

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
KANGER INTERNATIONAL BERHAD** [Registration number: 201201030306 (1014793-D)]
(Incorporated in Malaysia)

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial statements of Kanger International Berhad ("the Group") that comprise the statement of financial position as at 31 December 2021, and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with MFRS 134, *Interim Financial Reporting* and IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to the interim financial information, which indicates that the Group incurred a significant net loss of RM127,372,000 for the cumulative 9 months period ended 31 December 2021 and, as of that date, the Group's incurred negative cash flows from operating activities of RM87,537,000. As stated in these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF
KANGER INTERNATIONAL BERHAD** [Registration number: 201201030306 (1014793-D)] (continued)
(Incorporated in Malaysia)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 December 2021, and of its financial performance and its cash flows for the three-month period then ended in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board in Malaysia, and IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.



CAS MALAYSIA PLT
[No. (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

Date: 28 February 2022

Puchong



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 31 DECEMBER 2021**

	----- Individual Quarter -----		Cumulative
	31 December 2021 RM '000	31 December 2020 RM '000	Quarter 31 December 2021 RM '000
Revenue	54,665	4,470	123,621
Cost of sales	(53,344)	(7,389)	(120,357)
Gross profit/(loss)	1,321	(2,919)	3,264
Other operating income	57,889	1,511	58,861
Administrative expenses	(5,152)	(8,707)	(21,931)
Selling and distribution expenses	(182)	(296)	(638)
Other operating expenses	(125,700)	(10,867)	(167,790)
Finance costs	(2,984)	(477)	(3,765)
Loss before taxation	(74,808)	(21,755)	(131,999)
Taxation	(318)	-	(847)
Loss after taxation (" LAT ")	(75,126)	(21,755)	(132,846)
Other comprehensive income/(loss): <i>Items that maybe reclassified subsequently to profit or loss</i>			
- Foreign exchange translation	386	(641)	4,987
Total comprehensive loss	(74,740)	(22,396)	(127,859)
LAT ATTRIBUTABLE TO:			
- Owners of the Company	(75,254)	(22,541)	(132,784)
- Non-controlling interest	128	786	(62)
	(75,126)	(21,755)	(132,846)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
- Owners of the Company	(74,305)	(22,997)	(127,372)
- Non-controlling interests	(435)	601	(487)
	(74,740)	(22,396)	(127,859)
Weighted average no. of ordinary shares ('000)	4,402,891	1,486,650	4,402,891
Loss per share attributable to Owners of the Company (sen):			
- Basic	(1.71)	(1.52)	(3.02)
- Diluted	N/A	N/A	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 9 months made up from 1 April 2021 to 31 December 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 31 DECEMBER 2021**

	(Unaudited) As at 31 December 2021 RM '000	(Audited) As at 31 March 2021 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	14,444	77,168
Investment properties	187,478	185,138
Right-of-use assets	473	2,933
Intangible assets	1	10,973
Goodwill	90,228	-
Other investments	1,026	4,589
	<u>293,650</u>	<u>280,801</u>
CURRENT ASSETS		
Inventories	23,766	12,859
Trade and other receivables	102,681	39,148
Current tax assets	-	330
Cash and cash equivalents	19,022	81,715
	<u>145,469</u>	<u>134,052</u>
TOTAL ASSETS	<u>439,119</u>	<u>414,853</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	425,782	259,106
Reserves	(87,524)	952
SHAREHOLDERS' EQUITY	<u>338,258</u>	<u>260,058</u>
Non-controlling interests	4,567	12,401
TOTAL EQUITY	<u>342,825</u>	<u>272,459</u>
CURRENT LIABILITIES		
Trade and other payables	49,600	68,956
Bank borrowings	42,094	38,550
Lease liabilities	282	1,027
Current tax liabilities	1,905	37
	<u>93,881</u>	<u>108,570</u>
NON-CURRENT LIABILITIES		
Bank borrowings	2,143	24,319
Lease liabilities	-	2,116
Deferred taxation	270	7,389
	<u>2,413</u>	<u>33,824</u>
TOTAL LIABILITIES	<u>96,294</u>	<u>142,394</u>
TOTAL EQUITY AND LIABILITIES	<u>439,119</u>	<u>414,853</u>
NET ASSETS PER SHARE (sen)	<u>5.73</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.



