

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1st) QUARTER ENDED 30 JUNE 2021**

	----- Individual Quarter -----		Cumulative
	30 June 2021	30 June 2020	Quarter 30 June 2021
	RM '000	RM '000	RM '000
Revenue	4,141	12,219	4,141
Cost of sales	(3,618)	(9,648)	(3,618)
Gross profit	523	2,571	523
Other operating income	620	60	620
Administrative expenses	(6,234)	(1,822)	(6,234)
Selling and distribution expenses	(302)	(404)	(302)
Other operating expenses	(2,212)	(30)	(2,212)
Finance costs	(461)	(425)	(461)
Loss before taxation	(8,066)	(50)	(8,066)
Taxation	-	12	-
Loss after taxation (" LAT ")	(8,066)	(38)	(8,066)
Other comprehensive income: <i>Items that maybe reclassified subsequently to profit or loss</i>			
- Foreign exchange translation	6,099	2,193	6,099
Total comprehensive (loss)/income	(1,967)	2,115	(1,967)
(LAT)/PROFIT AFTER TAX("PAT") ATTRIBUTABLE TO:			
- Owners of the Company	(7,543)	208	(7,543)
- Non-controlling interest	(523)	(246)	(523)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
- Owners of the Company	(1,135)	2,573	(1,135)
- Non-controlling interests	(832)	(418)	(832)
Weighted average no. of ordinary shares ('000)	2,731,686	1,231,767	2,731,686
(Loss)/Earnings per share attributable to Owners of the Company (sen):			
- Basic	(0.28)	0.02	(0.28)
- Diluted	N/A	0.02	N/A

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

Notes:

On 10 February 2021, Kanger International Berhad ("**Kanger**" or the "**Company**") announced the change of financial year end from 31 December 2020 to 31 March 2021. The current reporting financial period will be for a period of 3 months made up from 1 April 2021 to 30 June 2021. As such, there are no comparative figures for the cumulative preceding periods corresponding periods.

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Company for the financial period ended ("**FPE**") 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	(Unaudited) As at 30 June 2021 RM '000	(Audited) As at 31 March 2021 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	81,300	77,168
Investment properties	190,760	185,138
Right-of-use assets	2,971	2,933
Intangible assets	10,711	10,973
Other investments	9,589	4,589
	<u>295,331</u>	<u>280,801</u>
CURRENT ASSETS		
Inventories	10,677	12,859
Trade and other receivables	68,846	39,148
Current tax assets	645	330
Cash and cash equivalents	57,854	81,715
	<u>138,022</u>	<u>134,052</u>
TOTAL ASSETS	<u>433,353</u>	<u>414,853</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	271,216	259,106
Reserves	(183)	952
SHAREHOLDERS' EQUITY	<u>271,033</u>	<u>260,058</u>
Non-controlling interests	11,569	12,401
TOTAL EQUITY	<u>282,602</u>	<u>272,459</u>
CURRENT LIABILITIES		
Trade and other payables	75,853	68,956
Bank borrowings	40,231	38,550
Lease liabilities	1,232	1,027
Current tax liabilities	57	37
	<u>117,373</u>	<u>108,570</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONT'D)

	(Unaudited) As at 30 June 2021 RM '000	(Audited) As at 31 March 2021 RM '000
NON-CURRENT LIABILITIES		
Bank borrowings	24,009	24,319
Lease liabilities	1,869	2,116
Deferred taxation	7,500	7,389
	<u>33,378</u>	<u>33,824</u>
TOTAL LIABILITIES	<u>150,751</u>	<u>142,394</u>
TOTAL EQUITY AND LIABILITIES	<u>433,353</u>	<u>414,853</u>
NET ASSETS PER SHARE (sen)	<u>10.28</u>	<u>10.62</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2021

	<----- Attributable to Owners of the Company ----->						Distributable	Shareholders' Equity	Non-controlling Interests	Total Equity
	<----- Non-distributable ----->				Share Option Reserve	Redeemable Convertible Notes				
	Share Capital	Merger Reserve	Revaluation Reserve	Translation Reserve	Share Option Reserve	Redeemable Convertible Notes	Accumulated Losses	Shareholders' Equity	Non-controlling Interests	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM'000	RM '000	RM '000	RM '000	RM '000
Balance as at 31 March 2021 (Audited)	259,106	(12,805)	-	15,596	-	-	(1,839)	260,058	12,401	272,459
Issuance of shares granted under SIS	12,110	-	-	-	(2,110)	-	-	10,000	-	10,000
Share options granted under SIS	-	-	-	-	2,110	-	-	2,110	-	2,110
LAT	-	-	-	-	-	-	(7,543)	(7,543)	(523)	(8,066)
Foreign currency translation	-	-	-	6,408	-	-	-	6,408	(309)	6,099
Total comprehensive loss	-	-	-	6,408	-	-	(7,543)	(1,135)	(832)	(1,967)
Balance as at 31 June 2021	271,216	(12,805)	-	22,004	-	-	(9,382)	271,033	11,569	282,602

Note:

