTAL EQUITY	<u>252,611</u>	<u>153,104</u>
CURRENT LIABILITIES		
Trade and other payables	70,957	21,259
Amount due to a director	1,948	970
Bank borrowings	18,816	17,476
Lease liabilities	2,102	117
Current tax liabilities	117	86
	<u>93,940</u>	<u>39,908</u>
NON-CURRENT LIABILITIES		
Bank borrowings	39,376	33,436
Lease liabilities	2,616	3,234
Redeemable convertible notes	-	9,123
Deferred taxation	222	399
	<u>42,214</u>	<u>46,192</u>
TOTAL LIABILITIES	<u>128,154</u>	<u>86,100</u>
TOTAL EQUITY AND LIABILITIES	<u>370,765</u>	<u>239,204</u>
NET ASSETS PER SHARE (sen)	<u>10.58</u>	<u>13.13</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FORTH (4TH) QUARTER ENDED 31 DECEMBER 2020

	Attributable to Owners of the Company						Retained Earnings RM '000	Shareholders' Equity RM '000	Non-controlling Interests RM '000	Total Equity RM '000
	Non-distributable				Share Option Reserve RM '000	Redeemable Convertible Notes RM'000				
	Share Capital RM '000	Merger Reserve RM '000	Revaluation Reserve RM '000	Translation Reserve RM '000	Share Option Reserve RM '000	Redeemable Convertible Notes RM'000	Retained Earnings RM '000	Shareholders' Equity RM '000	Non-controlling Interests RM '000	Total Equity RM '000
Balance as at 1 January 2020	104,326	(12,805)	1,227	2,281	-	591	48,000	143,620	9,484	153,104
Conversion of redeemable convertible notes	114,570	-	-	-	-	(591)	-	113,979	-	113,979
Issuance of shares granted under SIS	9,327	-	-	-	(4,027)	-	-	5,300	-	5,300
Increase in share capital of a subsidiary	-	-	-	-	-	-	-	-	3,638	3,638
Share options granted under SIS	-	-	-	-	4,027	-	-	4,027	-	4,027
(LAT)/PAT	-	-	-	-	-	-	(31,353)	(31,353)	273	(31,080)
Foreign currency translation	-	-	-	3,888	-	-	-	3,888	(245)	3,643
Total comprehensive income/(loss)	-	-	-	3,888	-	-	(31,353)	(27,465)	28	(27,437)
Balance as at 31 December 2020	228,223	(12,805)	1,227	6,169	-	-	16,647	239,461	13,150	252,611
Preceding year corresponding period ended 31 December 2019										
Balance as at 1 January 2019	92,226	(12,805)	1,227	3,917	-	218	41,200	125,983	6,430	132,413
Conversion of redeemable convertible notes	12,100	-	-	-	-	-	-	12,100	-	12,100
Drawdown of redeemable convertible notes	-	-	-	-	-	373	-	373	-	373
Increase in share capital of a subsidiary	-	-	-	-	-	-	-	-	728	728
Effect of adopting MFRS 16 Leases	-	-	-	-	-	-	(47)	(47)	-	(47)
PAT	-	-	-	-	-	-	6,847	6,847	2,539	9,386
Foreign currency translation	-	-	-	(1,636)	-	-	-	(1,636)	(213)	(1,849)
Total comprehensive (loss)/income	-	-	-	(1,636)	-	-	6,847	5,211	2,326	7,537
Balance as at 31 December 2019	104,326	(12,805)	1,227	2,281	-	591	48,000	143,620	9,484	153,104

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FORTH(4TH) QUARTER ENDED 31DECEMBER 2020**

