



CN ASIA CORPORATION BHD

(Registration No.: 199601027090 (399442-A))

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Revenue	2,445	6,835	7,682	11,397
Cost of sales	(2,798)	(6,696)	(7,598)	(12,001)
Gross (loss)/profit	(353)	139	84	(604)
Selling and distribution expenses	(5)	(3)	(17)	(63)
Administrative expenses	(866)	(919)	(2,696)	(2,768)
Other operating expenses	-	28	(72)	(593)
Other income	71	217	291	689
Loss from operations before interest and tax	(1,153)	(538)	(2,410)	(3,339)
Finance costs	(57)	(64)	(134)	(161)
Loss before tax	(1,210)	(602)	(2,544)	(3,500)
Tax expense	171	(50)	137	(144)
Loss after tax for the period	(1,039)	(652)	(2,407)	(3,644)
Other comprehensive (expense)/income, net of tax that may be reclassified subsequently to profit and loss				
Foreign currency translation differences	-	(4)	-	-
Total comprehensive expense for the period	(1,039)	(656)	(2,407)	(3,644)
Net loss for the period attributable to: -				
Owners of the Company	(1,039)	(652)	(2,407)	(3,644)
Non-controlling interests	-	-	-	-
	(1,039)	(652)	(2,407)	(3,644)
Total comprehensive expense for the period attributable to: -				
Owners of the Company	(1,039)	(656)	(2,407)	(3,644)
Non-controlling interests	-	-	-	-
	(1,039)	(656)	(2,407)	(3,644)
Loss per share (sen)				
- Basic	(1.03)	(1.26)	(2.39)	(7.06)
- Diluted	(0.79)	(1.26)	(1.84)	(7.06)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	As At End of Current Quarter 30.09.2021 RM'000	As At Preceding Financial Year Ended 31.12.2020 RM'000
ASSETS		
Non-current Assets		
<i>Property, plant and equipment</i>	18,193	9,084
<i>Right-of-use asset</i>	495	792
<i>Goodwill on consolidation</i>	160	-
	18,848	9,876
Current Assets		
<i>Inventories</i>	5,189	5,328
<i>Trade and other receivables</i>	21,554	3,222
<i>Contract assets</i>	214	1,152
<i>Current tax asset</i>	163	6
<i>Cash and cash equivalents</i>	12,970	28,416
	40,090	38,124
TOTAL ASSETS	58,938	48,000
EQUITY AND LIABILITIES		
Equity		
<i>Share capital</i>	55,098	42,098
<i>Reserves</i>	(5,251)	(2,352)
Shareholders' Equity	49,847	39,746
Liabilities		
Non-current Liability		
<i>Lease liabilities</i>	97	479
<i>Term loan</i>	3,248	-
	3,345	479
Current Liabilities		
<i>Trade and other payables</i>	1,804	2,517
<i>Contract liabilities</i>	1,402	1,310
<i>Short-term borrowings</i>	2,022	3,449
<i>Lease liabilities</i>	384	451
<i>Term loan</i>	122	-
<i>Current tax liabilities</i>	12	48
	5,746	7,775
TOTAL LIABILITIES	9,091	8,254
TOTAL EQUITY AND LIABILITIES	58,938	48,000
Net Assets Per Share (RM)	0.50	0.76