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2021**

	Current period to date 30 June 2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES	
Loss before taxation	(8,066)
Adjustments for:	
Amortisation of intangible assets	264
Depreciation of property, plant and equipment	995
Interest expenses	461
Interest income	(7)
Share-based payment	2,110
Operating loss before working capital changes:	(4,243)
Change in inventories	2,345
Change in trade and other receivables	(29,698)
Change in trade and other payables	8,438
CASH USED IN OPERATIONS	(23,158)
Interest received	7
Tax paid	(295)
NET CASH USED IN OPERATING ACTIVITIES	(23,446)
CASH FLOWS FOR INVESTING ACTIVITIES	
Purchase of other investments	(5,000)
Purchase of property, plant and equipment and investment properties	(5,651)
NET CASH USED IN INVESTING ACTIVITIES	(10,651)
CASH FLOWS FOR FINANCING ACTIVITIES	
Interest paid	(461)
Net drawdown of bank borrowings	901
Net repayment of lease liabilities	(438)
Net repayment of bank borrowing	(424)
Proceeds from issuance of shares	10,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	9,578
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,519)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	658
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	81,715
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	57,854

Cash and cash equivalents at end of the financial period comprise the following:

- Cash and bank balances	57,854
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Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of Kanger for the FPE 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

QUARTERLY REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 JUNE 2021

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

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 FPE 31 March 2021 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 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 101: Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	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 FPE 31 March 2021.

A2. Auditors' report on preceding annual financial statements

The auditors' report on the audited consolidated financial statements of the Group for the FPE 31 March 2021 was not subject to any qualification.

A4. 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 30 June 2021.

A5. Unusual items

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

A6. Material changes in estimates

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

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt or equity securities for the current financial quarter ended 30 June 2021 other than 184,877,056 new ordinary shares which were issued under Share Issuance Scheme amounting to approximately RM10 million.

A8. Segmental information

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

	---- Individual Quarter ----		Cumulative Quarter 30 June 2021 RM '000
	30 June 2021 RM '000	30 June 2020 RM '000	
Horizontal and vertical bamboo and wood flooring	3,497	4,275	3,497
Strand woven bamboo flooring	-	7,876	-
Bamboo furniture and other strand woven bamboo products	644	68	644
Total	<u>4,141</u>	<u>12,219</u>	<u>4,141</u>

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

	---- Individual Quarter ----		Cumulative
	30 June 2021 RM '000	30 June 2020 RM '000	Quarter 30 June 2021 RM '000
PRC	4,141	3,382	4,141
Export:			
- New Zealand	-	3,725	-
- Mexico	-	1,292	-
- USA	-	1,535	-
- Korea	-	1,286	-
- Others*	-	999	-
	<u>4,141</u>	<u>12,219</u>	<u>4,141</u>

* Includes countries in Europe, Asia and North America and Africa.

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.

A9. Valuation of property, plant and equipment and investment properties

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

A10. Capital commitments

There are no outstanding capital commitments of the Group as at 30 June 2021.

A11. Changes in the composition of the Group

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

A12. 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.

A13. 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.

A14. Related party transactions

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

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

	---- Individual Quarter ----		Variance (Amount RM'000/%)
	30 June 2021 RM '000	30 June 2020 RM '000	
Revenue	4,141	12,219	(8,078)/-66%
Gross profit	523	2,571	(2,048)/-80%
Loss before taxation	(8,066)	(50)	8,016/>100%
LAT	(8,066)	(38)	8,028/>100%
	Cumulative Quarter		Variance (Amount RM'000/%)
	30 June 2021 RM '000		
Revenue	4,141		N/A
Gross profit	523		N/A
Loss before taxation	(8,066)		N/A
LAT	(8,066)		N/A

N/A: There are no comparative figures presented for the cumulative preceding period corresponding periods.

Individual Quarter

Revenue dropped by RM8.1 million or 66% in the current financial quarter ended 30 June 2021 ("Q1 2022") as compared to the corresponding quarter ended 30 June 2020 ("Q2 2021") mainly due to the absent of export sales as many countries are still suffering from the mandated lock down in order to combat the spread of COVID-19 although some of the countries have shown signs of recovery. The construction, property development and renovation business segments have not seen great recovery and progress as compared to the time prior to the pandemic of COVID-19.

The gross profit recorded in Q1 2022 decreased 80% as compared to gross profit recorded in Q2 2021 mainly due to decrease in revenue and the increase in cost of sales notably the production overheads and logistic costs.

Overall, the Group recorded loss before taxation of RM8.1 million in Q1 2022 due to insufficient revenue generated to defray the expenses. The Group has incurred the non-recurring expenses such as recognition of share based payments of RM2.0 million granted to the directors of the Company in this financial quarter.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Variance (Amount RM'000/%)
	30 June 2021 RM '000	31 March 2021 RM '000	
Revenue	4,141	1,098	3,043/>100%
Gross profit/(loss)	523	(789)	1,312/>100%
Loss before taxation	(8,066)	(19,845)	(11,779)/-59%
LAT	(8,066)	(19,854)	(11,788)/-59%

The Group recorded an increase in revenue by RM3.0 million to RM4.1 million in Q1 2022 as compared to RM1.1 million in the preceding financial quarter ended 31 March 2021 ("Q5 2021"). The increase in revenue was mainly due to the recovery of business condition in PRC in Q1 2022 and less disruption on the public holidays, being the Chinese New Year in the PRC which cover almost the entire month of February 2021.