	Current period to date 31December 2020 RM'000	Preceding period to date 31December 2019 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(31,080)	9,220
Adjustments for:		
Amortisation of intangible assets	1,690	915
Depreciation of property, plant and equipment	5,684	1,129
Depreciation of right-of-use assets	787	776
Impairment loss on other receivables	-	337
Intangible assets written off	310	-
Interest expenses	1,492	1,872
Interest income	(55)	(116)
Inventories written off	6,585	-
Loss on disposal of investment in quoted shares	4,872	-
Share-based payment	4,027	-
Operating (loss)/profit before working capital changes:	(5,688)	14,133
Change in inventories	2,607	2,544
Change in trade and other receivables	(3,505)	(19,533)
Change in trade and other payables	50,676	14,767
CASH GENERATED FROM OPERATIONS	44,090	11,911
Interest received	55	116
Tax paid	(661)	(227)
Tax refunded	-	336
NET CASH GENERATED FROM OPERATING ACTIVITIES	43,484	12,136
CASH FLOWS FOR INVESTING ACTIVITIES		
Additions to development expenditure	(23)	(56)
Proceeds from disposal of investment in quoted shares	15,128	-
Proceeds from issuance of shares to non-controlling interests	3,638	729
Purchase of investment in quoted shares	(20,000)	-
Purchase of property, plant and equipment	(101,864)	(19,948)
NET CASH USED IN INVESTING ACTIVITIES	(103,121)	(19,275)
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(1,492)	(1,872)
Net drawdown/(repayment) of bank borrowings	4,830	(9,062)
Net drawdown/(repayment) of lease liabilities	770	(884)
Proceeds from issuance of shares	109,969	19,000
Withdrawal of fixed deposit pledged as security	42	6,120
NET CASH GENERATED FROM FINANCING ACTIVITIES	114,119	13,302

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FORTH (4TH) QUARTER ENDED 31 DECEMBER 2020 (CONT'D)**

	Current period to date 31 December 2020 RM'000	Preceding period to date 31 December 2019 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,482	6,163
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	1,032	(696)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	8,722	3,255
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	64,236	8,722
Cash and cash equivalents at end of the financial period comprise the following:		
- Cash and bank balances	64,236	8,722
- Fixed deposit placed with a licensed bank	1,500	1,542
	65,736	10,264
Less: Fixed deposit pledged as security	(1,500)	(1,542)
	64,236	8,722

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

QUARTERLY REPORT FOR THE FORTH (4TH) QUARTER ENDED 31 DECEMBER 2020

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial statements should be read in conjunction with the Audited Financial Statements of Kanger for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

Kanger and its subsidiaries (“Group”) have not applied the following standards, amendments and interpretations under the MFRS framework that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

MFRSs (Including The Consequential Amendments)	Effective dates for financial period beginning on and after
Amendments to MFRS 16: Covid-19 - Related Rent Concessions	1 June 2020
Agenda Decision on MFRS 123: Borrowing Cost relating to over time transfer of constructed goods	1 July 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs 2018 - 2020	1 January 2022
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group intends to adopt the above MFRSs as well as amendments to MFRSs when they become effective.

The adoption of the above standards will not have any material impact on the financial position and performance of the Group. The accounting policies and methods of computation adopted by the Group in these unaudited condensed interim financial statements are consistent with those adopted in the Audited Financial Statements of Kanger for the FYE 31 December 2019.

A2. Auditors' report on preceding annual financial statements

The auditors' report on the audited consolidated financial statements of the Group for the FYE 31 December 2019 was not subject to any qualification.

A3. Seasonal or cyclical factors

The principal business of the Group was not significantly affected by seasonal or cyclical factors in the current financial quarter ended 31 December 2020.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter.

A5. Material changes in estimates

Not applicable as there were no estimates reported in the prior financial years.

A6. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt or equity securities for the current financial quarter ended 31 December 2020 other than as disclosed below:

- (a) 40,000,000 new ordinary shares were issued under Share Issuance Scheme;
- (b) 3,703,703 new ordinary shares were issued arising from the conversion of redeemable convertible notes; and
- (c) 386,970,684 new ordinary shares were issued under Private Placement.