KANGER INTERNATIONAL BERHAD
201201030306 (1014793-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 31 DECEMBER 2021

	←----- Attributable to Owners of the Company ----->									
	←----- Non-distributable ----->					----->				
	Share Capital RM '000	Merger Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Share Option Reserve RM '000	Accumulated losses RM '000	Shareholders' Equity RM '000	Non-controlling Interests RM '000	Total Equity RM '000	
Balance as at 31 March 2021 (Audited)	259,106	(12,805)	-	15,596	-	(1,839)	260,058	12,401	272,459	
Conversion of warrants	36	-	(11)	-	-	-	25	-	25	
Issuance of shares granted under SIS	14,609	-	-	-	(2,110)	-	12,499	-	12,499	
Issuance of shares under rights issue	109,242	-	38,930	-	-	-	148,172	-	148,172	
Issuance of shares for acquisition of subsidiary company	42,789	-	-	-	-	-	42,789	-	42,789	
Share options granted under SIS	-	-	-	-	5,775	-	5,775	-	5,775	
Acquisition of subsidiary company	-	-	-	-	-	-	-	4,382	4,382	
Disposal of subsidiary companies	-	-	-	(3,688)	-	-	(3,688)	(11,729)	(15,417)	
LAT	-	-	-	-	-	(132,784)	(132,784)	(62)	(132,846)	
Foreign currency translation	-	-	-	5,412	-	-	5,412	(425)	4,987	
Total comprehensive income/(loss)	-	-	-	5,412	-	(132,784)	(127,372)	(487)	(127,859)	
Balance as at 31 December 2021	425,782	(12,805)	38,919	17,320	3,665	(134,623)	338,258	4,567	342,825	

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 THIRD(3RD) QUARTER ENDED 31 DECEMBER 2021**

	Current period to date 31 December 2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES	
Loss before taxation	(131,999)
Adjustments for:	
Amortisation of intangible assets	747
Depreciation of property, plant and equipment and investment properties	1,601
Fair value loss on investment properties	77,367
Gain on disposal of property, plant and equipment	(3,136)
Gain on disposal of subsidiary companies	(54,641)
Impairment loss on intangible assets	10,477
Impairment loss on inventories	15,469
Impairment loss on other investments	3,563
Impairment loss on property, plant and equipment	4,496
Impairment loss on trade and other receivables	56,180
Interest expenses	3,765
Property, plant and equipment written off	553
Share-based payment	5,775
Operating loss before working capital changes	(9,783)
Change in inventories	(18,752)
Change in trade and other receivables	(110,541)
Change in trade and other payables	52,934
CASH USED IN OPERATIONS	(86,142)
Tax paid	(1,458)
Tax refunded	63
NET CASH USED IN OPERATING ACTIVITIES	(87,537)
CASH FLOWS FOR INVESTING ACTIVITIES	
Net cash inflow from disposal of subsidiary company	1,660
Net cash outflow from acquisition of subsidiary company	(48,018)
Proceeds from disposal of property, plant and equipment	682
Purchase of property, plant and equipment and investment properties	(86,755)
NET CASH USED IN INVESTING ACTIVITIES	(132,431)
CASH FLOWS FOR FINANCING ACTIVITIES	
Interest paid	(3,765)
Net drawdown of bank borrowings	2,672
Net repayment of bank borrowing	(2,215)
Net repayment of lease liabilities	(206)
Proceeds from issuance of shares	160,696
NET CASH GENERATED FROM FINANCING ACTIVITIES	157,182



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 DECEMBER 2021 (CONT'D)**

	Current period to date 31 December 2021 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(62,786)
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	93
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	81,715
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>19,022</u>
Cash and cash equivalents at end of the financial period comprise the following:	
- Cash and bank balances	<u>19,022</u>

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 THIRD (3RD) QUARTER ENDED 31 DECEMBER 2021

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 (“Company”) 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.

A3. Seasonal or cyclical factors

The principal business of the Group was not significantly affected by seasonal or cyclical factors.