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	← 9 Months Ended →	
	30.09.2021 RM'000	30.09.2020 RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(2,544)	(3,500)
Adjustments For:-		
Allowance for impairment of receivables	-	255
Amortisation of leasehold land and improvements	15	-
Bad debts written off	-	243
Depreciation of property, plant and equipment	1,174	829
Depreciation of right-of-use asset	297	270
Loss on disposal of property, plant and equipment	57	-
(Loss)/Gain on foreign exchange - Unrealised	(18)	8
Gain on disposal of subsidiary	-	(11)
Reversal of impairment of trade receivable	(55)	-
Interest expenses	134	161
Interest income	(212)	(683)
	1,392	1,072
Operating Loss Before Working Capital Changes	(1,152)	(2,428)
Changes In Working Capital		
Inventories	139	(1,527)
Receivables	(17,323)	(1,831)
Payables	(602)	3,406
Cash Used In Operations	(18,938)	(2,380)
Interest paid	(134)	(161)
Tax Paid	(68)	(177)
Net Cash Used In Operating Activities	(19,140)	(2,718)
Cash Flows From Investing Activities		
Acquisition of subsidiary	(160)	-
Interest received	212	683
Capital work-in-progress incurred	(6,280)	-
Proceeds from disposal of subsidiary	-	43
Proceeds from disposal of property, plant and equipment	268	-
Purchase of property, plant and equipment	(4,347)	(28)
Net Cash (Used In) / Generated From Investing Activities	(10,307)	698
Cash Flows From Financing Activities		
Drawdown of term loan	3,400	-
Placement of pledged fixed deposit	(167)	-
Net proceeds from issuance of shares	12,508	1,846
Net (repayments) / proceeds of bankers' acceptance	263	1,437
Net repayments of lease liabilities	(450)	(389)
Net repayment of term loan	(30)	-
Net Cash Generated From Financing Activities	15,524	2,894
Net (Decrease)/Increase In Cash And Cash Equivalents	(13,923)	874
Cash And Cash Equivalents At Beginning Of The Financial Year	13,969	16,259
Cash And Cash Equivalents At End Of The Financial Period	46	17,133
Cash and cash equivalents at end of the financial period comprise:		
Cash and cash equivalents	12,970	28,149
Bank overdrafts	(892)	(516)
	12,078	27,633
Less: Deposits pledged as security for banking facilities	(12,032)	(10,500)
	46	17,133

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

	-----Attributable to owners of the Company-----			TOTAL EQUITY RM'000
	Non-distributable	Distributable		
	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS/ ACCUMULATED LOSSES RM'000	
Current financial period ended 30 September 2021				
At 1 January 2021	42,098	-	(2,352)	39,746
Movement during the period (cumulative)				
- Loss for the period	-	-	(2,407)	(2,407)
Share issuance expenses	-	-	(492)	(492)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(2,899)	(2,899)
Private Placement	13,000	-	-	13,000
At 30 September 2021	55,098	-	(5,251)	49,847
Preceding financial period ended 30 September 2020				
At 1 January 2020	40,201	228	2,803	43,232
Movement during the period (cumulative)				
- Loss for the period	-	-	(3,644)	(3,644)
Share issuance expenses	-	-	(51)	(51)
Other comprehensive income				
- Disposal of foreign investment	-	(228)	-	(228)
Total comprehensive income / (expense) for the period	-	(228)	(3,695)	(3,923)
Private Placement	1,897	-	-	1,897
At 30 September 2020	42,098	-	(892)	41,206

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

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021**

Part A: Explanatory Notes Pursuant To MFRS 134

A1. Corporate information

CN ASIA CORPORATION BHD is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

A2. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements of the Group for the financial year ended 31 December 2020 except for the adoption of the following MFRSs and Amendments to MFRSs that are applicable to the Group effective 1 January 2021:-

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact to the Group’s financial statements.

A3. Auditors’ report on preceding annual financial statements

The auditor’s report of the Group’s annual audited financial statements of the preceding financial year was not subject to any qualification.

A4. Seasonal and cyclical factors

The business operations of the Group were not significantly affected by any seasonal and cyclical factors in the current quarter and financial year-to-date.

A5. Items of an unusual nature

There were no item affecting assets, liabilities, equity, net income, or cash flows that are unusual due to their nature, size or incidence. The reimplementation of the Movement Control Order (“MCO”) since 6 May 2021 has affected the Group’s equity and net income during the preceding and current quarter ended 30 June 2021 and 30 September 2021 respectively.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

A6. Material changes in estimates

There were no changes in estimates reported in prior interim periods of the current financial year or prior financial year, which have a material effect in the current interim period except for the changes in the recognition of depreciation to straight line basis and estimated useful lives of the property, plant and equipment of the Group with effect from 1 July 2020. The effect of these changes on depreciation expense, included in the income statements are as follow: -

