KANGER INTERNATIONAL BERHAD
康尔国际

KANGER INTERNATIONAL BERHAD

[Registration No.: 201201030306 (1014793-D)]

ANNUAL REPORT

2021

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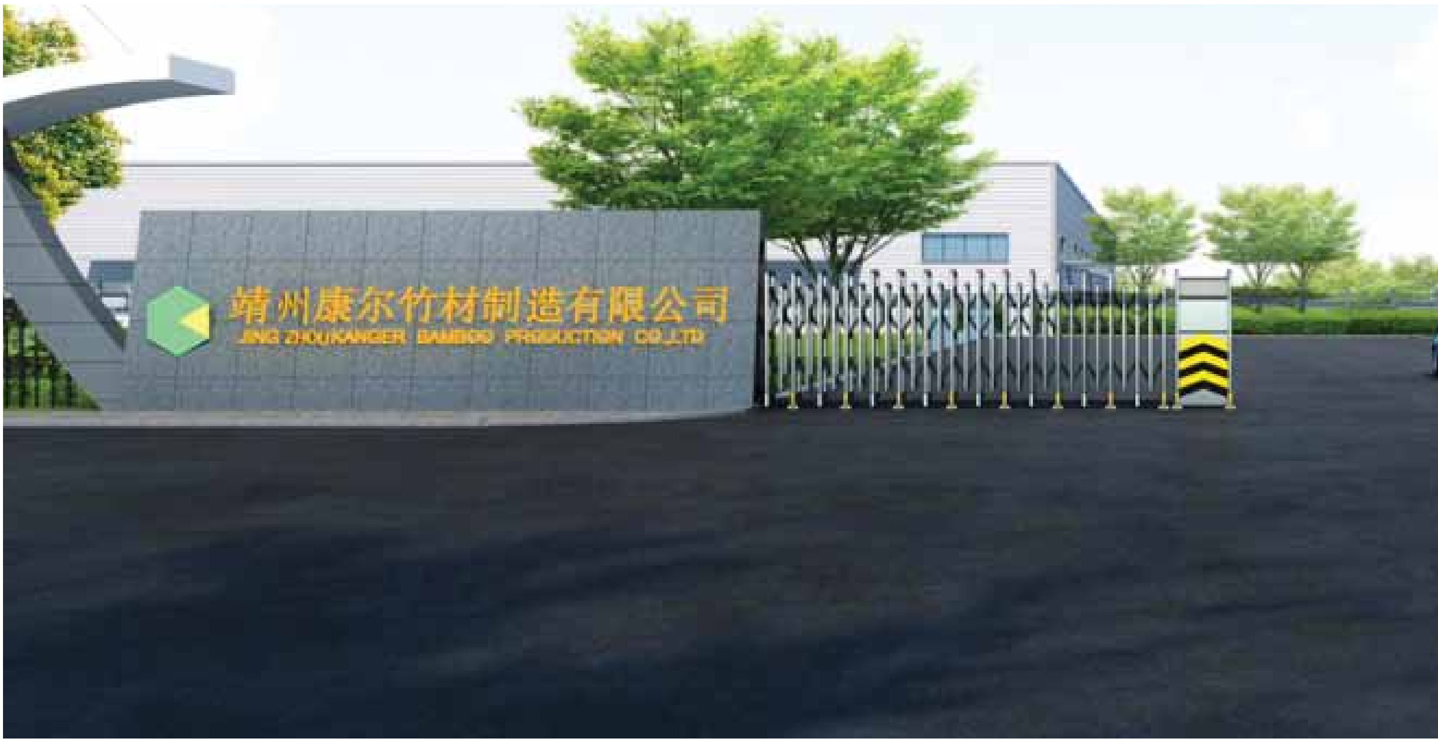
OUR **PRODUCTS**



ACHIEVE PERFECTION, QUALITY FIRST

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Nur Jazlan bin Mohamed
(Independent Non-Executive Chairman)

Wu Wai Kong
(Executive Director)

Kuah Choon Ching
(Executive Director)

Low Poh Seong
(Independent Non-Executive Director)

Mazlan bin Mohamad
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Low Poh Seong
(Chairman/Independent Non-Executive Director)

Datuk Nur Jazlan bin Mohamed
(Member/Independent Non-Executive Director)

Mazlan bin Mohamad
(Member/Independent Non-Executive Director)

REMUNERATION COMMITTEE

Datuk Nur Jazlan bin Mohamed
(Chairman/Independent Non-Executive Director)

Low Poh Seong
(Member/Independent Non-Executive Director)