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 and financial period-to-date.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter and financial period-to-date as compared to the audited financial statements of the Group for the FPE 31 March 2021.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt or equity securities during the current financial quarter and financial period-to-date except for the following: -

- (a) On 23 April 2021, 92,438,528 new ordinary shares which were issued under Share Issuance Scheme amounting to RM5.0million;
- (b) On 21 May 2021, 92,438,528 new ordinary shares which were issued under Share Issuance Scheme amounting to RM5.0million;
- (c) On 2 July 2021, 46,209,193 new ordinary shares which were issued under Share Issuance Scheme amounting to approximately RM2.5million;
- (d) On 29 September 2021, 2,469,524,758 new ordinary shares were issued under Rights Issue amounting to approximately RM148.2million;
- (e) On 29 September 2021, 713,157,273 new ordinary shares were issued for acquisition of Sung Master Holdings Sdn. Bhd. amounting to approximately RM42.8 million; and
- (f) On 27 October 2021, 500,000 new ordinary shares were issued arising from conversion of warrants amounting to RM25,000.

A7. Segmental information

The Group's operating activities were derived from two (2) main business segments as follows:

	--- Individual Quarter ---		Cumulative
	31December 2021 RM '000	31December 2020 RM '000	Quarter 31December 2021 RM '000
Revenue			
• Manufacturing and trading of bamboo flooring and related products and construction materials	8,472	4,470	16,530
• Trading of medical and healthcare products	278	-	363
• Construction works	45,915	-	106,728
	<u>54,665</u>	<u>4,470</u>	<u>123,621</u>



	--- Individual Quarter ---		Cumulative
	31 December	31 December	Quarter
	2021	2020	31 December
	RM '000	RM '000	2021
			RM '000
Loss before tax			
• Manufacturing and trading of bamboo flooring and related products and construction materials	(74,232)	(21,755)	(128,154)
• Trading of medical and healthcare products	(804)	-	(4,384)
• Construction works	228	-	539
	<u>(74,808)</u>	<u>(21,755)</u>	<u>(131,999)</u>

No other segment 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.

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

	--- Individual Quarter ---		Cumulative
	31 December	31 December	Quarter
	2021	2020	31 December
	RM '000	RM '000	2021
			RM '000
People's Republic of China	1,186	4,470	6,298
Malaysia	53,479	-	117,323
	<u>54,665</u>	<u>4,470</u>	<u>123,621</u>

A8. 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 and financial period-to-date.

A9. Capital commitments

The capital commitments of the Group as at 31 December 2021 are as follows:

	RM '000
Approved and contracted for:	
- Investment properties under construction	<u>61,059</u>

A10. Changes in the composition of the Group

Acquisition of 1,020,000 ordinary shares, representing 51% equity interest in Sung Master Holdings Sdn. Bhd. ("SMH")

On 26 April 2021, the Company had entered into a share sale agreement with Mr. Sii Tung Nai, Mr. Sii Tung Aik and Ms. Lim Shwu Huey for the proposed acquisition of 1,020,000 ordinary shares, representing 51% equity interest in SMH for a total purchase consideration of RM94.8 million. This subscription would enable the Group to have an immediate expansion in respect of its market presence and operational capacities, and to capture larger market share in the trading of building materials industry in Malaysia. Following the completion of this subscription, SMH had become a 51% owned subsidiary of the Company.



Disposal of 35,900,000 ordinary shares, representing 100% equity interest in Shenzhen Kanger Holding Co. Ltd. (“SZ Kanger”)

On 16 December 2021, the Company's wholly owned indirect subsidiary, namely Ganzhou Kanger Industrial Co. Ltd., had entered into a share sale agreement with Mr. Xue Yong Xing for the proposed disposal of 35,900,000 ordinary shares, representing 100% equity interest in SZ Kanger for a total purchase consideration of RM2.0 million. Following the completion of this disposal, SZ Kanger had ceased to become the wholly owned indirect subsidiary of the Company.

Other than the above, there were no other changes in the composition of the Group for the current financial quarter and financial period-to-date.

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 period-to-date.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Analysis of performance

	---- Individual Quarter ----		Variance (Amount RM'000/%)
	31December 2021 RM '000	31December 2020 RM '000	
Revenue	54,665	4,470	50,195/>100%
Gross profit/(loss)	1,321	(2,919)	4,240/>100%
Loss before taxation	(74,808)	(21,755)	53,053/>100%
LAT	(75,126)	(21,755)	53,371/>100%
	Cumulative Quarter 31December 2021 RM '000		Variance (Amount RM'000/%)
Revenue	123,621		N/A
Gross profit	3,264		N/A
Loss before taxation	(131,999)		N/A
LAT	(132,846)		N/A

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



Individual Quarter

Revenue increased significantly by RM50.0 million or 1,123% in the current financial quarter ended 31 December 2021 ("Q3 2022") as compared to the corresponding quarter ended 31 December 2020 ("Q4 2021") mainly due to:-

- (a) additional source of revenue from construction business segments amounting to RM45.9 million; and
- (b) additional source of revenue from SMH amounting to RM7.3 million.