A7. Segmental information

The Group's revenue is derived from three (3) products, as follows:

	---- Individual Quarter ----		---- Cumulative Quarter ----	
	31 December 2020 RM '000	31 December 2019 RM '000	31 December 2020 RM '000	31 December 2019 RM '000
Horizontal and vertical bamboo and wood flooring	2,494	4,290	14,587	16,662
Strand woven bamboo flooring	1,900	11,330	16,450	48,045
Bamboo furniture and other strand woven bamboo products	76	72	1,754	340
Total	4,470	15,692	32,791	65,047

The Group's revenue based on the geographical location of its customers is as follows:

	---- Individual Quarter ----		---- Cumulative Quarter ----	
	31 December 2020 RM '000	31 December 2019 RM '000	31 December 2020 RM '000	31 December 2019 RM '000
PRC	4,470	7,537	13,430	25,019
Export:				
- Malaysia	-	-	-	11,004
- New Zealand	-	1,631	8,174	10,959
- Mexico	-	3,026	5,623	7,355
- United Arab Emirates	-	-	-	2,942
- Others*	-	3,498	5,564	7,768
	<u>4,470</u>	<u>15,692</u>	<u>32,791</u>	<u>65,047</u>

* Includes countries in Asia and North America.

No other segmental information such as segment assets and liabilities are presented as the Group's assets and liabilities are managed on group wide basis and are not allocated to any of the operating segments.

A8. Valuation of property, plant and equipment

The Group has not carried out any valuation of its property, plant and equipment in the current financial quarter.

A9. Capital commitments

The capital commitments of the Group as at 31 December 2020 are as follows:

	RM '000
Approved and contracted for:	
- Capital work-in-progress	<u>16,466</u>

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

A11. Contingent liabilities and contingent assets

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

A12. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current financial quarter and financial period-to-date that have not been reflected in this interim financial report.

A13. Related party transactions

There were no related party transactions entered into with related parties during the current financial quarter and financial year-to-date.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

	---- Individual Quarter ----		Variance (Amount RM'000/%)
	31 December 2020	31 December 2019	
	RM '000	RM '000	
Revenue	4,470	15,692	(11,222) / -71%
Gross (loss)/profit	(2,919)	2,531	(5,450) / >-100%
(Loss)/Profit before taxation	(21,755)	5,198	(26,953) / >-100%
(LAT)/PAT	(21,755)	5,269	(27,024) / >-100%
	---- Cumulative Quarter ----		
	31 December 2020	31 December 2019	Variance (Amount RM'000/%)
	RM '000	RM '000	
Revenue	32,791	65,047	(32,256) / -49%
Gross profit	3,119	13,935	(10,816) / -78%
(Loss)/Profit before taxation	(31,080)	9,220	(40,300) / >-100%
(LAT)/PAT	(31,080)	9,386	(40,466) / >-100%

Individual Quarter

Revenue dropped by RM11.2 million or 71% in the current financial quarter ended 31 December 2020 ("Q4 2021") as compared to the corresponding quarter ended 31 December 2019 ("Q4 2019") mainly due to:-

- (a) minimal business operations were allowed in many countries as a result of government-mandated lock downs due to the novel coronavirus or COVID-19 outbreak which has turned into a global pandemic hence less revenue was generated, although some of the countries have slowly resumed business activities; and
- (b) relocation of our bamboo processing and manufacturing operations from Ganzhou, PRC to Jingzhou, PRC is still ongoing hence lesser revenue was contributed from the subsidiary in Ganzhou.

The gross loss recorded in Q4 2021 as compared to gross profit recorded in Q4 2019 mainly due to effort by the management to clear some of the old stocks hence higher discount was given.