Mazlan bin Mohamad
(Member/Independent Non-Executive Director)

NOMINATION COMMITTEE

Datuk Nur Jazlan bin Mohamed
(Chairman/Independent Non-Executive Director)

Low Poh Seong
(Member/Independent Non-Executive Director)

Mazlan bin Mohamad
(Member/Independent Non-Executive Director)

SHARE ISSUANCE SCHEME COMMITTEE

Kuah Choon Ching
(Chairman/Executive Director)

Wu Wai Kong
(Member/Executive Director)

Datuk Nur Jazlan bin Mohamed
(Member/Independent Non-Executive Chairman)

COMPANY SECRETARIES

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC No. 202008002451)

Thong Pui Yee
(MAICSA 7067416)
(SSM PC No. 202008000510)

PRINCIPAL PLACE OF BUSINESS/MANAGEMENT OFFICE

K-3-12 & K-3-13
Solaris Mont Kiara
No. 2, Jalan Solaris, Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Malaysia
Tel. : (603) 6413 0143
Email : jw@kangergroup.com
Website : www.krbamboo.com

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Malaysia
Tel. : (603) 6201 1120
Fax. : (603) 6201 3121

AUDITORS

CAS Malaysia PLT (LLP0009918-LCA) & (AF 1476)
Chartered Accountants
B-5-1, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor Darul Ehsan
Malaysia
Tel. : (603) 8075 2300 / 80 / 81
Fax. : (603) 8600 5463

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Malaysia
Tel. : (603) 6201 1120
Fax. : (603) 6201 3121

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: KANGER
Stock Code : 0170
Listed on 23 December 2013

GROUP CORPORATE STRUCTURE

KANGER INTERNATIONAL BERHAD
Incorporated in Malaysia
Investment Holding

- **100% — Kanger Investment (HK) Limited**
  Incorporated in Hong Kong
  Investment Holding
  - **100% — Ganzhou Kanger Industrial Co., Ltd**
    Incorporated in People's Republic of China
    Manufacturing and trading of bamboo flooring and related products, as well as property investment and management
    - **100% — Yanshan (County) Kanger Bamboo Industry Co. Ltd**
      Incorporated in People's Republic of China
      Manufacturing and trading of bamboo flooring and related products (ceased operation in 2019)
    - **100% — Shenzhen Kanger Holding Co., Ltd**
      (fka Shenzhen Kanger Bamboo Wood Co. Ltd)
      Incorporated in People's Republic of China
      Trading of bamboo flooring, bamboo furniture and related products
      - **70% — Shenzhen Juner Development Co. Ltd**
        Incorporated in People's Republic of China
        Investment holding and consultancy
        - **70% — Jingzhou Kanger Holdings Co. Ltd**
          Incorporated in People's Republic of China
          Investment holdings, manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercal services
          - **100% — Jingzhou Kanger Bamboo Manufacturing Co., Ltd.**
            Incorporated in People's Republic of China
            Manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercal services
          - **100% — Jingzhou Kanger Bamboo Development Co., Ltd.**
            Incorporated in People's Republic of China
            Bamboo forest planting, manufacturing and trading of bamboo products and flooring.
  - **100% — Kanger Trading (HK) Co., Limited**
    Incorporated in Hong Kong
    Trading of bamboo flooring, and related products
- **100% — Kanger Ventures Sdn. Bhd.**
  Incorporated in Malaysia
  Research and development of bamboo products, trading of bamboo flooring and related products, trading of construction products
- **100% — Kanger Glove Manufacturing Sdn. Bhd.**
  Incorporated in Malaysia
  Glove Manufacturing
- **100% — Kanger Medical International Sdn. Bhd.**
  (f.k.a Kanger Technology Sdn. Bhd.)
  Incorporated in Malaysia
  Trading of medical and healthcare equipment, pharmaceutical medicinal, products and services

CORPORATE MILESTONES

2004

- Established Shenzhen Kanger Bamboo Wood Co., Ltd
- Recognised as sole authorised bamboo flooring supplier of B&Q China, which is part of Kingfisher Plc Group
- Launched environmentally friendly bamboo flooring products under 'Kanger' brand

2007

- Invented interlocking system which enables easy installation for some bamboo flooring products

2008

- Ventured upstream into the manufacturing of bamboo flooring by acquiring Ganzhou Kanger Industrial Co., Ltd
- Commenced construction of manufacturing plant in Ganzhou city, People's Republic of China
- Obtained CE marking in recognition of compliance with European Union legislation

2009

- Obtained trademark registration for 'Kanger' brand from State Administration for Industry and Commerce of the People's Republic of China