The gross profit recorded in Q3 2022 increased by 145% as compared to gross loss recorded in Q4 2021 mainly due to absent of higher discount given previously to the customers to clear some old stocks in Q4 2021.

Cumulative Quarter

Overall, the Group recorded loss before taxation of RM132.0 million in Q3 2022 due to insufficient revenue generated to defray the expenses. The Group has incurred non-recurring expenses such as recognition of share-based payments amounting to RM5.8 million granted to the directors and employees of the Company, impairment loss on inventories amounting to RM15.5 million, impairment loss on trade and other receivables amounting to RM56.2 million, impairment loss on property, plant and equipment amounting to RM4.5 million, impairment loss on other investments amounting to RM3.6 million, impairment loss on intangible assets amounting to RM10.5 million, fair value loss on investment properties amounting to RM77.4 million and property, plant and equipment written off amounting to RM0.6 million, although the loss was mitigated by gain on disposal of property, plant and equipment amounting to RM3.1 million and gain on disposal of subsidiary companies amounting to RM54.6 million in the current financial quarter and financial period-to-date.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Variance (Amount RM'000/%)
	31 December 2021 RM '000	30 September 2021 RM '000	
Revenue	54,665	64,815	(10,150)/-16%
Gross profit	1,321	1,420	(99)/-7%
Loss before taxation	(74,808)	(49,125)	25,683/52%
LAT	(75,126)	(49,654)	25,472/51%

The Group recorded a decrease in revenue by RM10.2 million to RM54.7 million in Q3 2022 as compared to RM64.8 million in the preceding financial quarter ended 30 September 2021 ("Q2 2022"). The decrease in revenue was mainly due to the decrease in sales within PRC and Malaysia in the current financial quarter.

Overall, the Group recorded loss before taxation of RM74.8 million in Q3 2022 as compared to loss before taxation of RM49.1 million in Q2 2022. The significant increase in loss before taxation in Q3 2022 was mainly due to the Group has incurred non-recurring expenses such as impairment loss on inventories amounting to RM2.5 million, , impairment loss on trade and other receivables amounting to RM31.1 million, impairment loss on other investments amounting to RM3.6 million and impairment loss on intangible assets amounting to RM10.5 million and fair value loss on investment properties amounting to RM77.4 million, although the loss was mitigated by gain on disposal of property, plant and equipment amounting to RM3.1 million and gain on disposal of subsidiary company amounting to RM54.6 million in the current financial quarter.



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

Overview and outlook of property development and construction industry in Malaysia

Property development industry

The most positive scenario for the overall Malaysian property market in 2021 would be a slightly better performance than last year due to the vaccination programme that would help in controlling the Covid-19 pandemic, according to Henry Butcher Real Estate.

In presenting Henry Butcher Malaysia’s annual report on the review and outlook for the Malaysian property market in 2021 titled "HB Perspective 2021", the report also noted that the recent spike in Covid-19 cases and the subsequent moves by the government to curb the spread of the pandemic may delay the industry recovery to next year.

"Overall, the property market in 2021 is expected to be flat or record a slightly better performance than 2020 as the vaccination programme in the country would help in controlling the Covid-19 pandemic and start the economy on a recovery path. However, with the recent rise in infections and the implementation of the movement control order and the declaration of emergency, the hoped-for recovery may be delayed until 2022.

Construction industry

The construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The civil engineering subsector will continue to be the main driver of the construction sector.