	Corresponding Quarter			Cumulative Quarter		
	3 Months Ended	3 Months Ended	Variance	9 Months Ended	9 Months Ended	Variance
	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	30.09.2021 RM'000	30.09.2020 RM'000	RM'000
Depreciation expenses	391	504	(113)	1,174	829	345

A7. Changes in debts and equity securities

There were no other issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the current financial year-to-date up to the date of this report, except for the follows: -

- a) On 5 May 2021, the Company issued 5,491,200 new ordinary shares at an issue price of RM1.2987 per placement share pursuant to the Proposed Private Placement.
- b) On 1 June 2021, the Company allotted and issued 90,605,940 new ordinary shares pursuant to the Proposed Bonus Issue of Shares.
- c) On 12, 26, 27 August and 22 October 2021, the Company issued 6,500,000, 4,321,000, 3,500,000 and 679,000 new ordinary shares at issue price of RM0.4150, 0.4050, 0.4060 and 0.4496 per placement share respectively pursuant to the Proposed Private Placement.

A8. Dividend paid

There was no dividend paid during the financial year-to-date.

A9. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

- (a) Manufacturing
Manufacture tanks and related products, engineering and fabrication works.
- (b) Financial services
Providing moneylending services.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

Operating Segments (Cont'd)

- (c) Investment
Investment holdings comprise of companies providing management services and dormant companies.

Business segments

	Manufacturing RM'000	Financial Services RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue	7,682	-	-	-	7,682
Inter-segment revenue	-	-	45	(45)	-
Total revenue	<u>7,682</u>	<u>-</u>	<u>45</u>	<u>(45)</u>	<u>7,682</u>
Results					
Segment results	(2,149)	(2)	(471)	-	(2,622)
Finance costs	(134)	-	-	-	(134)
Interest income	174	-	38	-	212
Loss before tax	<u>(2,109)</u>	<u>(2)</u>	<u>(433)</u>	<u>-</u>	<u>(2,544)</u>
Tax expense	137	-	-	-	137
Loss after tax	<u>(1,972)</u>	<u>(2)</u>	<u>(433)</u>	<u>-</u>	<u>(2,407)</u>
Assets					
Segment assets	<u>42,174</u>	<u>14,050</u>	<u>2,714</u>	<u>-</u>	<u>58,938</u>
Liabilities					
Segment liabilities	<u>9,053</u>	<u>1</u>	<u>37</u>	<u>-</u>	<u>9,091</u>
Included in the measure of segment assets					
Capital expenditure	4,752	-	-	-	4,752
Depreciation and amortisation	<u>1,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486</u>

Geographical information

Not applicable.

A10. Trade and other receivables

	Current Quarter Ended 30.09.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
Trade receivables		
Non-related parties	1,490	2,368
Less: Allowance for impairment of receivables	(510)	(808)
	<u>980</u>	<u>1,560</u>
Financing Receivables	<u>14,000</u>	<u>-</u>
	<u>14,980</u>	<u>1,560</u>
Other receivables, deposits and prepayments	6,574	1,662
Total trade and other receivables	<u>21,554</u>	<u>3,222</u>

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part A: Explanatory Notes Pursuant To MFRS 134 (Cont'd)

Trade and other receivables (Cont'd)

The trade receivables of the Group, net of allowance for impairment, as at the end of the current quarter amounted to RM1.0 million can be analysed as follows: -

	Credit Period				Total
	Within	Exceeding			
	Not past due, not impaired	1 to 30 days past due, not impaired	31 to 60 days past due, not impaired	> 60 days past due, not impaired	
Trade receivables (RM'000)	499	125	157	199	980
% of total trade receivables (%)	51	13	16	20	100

The Group's normal trade credit term granted to its customers ranges from 30 to 90 days. The trade receivables, net of allowance for impairment for the current financial quarter ended 30 September 2021, that are past due for more than 60 days amount to RM0.2 million, representing 20% of the total trade receivables of the Group. These receivables are creditworthy receivables and the Group maintains good business relationship with on-going business transactions with these customers. As at the date of this report, RM0.2 million or 24% of the Group's total receivables as at 30 September 2021 has been collected.