Overall, the Group recorded loss before taxation of RM21.8 million in Q4 2021 as compared to profit before taxation of RM5.2 million in Q4 2019 mainly due to insufficient revenue generated to defray the expenses, in particular the sale of strand woven bamboo flooring was largely affected by the relocation of our bamboo processing and manufacturing operations from Ganzhou, PRC to Jingzhou, PRC. Furthermore, the Group also incurred some non-recurring expenses in particular the inventories written off of RM6.6 million, the share based payment of RM1.3 million and the loss on disposal of investment in quoted shares of RM4.9 million in Q4 2021.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Variance (Amount RM'000/%)
	31 December 2020 RM '000	30 September 2020 RM '000	
Revenue	4,470	4,845	(375) / -8%
Gross (loss)/profit	(2,919)	973	(3,892) / >-100%
Loss before taxation	(21,755)	(4,902)	(16,853) / >-100%
LAT	(21,755)	(4,902)	(16,853) / >-100%

The Group recorded a marginally decrease in revenue by RM0.3 million to RM4.5 million in Q4 2021 as compared to RM4.8 million in the preceding financial quarter ended 30 September 2020 ("Q3 2021"). The decrease in revenue was mainly due to the absence of sales to New Zealand, Mexico and other countries in Q4 2021 where the Group recorded sales of RM1.8 million in the previous quarter of Q3 2021. The decrease however was mitigated by the increase in sales to PRC of RM1.4 million from RM3.1 million in Q3 2021 to RM4.5 million in Q4 2021.

Overall, the Group recorded loss before taxation of RM21.8 million in Q4 2021 as compared to loss before taxation of RM4.9 million in Q3 2021. The significant increase in loss before taxation in Q4 2021 was mainly due to lower revenue generated which was insufficient to defray the operating expenses of the Group. The lower revenue was caused by:-

- (a) minimal business operations were allowed in many countries as a result of government-mandated lock downs due to the novel coronavirus or COVID-19 outbreak which has turned into a global pandemic, although some of the countries have slowly resumed business activities;
- (b) relocation of our bamboo processing and manufacturing operations from Ganzhou, PRC to Jingzhou, PRC which is still ongoing; and
- (c) some non-recurring expenses in particular the inventories written off of RM6.6 million, the share based payment of RM1.3 million and the loss on disposal of investment in quoted shares of RM4.9 million in Q4 2021.

B3. Prospects for the financial period ending 31 March 2021 ("FPE 2021")

PRC's strong economic growth has led to increasingly affluent consumers who now have the purchasing power as well as the willingness to pay to enhance individual lifestyles for greater comfort and pleasure. The modernisation and urbanisation of the country has also caused a growth in PRC's property construction industry, an industry that the bamboo flooring market is dependent on for the consumption of its products. Under its 13th Five-Year Plan (2016 - 2020), PRC aims to double its 2010 GDP and the 2010 per capita income of both urban and rural residents by 2020 and will focus more on green and low-carbon industries. This is envisaged to positively affect the bamboo flooring market. In addition, bamboo flooring products are increasingly welcomed by the consumer due to merits like environmental friendliness and high price-to-performance ratio.

The Group has identified the following main strategies to continue to grow its businesses:-

- (a) Expansion into new bamboo concession and processing plant in Jingzhou, the PRC which has commenced operations in current financial quarter, in order to better manage raw material costs, as the new plant is surrounded by an estimated 18,200 metric tonnes standing stock of ready-to-harvest raw bamboo (translating to an estimated 435,000 square metres of bamboo flooring). This will be a steady source of raw material supply and key factor in the re-upscaling of our own bamboo products segment. The expansion in Jingzhou will allow the Group to focus not only on manufacturing of bamboo products but also processing of bamboo related foodstuff and bamboo eco-tourism in the near future;