Main strategies to grow the Group’s businesses

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

- (a) Seeking opportunities to be able to involve in distribution of medical related products such as gloves, vaccine for COVID-19 and mask;
- (b) The acquisition of SMH is a horizontal acquisition by the Group to acquire its peer with the intention to expand its existing business activities of manufacturing and trading business and widen its product offerings, which include, amongst others, timber flooring, tiles, bulk cement, concrete, which are expected to enhance the revenue and earnings of the Group moving forward. The acquisition of SMH is expected to augur well and is complementary with the Group’s existing business in the property related segment and the construction business segment; and
- (c) Expand its existing construction segment businesses by seeking opportunities and involve in the project management and investment property which offer a broader range of related services within the property sector. The proposed acquisition of 126 units services apartment at Antara @ Genting by its subsidiary company, Kanger Ventures Sdn Bhd expected to provide additional value to the Group future on investment property segment.

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
	31December 2021 RM '000	31December 2020 RM '000	Quarter 31December 2021 RM '000
Current tax expenses	-	-	-
- under provision in prior year	318	-	847
Effective tax rate	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

There were no other corporate proposals announced but not completed as of to date other than proposed share consolidation of every 10 ordinary shares in the Company into 1 share.

B7. Borrowings

The Group's borrowings as at 31December 2021 are as follows:

	As at 31December 2021 RM '000	As at 31 March 2021 RM '000
Secured – Short term borrowings		
Term loans	41,535	36,951
Hire purchase	559	1,599
	<u>42,094</u>	<u>38,550</u>
Secured – Long term borrowings		
Term loans	-	21,026
Hire purchase	2,143	3,293
	<u>2,143</u>	<u>24,319</u>
Total borrowings	<u>44,237</u>	<u>62,869</u>

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

	As at 31December 2021 RM '000	As at 31 March 2021 RM '000
Secured – Short-term and long-term borrowings		
Chinese Renminbi	41,535	60,977
Ringgit Malaysia	2,702	1,892
Total borrowings	<u>44,237</u>	<u>62,869</u>



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: RM0.6547 as at 31December 2021.

The borrowings decreased by RM18.6 million or 30% as at 31December2021 as compared to 31 March 2021 mainly due to exclusion of borrowings in SZ Kanger amounting to RM21.1 million upon disposal of SZ Kanger.

The weighted average effective interest rates of the Group's borrowings ranged from 3% to 9% as at 31December2021. The term loans are subjected to floating interest rate and hire purchase is subjected to fixed interest rate as at 31December 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 current financial quarter and financial period-to-date.

B10. Loss per share

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

	---- Individual Quarter ----		Cumulative
	31December	31 December	Quarter
	2021	2020	31 December
			2021
LAT attributable to Owners of the Company (RM '000)	(75,254)	(22,541)	(132,784)
Weighted average number of ordinary shares in issue ('000)	4,402,891	1,486,650	4,402,891
Basic loss per share (sen)	(1.71)	(1.52)	(3.02)

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

	---- Individual Quarter ----		Cumulative
	31December	31December	Quarter
	2021	2020	31
			December2021
LAT attributable to Owners of the Company (RM '000)	(75,254)	(22,541)	(132,784)
Weighted average number of ordinary shares in issue ('000)	4,402,891	1,486,650	4,402,891
Assuming full exercise of warrants ('000)	1,699,512	-	1,699,512
Assuming full exercise of SIS ('000)	65,806	-	65,806
Diluted loss per share (sen)	N/A	N/A	N/A

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
	31 December 2021 RM '000	31 December 2020 RM '000	Quarter 31 December 2021 RM '000
Amortisation of intangible assets	252	1,124	747
Depreciation of property, plant and equipment and investment properties	557	4,694	1,601
Fair value loss on investment properties	77,367	-	77,367
Gain on disposal of property, plant and equipment	(3,136)	-	(3,136)
Gain on disposal of subsidiary company	(54,641)	-	(54,641)
Impairment loss on intangible assets	10,477	310	10,477
Impairment loss on inventories	2,485	-	15,469
Impairment loss on other investments	3,563	-	3,563
Impairment loss on property, plant and equipment	-	-	4,496
Impairment loss on trade and other receivables	31,123	-	56,180
Interest expenses	2,984	477	3,765
Interest income	-	(55)	-
Inventories written off	-	6,585	-
Loss on disposal of investment in quoted shares	-	4,872	-
Property, plant and equipment written off	217	-	553

There were no other income, write off of receivables, write off of inventories, gain or loss on foreign exchange, gain or loss on derivatives and exceptional items for the current financial quarter and financial period-to-date.

By Order of the Board

WONG YUET CHYN (MAICSA 7047163)

Company Secretary

Kuala Lumpur

28 February 2022