A11. Material subsequent events

There was no material event subsequent to the end of the current quarter reported, up to 27 October 2021, being the latest practicable date ("LPD"), which is not earlier than seven (7) days from the date of issuance of this quarterly report, that has not been reflected in the financial statements for the period, except as disclosed in Note B6 of this report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date, except for the acquisition of 100% stake, representing 100 ordinary shares, in Southborn Capital Sdn Bhd for a cash consideration of RM160,000 on 15 April 2021.

A13. Changes in contingent liabilities

	Current Quarter Ended 30.09.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
<u>Secured</u> Bankers' guarantee issued in favour of third parties	1,335	813

A14. Capital commitments

There was no capital expenditure approved and contracted for in the current quarter and the financial year-to-date.

A15. Significant related party transactions

There were no significant transactions entered into between the Group and other related parties during the current quarter under review.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities

B1. Performance review

	Individual Quarter				Cumulative Quarter			
	3 Months Ended	3 Months Ended	Variance		9 Months Ended	9 Months Ended	Variance	
	30.09.2021 RM'000	30.09.2020 RM'000	Amount RM'000	%	30.09.2021 RM'000	30.09.2020 RM'000	Amount RM'000	%
Revenue	2,445	6,835	(4,390)	(64)	7,682	11,397	(3,715)	(33)
Loss before interest and tax	(1,153)	(538)	(615)	(114)	(2,410)	(3,339)	929	28
Loss before tax	(1,210)	(602)	(608)	(101)	(2,544)	(3,500)	956	27
Loss after tax	(1,039)	(652)	(387)	(59)	(2,407)	(3,644)	1,237	34
Loss attributable to owners of the Company	(1,039)	(652)	(387)	(59)	(2,407)	(3,644)	1,237	34

The Group recorded a revenue of RM2.4 million for the current quarter, representing a decline of 64% against the corresponding quarter ended 30 September 2020. Revenue from all products, except for road tankers, collectively increased by RM0.4 million, whereas revenue from road tankers recorded a sharp decline of RM4.8 million. The overall decline in revenue was largely due to one particular contract to supply road tankers secured in the previous year coupled which contributed RM4.9 million of the total revenue of the corresponding quarter coupled with the reimplementation of MCO since May 2021. There has been no revenue derived from the financial services segment during the quarter as the loan was disbursed towards the end of the quarter under review.

The MCO has continued affecting the business activities and the Group's performance for the quarter. The low activities as a result of the reimplementation of the MCO has resulted in the Group reporting a gross loss during the quarter. Accordingly, the Group recorded a higher loss before tax ("LBT") of RM1.2 million for the current quarter against a LBT of RM0.6 million recorded for the preceding year's corresponding quarter.

For the current financial year-to-date, the Group's revenue decreased by RM3.7 million or 33% compared to the preceding financial year-to-date. Revenue from all products, except for road tankers and LPG vessels, collectively recorded an increase of RM3.0 million whereas revenue from road tankers and LPG vessels collectively recorded a decrease of RM6.7 million for the current financial year-to-date. Despite a lower revenue recorded, the Group registered a lower LBT of RM2.5 million, compared to a LBT of RM3.5 million for the preceding financial year-to-date.

B2. Comments on results against the immediate preceding quarter

	3 Months Current Quarter	3 Months Preceding Quarter	Variance	
	30.09.2021 RM'000	30.06.2021 RM'000	Amount RM'000	%
Revenue	2,445	2,452	(7)	0
Loss before interest and tax	(1,153)	(600)	(553)	(92)
Loss before tax	(1,210)	(635)	(575)	(91)
Loss after tax	(1,039)	(652)	(387)	(59)
Loss attributable to owners of the Company	(1,039)	(652)	(387)	(59)

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

Comments on results against the immediate preceding quarter (Cont'd)

The Group's revenue for the current quarter of RM2.4 million was 7% lower than the immediate preceding quarter of RM2.5 million. Despite a marginal reduction in revenue reported during the quarter, the Group reported a higher LBT of RM1.2 million compared to a LBT of RM0.6 million in the preceding quarter.