- (b) Expansion of the Group's flooring products with the launching of new series of bamboo flooring products;
- (c) Enhancing the Group's flooring products to focus more on 'green' strand woven products;
- (d) Expansion of the Group's product portfolio to include bamboo furniture marketed under the 'KAR-ACE' brand;
- (e) Expansion into wood flooring products by promoting Classen's products in the PRC through the collaboration with Classen GmbH as the Group is the exclusive distributor for Classen's products in the PRC. The COVID-19 pandemic and related lockdowns has had a significant impact on general business activity and there is always a risk of second and additional waves occurring in the future. As a result, the Group is currently in discussions with Classen on reducing the scope of the exclusivity from China-wide to perhaps focus on Guangdong province or the southern region where our main and sales offices are. The reason for this is to avoid incurring potential penalties in the future for not meeting minimum sales targets should the pandemic turn into a longer term problem;
- (f) Expansion of the Group's presence by increasing the number of appointed dealers in its sales network and number of sales and marketing channels, for both its own and third party products;
- (g) Identifying candidates to be the Group's master agents/distributors in countries such as Malaysia, Australia and New Zealand; and
- (h) Intensifying efforts in the adoption and building out of a comprehensive omni-channel marketing strategy which is designed to cover all points of contact with existing and potential new customers. The Group is also cooperating closely with its dealers in implementing effective Online-to-Offline marketing and delivery channels. The online platforms include JD.com, Alibaba's Taobao and various mini-programs offered by social media networks like WeChat.

Premised on the above, the Board is cautiously optimistic on the prospects of the Group for FPE 2021.

B4. Profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Taxation

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	31 December 2020 RM '000	31 December 2019 RM '000	31 December 2020 RM '000	31 December 2019 RM '000
Current tax expenses	-	97	-	97
Over provision in prior year	-	(168)	-	(263)
	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>(166)</u>
Effective tax rate	<u>N/A – (1)</u>	<u>N/A – (2)</u>	<u>N/A – (1)</u>	<u>N/A – (2)</u>

N/A:

- (1) As the Group does not incur any tax expense, the effective tax rate is not applicable.
- (2) As the Group's recorded tax "income" (due to the over provision of tax expense in respect of prior year), the presentation of effective tax rate is not meaningful.

The PRC income tax is computed in accordance with the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for the current financial quarter and financial period-to-date, except for the Group's subsidiary, Ganzhou, which currently enjoys a preferential tax rate of 15%. In addition, Kanger Trading (HK) Co. Limited currently enjoys 0% tax rate in Hong Kong as it is an export company and derives its income overseas.

B6. Status of corporate proposals

a) Redeemable Convertible Notes (“**RCN**”)

On 6 September 2019, the shareholders of the Company have approved the issuance of up to 1,585,000,000 new Kanger Shares based on the minimum conversion price of RM0.04 on the remaining RCN of RM60.5 million at the Extraordinary General Meeting.

During the current financial quarter, the Company issued a total of RM0.5 million worth of the RCN, which was subsequently converted into 3,703,703 new ordinary shares by the RCN holder during the quarter at conversion price of RM0.135 per ordinary share.

The funds raised were used to settle the expenses incurred in the course of the construction of the commercial buildings.

b) Share Issuance Scheme (“**SIS**”)

On 24 December 2019, the Company has undertaken a corporate exercise to establish the SIS for the directors and eligible employees of the Group, which was approved by the shareholders of the Company on the Extraordinary General Meeting.

The Company had on 13 January 2020 and 20 February 2020 granted 90 million and 40 million share options respectively to some of its directors under the SIS.

During the current financial quarter, 40 million of ordinary shares were subscribed, in which 20 million of ordinary shares were exercised at the exercise price of RM0.065 per ordinary share and 20 million of ordinary shares were exercised at the exercise price of RM0.07 per ordinary share respectively which resulted from the proceeds from the issuance of shares of RM2.7 million under the SIS.

c) Private Placement (“**PP**”)

On 25 September 2020, the shareholders of the Company have approved to allot and issue new Kanger Shares provided that the number of new Kanger Shares does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares). As at 1 October 2020 (being the latest practicable date of Bursa Malaysia announcement), the total issued share capital of Kanger was RM157,826,460 comprising 1,832,353,420 Kanger Shares. The PP is expected to raise gross proceeds of up to RM68.8 million (for details, refer to Bursa Malaysia announcement dated 13 October 2020).

During the current financial quarter, the Company has issued ordinary shares pursuant to the PP as follows:

- (a) 183,237,544 new ordinary shares at an issue price of RM0.1673 per ordinary share amounting to RM31 million;
- (b) 195,973,879 new ordinary shares at an issue price of RM0.1596 per ordinary share amounting to RM31 million; and
- (c) 7,759,261 new ordinary shares at an issue price of RM0.1593 per ordinary share amounting to RM1 million.