Overall, the Group recorded loss before taxation of RM8.1 million in Q1 2022 as compared to loss before taxation of RM19.8 million in Q5 2022. The decrease in loss before taxation in Q1 2022 was mainly driven by the absent on the recognition of some non-recurring expenses in previous quarter Q5 2021 such as impairment loss on trade and other receivables of RM46.9 million, intangible assets written off of RM1.8 million and the share based payment of RM3.9 million although mitigated by the recognition of the fair value gain on investment properties of RM39.2 million in previous quarter.

B3. Prospects for the financial year ending 31 March 2022 ("FYE 2022")

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 14th Five-Year Plan (2021 - 2025), PRC aims to double its 2010 GDP and the 2010 per capita income of both urban and rural residents by 2025 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 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 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;
- (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;
- (i) Diversification into constructions business which consist of construction of structures and buildings, infrastructures, project management services, mechanical and electrical works, refrigeration and air-conditioning works, painting works, plumbing, sewerage and sanitary works, glass works, carpentry as well as tiling and flooring works.
- (j) Seeking opportunities to be able to involve in distribution of medical related products such as gloves and vaccine for COVID-19.

Premised on the above, the Board is cautiously optimistic on the prospects of the Group for FYE 2022.

B4. Profit forecast

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

B5. Taxation

	--- Individual Quarter ---		Cumulative
	30 June 2021 RM '000	30 June 2020 RM '000	30 June 2021 RM '000
Current tax expenses	-	12	-
Effective tax rate	N/A	N/A	N/A

N/A: As the Group recorded loss before taxation, the analysis 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

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 23 April 2021 and 21 May 2021 granted 92 million and 92 million share options respectively to some of its directors and employees under the SIS.

During the current financial quarter, approximately 185 million of ordinary shares were subscribed, in which approximate 185 million of ordinary shares were exercised at the exercise price of RM0.054 per ordinary share which resulted from the proceeds from the issuance of shares of RM10 million under the SIS.

B7. Borrowings

The Group’s borrowings as at 30 June 2021 are as follows:

	As at 30 June 2021 RM '000	As at 31 March 2021 RM '000
Secured – Short term borrowings		
Term loans	37,495	36,951
Hire purchase	2,736	1,599
Secured – Long term borrowings		
Term loans	20,959	21,026
Hire purchase	3,050	3,293
Total borrowings	64,240	62,869

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

	As at 30 June 2021 RM '000	As at 31 March 2021 RM '000
Secured – Short term and long term borrowings		
Chinese Renminbi	61,504	60,977
Ringgit Malaysia	2,736	1,892
Total borrowings	64,240	62,869

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: RM0.6433 as at 30 June 2021.*

The borrowings increased by RM1.4 million or 2% as at 30 June 2021 as compared to 31 March 2021 mainly due to new drawdown of hire purchase facility amounting to RM1.25 million.

The weighted average effective interest rates of the Group’s borrowings ranged from 4% to 9% as at 30 June 2021. The term loans are subjected to floating interest rate and hire purchase is subjected to fixed interest rate as at 30 June 2021.

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 30 June 2021 (FPE 31 March 2021: Nil).

B10. (Loss)/Earnings per share

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

	---- Individual Quarter ----		Cumulative
	30 June	30 June	Quarter
	2021	2020	30 June
			2021
(LAT)/PAT attributable to Owners of the Company (RM '000)	(7,543)	208	(7,543)
Weighted average number of ordinary shares in issue ('000)	2,731,686	1,231,767	2,731,686
Basic (loss)/earnings per share (sen)	<u>(0.28)</u>	<u>0.02</u>	<u>(0.28)</u>

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

	---- Individual Quarter ----		Cumulative
	30 June	30 June	Quarter
	2021	2020	30 June
			2021
LAT/PAT attributable to Owners of the Company (RM '000)	(7,543)	208	(7,543)
Weighted average number of ordinary shares in issue ('000)	2,731,686	1,231,767	2,731,686
Assuming full exercise of SIS ('000)	-	1,361,767	-
Diluted earnings per share (sen)	<u>N/A</u>	<u>0.02</u>	<u>N/A</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 before taxation are the following expense items:

	---- Individual Quarter ----		Cumulative
	30 June 2021 RM '000	30 June 2020 RM '000	Quarter 30 June 2021 RM '000
Amortisation of intangible assets	264	190	264
Depreciation of property, plant and equipment and investment properties	995	551	995
Depreciation of right-of-use assets	-	392	-
Interest expenses	461	425	461
Interest income	(7)	-	(7)

There were no other income, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of property, plant and equipment, impairment and write off 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
28 September 2021