Whilst the reimplementing of the MCO with interstate travel restriction and suspension of on-site project activities, the Group's production activities were restricted, and delivery schedule of its products were postponed during the quarter under review. The Group resumed to its normal operation in September 2021.

B3. Commentary of prospects

The Board is of the view that business conditions remain vigilant in view of the increasing steel material pricing. Amidst the challenging business operating environment continue to pose challenges to the Group, the Group will continue to remain cautious and constantly monitor the situation by taking appropriate measures to pursue more projects to sustain the Group's business and improve the Group's performance.

The Directors expect the continued effort in managing the Covid-19 pandemic will improve the general outlook on the business environment towards recovery phase. The Group will continue its effort to drive its performance improvements along the recovery of the economy environments. Nonetheless, the Group will remain cautious by monitoring the impact from the Covid-19 pandemic and will continue to take the necessary precautions approach in its strategic planning in order to mitigate such impact.

Barring further unforeseen circumstances, the Group expects its overall performance for the financial year ending 31 December 2021 remain challenging.

B4. Profit forecast or profit guarantee

Not applicable as no profit forecast was announced or disclosed in any public document.

B5. Tax expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Income tax				
- Current year	17	47	51	141
- (over)/under provision in prior year	(188)	3	(188)	3
	<u>(171)</u>	<u>50</u>	<u>(137)</u>	<u>144</u>

The tax for the current quarter was in respect of tax provided on interest revenue earned from placement of fixed deposits. The Group's effective tax rate for the quarter was lower than the statutory tax rate mainly due to utilisation of previously unrecognised deferred tax assets.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B6. Status of corporate proposals and utilisation of proceeds

Except for the following disclosures, there were no corporate proposals that has been announced by the Company and not yet completed as at the LPD.

(a) Proposed Private Placement 2019

The status of utilisation of proceeds from the Private Placement of RM1,815,280, completed on 9 May 2019, are as follows: -

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Overhaul of machinery	1,731	(178)	1,553	December 2022
Estimated expenses in relation to the Private Placement	84	(84)	-	Completed
	<u>1,815</u>	<u>(262)</u>	<u>1,553</u>	

(b) Proposed Private Placement 2021#1

The status of utilisation of proceeds from the Private Placement of RM7,131,421, which was completed on 5 May 2021, are as follows: -

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Purchase of raw material	6,000	(2,208)	3,792	May 2022
Working capital	631	(631)	-	Completed
Estimated expenses	500	(500)	-	Completed
	<u>7,131</u>	<u>(3,339)</u>	<u>3,792</u>	

(c) Proposed Private Placement 2021#2

On 22 June 2021, the Company proposed to undertake a private placement of up to 15,000,000 new ordinary shares in the Company ("Placement Shares"), representing approximately 10% of the existing total number of issued Shares, to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Private Placement").

The rationale for this Proposal is to enable the Group to raise fund to fund its business expansion into the money lending business undertaken through its newly acquired wholly-owned subsidiary, Southborn Capital Sdn Bhd. The Group intends to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to small-medium enterprises.

On 24 June 2021, Bursa Securities had, vide its letter dated 24 June 2021, approved the listing and quotation of up to 15,000,000 Placement Shares to be issued pursuant to the Private Placement.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

Status of corporate proposals and utilisation of proceeds (Cont'd)

(c) *Proposed Private Placement 2021#2(Cont'd)*

The Board announced the price-fixing for the Private Placement in tranches and the status of each tranche is as follow: -

	<u>Price-fixing Date</u>	<u>No of placement shares</u>	<u>Issue price (RM)</u>	<u>Listing date</u>
First tranche	30 July 2021	6,500,000	0.4150	12 August 2021
Second tranche	16 August 2021	4,321,000	0.4050	26 August 2021
Third tranche	17 August 2021	3,500,000	0.4060	27 August 2021
Fourth tranche	14 October 2021	679,000	0.4496	22 October 2021
		<u>15,000,000</u>		