The proceeds raised were intended to be utilised for future viable investment and working capital for existing business purposes. The proceeds have not been utilized and were kept in the bank accounts as at 31 December 2020.

B7. Borrowings

The Group's borrowings as at 31December 2020 are as follows:

	As at 31December 2020 RM '000	As at 31December 2019 RM '000
Secured – Short term borrowings		
Term loans	18,325	15,935
Bills payables	491	1,541
Secured – Long term borrowings		
Term loans	39,376	33,436
Total borrowings	58,192	50,912

The currency exposure profile of the Group's borrowings is as follows:

	As at 31 December 2020 RM '000	As at 31 December 2019 RM '000
Secured – Short term and long term borrowings		
Chinese Renminbi	58,192	50,192
Total borrowings	58,192	50,192

Note:

The Group's borrowings in Renminbi ("RMB") are not hedged to Ringgit Malaysia and are translated into Ringgit Malaysia at the exchange rate of RMB1: RM0.6143 as at 31December 2020.

The borrowings increased by RM8 million or 13.7% as at 31December 2020 as compared to 31December 2019 mainly due to the drawdown of term loans to part finance the construction of the new bamboo processing and manufacturing plant in Jingzhou, the PRC.

The weighted average effective interest rates of the Group's borrowings ranged from 4% to 9% as at 31December 2020 and the entire borrowings as at 31December 2020 is subjected to floating interest rate.

No hedging is done on the borrowings on the Group as all the borrowings are from the PRC and are used to finance the Group's operations in the PRC.

B8. Material litigation

As at the date of this report, there is no litigation or arbitration which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B9. Dividends

There were no dividends paid or declared for the financial period ended 31December 2020 (financial year ended 31December 2019: Nil).

B10. (Loss)/Earnings per share

The Group's basic (loss)/earnings per share is calculated as follows:

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(LAT)/PAT attributable to Owners of the Company (RM '000)	(22,541)	2,704	(31,080)	9,386
Weighted average number of ordinary shares in issue ('000)	1,486,650	942,505	1,486,650	940,313
Basic (loss)/earnings per share (sen)	<u>(1.52)</u>	<u>0.29</u>	<u>(2.09)</u>	<u>1.00</u>

The Group's diluted earnings per share is calculated as follows:

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(LAT)/PAT attributable to Owners of the Company (RM '000)	(22,541)	2,704	(31,080)	9,386
Weighted average number of ordinary shares in issue ('000)	1,486,650	942,505	1,486,650	940,313
Assuming full exercise of warrants ('000)	-	1,181,440	-	1,179,249
Diluted earnings per share (sen)	<u>N/A</u>	<u>0.23</u>	<u>N/A</u>	<u>0.80</u>

N/A: The effect is not shown as this is anti-dilutive.

B11. Disclosure on selected expense/income items as required by the Listing Requirements

Included in the (loss)/profit before taxation are the following expense items:

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	31 December 2020 RM '000	31 December 2019 RM '000	31 December 2020 RM '000	31 December 2019 RM '000
Amortisation of intangible assets	1,124	351	1,690	915
Depreciation	4,694	1,722	6,471	1,905
Impairment loss on other receivables	-	-	-	337
Intangible assets written off	310	-	310	-
Interest expenses	477	546	1,492	1,872
Interest income	(55)	-	(55)	(116)
Inventories written off	6,585	-	6,585	-
Loss on disposal of investment in quoted shares	4,872	-	4,872	-

There were no other income, provision for and write off of receivables, provision for inventories, gain or loss on disposal of property, plant and equipment, impairment of assets, gain or loss on foreign exchange, gain or loss on derivatives and exceptional items for the current financial quarter and FPE 2021.

By Order of the Board

WONG YUET CHYN (MAICSA 7047163)

Company Secretary
Kuala Lumpur
31 March 2021