The utilisation of proceeds from the first three tranches of Private Placement amounted to RM6,173,783, as at the LPD, are as follows: -

<u>Purpose</u>	<u>Actual proceeds raised RM'000</u>	<u>Actual utilisation RM'000</u>	<u>Balance unutilised RM'000</u>	<u>Expected time frame for utilisation</u>
Money lending business	6,051	(6,051)	-	Completed
Estimated expenses	123	(123)	-	Completed
	<u>6,174</u>	<u>(6,174)</u>	<u>-</u>	

On 22 October 2021, TA Securities on behalf of the Company announced that the Proposed Private Placement is completed following the listing of and quotation for 679,000 Placement Shares on the Main Market of Bursa Malaysia Securities on 22 October 2021.

(d) Memorandum of Agreement (“MOA”)

On 12 October 2021, the Board announced that the Company had on the even date entered into a MOA with Poly China United Capital Holdings Limited with the intention to enter into a collaboration to explore opportunities in the poly green energy and drone technology to achieve the objectives of the MOA.

As part of the Company’s commitment to venture into green energy, the Company is proposed to fund the setting up of prototype to harness the solar power.

On 14 October 2021, the Company further announced that the various systems and products offered by Poly are in relation to solar energy system for conversion of heat into energy and in particular electricity and the estimated cost of the prototype is approximately RM100,000.00.

The necessary announcement will be made in due course.

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

B7. Group borrowings

	Current Quarter Ended 30.09.2021 RM'000	Financial Year Ended 31.12.2020 RM'000
<u>SECURED</u>		
Short term		
Bank overdraft	892	2,582
Bankers' acceptance	1,130	867
	2,022	3,449
Lease liabilities	384	451
Term loan	122	-
	2,528	3,900
Long term		
Lease liabilities	97	479
Term loan	3,248	-
	3,345	479
Total Borrowings	5,873	4,379

There were no foreign currency borrowings included in the above balances.

B8. Material litigation

There was no pending material litigation against the Group at the date of this report.

B9. Dividend

There was no interim dividend declared during the current quarter and financial year-to-date.

B10. (Loss) / Earnings per share

(a) Basic loss per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Loss after tax for the period	(1,039)	(652)	(2,407)	(3,644)
Weighted average number of ordinary shares in issue ('000)	100,546	51,585	100,546	51,585
Basic loss per share (sen)	(1.03)	(1.26)	(2.39)	(7.06)

**Notes To The Condensed Consolidated Interim Financial Statements
For The Third Financial Quarter Ended 30 September 2021 (Cont'd)**

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements of Bursa Securities (Cont'd)

(Loss) / Earnings per share (Cont'd)

(b) Diluted loss per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Loss after tax for the period	(1,039)	(652)	(2,407)	(3,644)
Weighted average number of ordinary shares in issue ('000)	100,546	51,585	100,546	51,585
Assume shares issued from full exercise of Warrants ('000)	30,202	-	30,202	-
	<u>130,748</u>	<u>51,585</u>	<u>130,748</u>	<u>51,585</u>
Diluted loss per share (sen)	(0.79)	(1.26)	(1.84)	(7.06)

B11. Additional disclosure on loss before tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Loss before tax is derived after charging/(crediting) the following: -				
Allowance for impairment of receivables	-	(340)	-	255
Amortisation of leasehold land	10	-	15	-
Bad debts written off	-	243	-	243
Depreciation of property, plant and equipment	391	503	1,174	828
Depreciation of right-of-use asset	99	90	297	270
Interest expenses	57	64	134	161
Interest income	(61)	(221)	(212)	(683)
Loss on disposal of property, plant and equipment	-	-	57	-
(Gain)/Loss on foreign exchange				
- Unrealised	(10)	12	(18)	8
- Realised	-	53	5	75
Gain on disposal of subsidiary	-	(10)	-	(10)
Reversal of allowance for impairment of receivables	-	-	(55)	-

B.12 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 03 November 2021.

BY ORDER OF THE BOARD

GOH CHOOI WOAN (MAICSA 7056110) (SSM PC No. 201908000145)
Company Secretary
Selangor, 03 November 2021