2010

- Expanded operations range to include the manufacturing of strand woven bamboo flooring and related products by acquiring Yanshan (County) Kanger Bamboo Industry Co., Ltd

2011

- Entered into Research and Development Agreement with Malaysian Forestry Research and Development Board to collaborate on research and development
- Launched 'KAR Masterpiece' brand for premium strand woven bamboo flooring and related products
- Improved interlocking system to facilitate easier installation of flooring products and obtained a patent for this improved interlocking system

2012

- Obtained trademark registration for 'KAR Masterpiece' brand
- Established first 'KAR Masterpiece' retail store in Shenzhen, People's Republic of China

2013

- Listed on the ACE Market of Bursa Malaysia Securities Berhad

2014

- Launched new series of high-end flooring products under its brand 'KAR ACE' and awarded 14 'KAR ACE' dealership in China in 2014

2016

- Set up trading company in Hong Kong under Kanger Trading (HK) Co. Limited
- Launched new series of bamboo furniture products

2018

- Signed distributorship agreement with Classen International GmbH to act as exclusive distributor for CLASSEN's products in China

2020

- Signing of two separate lease agreements with Ganzhou Jiache Automobile Trading Co. Ltd. and Ganzhou Fuying Kaili Hotel Management Co. Ltd. (collectively referred to as "Lessees") for the lease of a six-storey commercial building (AutoCity Building) and a nineteen-storey commercial building (Hotel Commercial Building) respectively, to these Lessees.

2021

- Diversified into new construction business aimed at deriving synergy with the property investment and management segment.
  Acquired 51% stake in building materials supplier, Sung Master Holdings Sdn Bhd for RM94.8 million.
  Acquired 126 units of service apartments at Antara @ Genting Highlands for RM142.87 million.
- One of the new subsidiaries, Kanger Medical International Sdn Bhd is making inroads into the healthcare industry by sourcing for face masks and Covid-19 vaccines.

BOARD OF DIRECTORS' PROFILES

BOARD OF DIRECTORS' PROFILE

DATUK NUR JAZLAN BIN MOHAMED

Age	55
Gender	Male
Nationality	Malaysian
Qualification	• Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom • A Council Member of the Malaysian Institute of Accountants (MIA) from 2001 to 2011 • A Council Member of the ASEAN Federation of Accountants (AFA) for 10 years from 2001 to 2011 • Accountancy from Emile Woolf School of Accountancy, London
Position on our Board	Independent Non-Executive Chairman
Date first appointed to our Board	28 September 2020
Membership of our Board Committees	Member of Audit and Risk Management Committee Chairman of Remuneration Committee Chairman of Nomination Committee Member of Share Inssuance Scheme Committee
Working experience	With a background as Professional Accountant, Hon. Datuk Nur Jazlan has various corporate experiences since 1990 and was appointed as a member of Board of Directors of Prinsiptek Bhd, Jaycorp Berhad and Telekom Malaysia Berhad, all are listed on the Bursa Malaysia. He was also appointed as Chairman of the Audit Committee of Telekom Malaysia Berhad. Besides that, he was also appointed to the Board of Directors for Government-Linked Companies (GLCs) such as Penang Port Sdn. Bhd. and Chairman of UDA Holdings Bhd. In the field of professional accounting, he is a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom, a Council Member of the Malaysian Institute of Accountants (MIA) from 2001 to 2011, and also a Council Member of the ASEAN Federation of Accountants (AFA) for 10 years from 2001 to 2011. In September 2014, he won the election of the Council of the International ACCA which made him the first Malaysian politician who won the election. After serving as Chairman of the Public Accounts Committee (PAC) of Malaysian Parliament for two years, since July 2013, Hon. Datuk Nur Jazlan resigned from his position after he sworn in as the Deputy Minister of Home Affairs on 29 July 2015.
Occupation	Company Director
Any other directorships in public companies or listed corporation	Fast Energy Holdings Berhad (formerly known as Techfast Holdings Berhad)

Board of Directors' Profile (cont'd)

DATUK NUR JAZLAN BIN MOHAMED (cont'd)

Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	2 out of 2

Board of Directors' Profile (cont'd)

WU WAI KONG

Age	37
Gender	Male
Nationality	Malaysian
Qualification	• International Financial Manager Program from International Financial Management Association, Shanghai, China • BA (Honour) Degree in International Hospitality Management from Swiss Hotel Management School, Caux, Switzerland • Diploma in Hotel Management from Sunway University, Selangor Darul Ehsan, Malaysia • High School Diploma from Catholic High School, Selangor Darul Ehsan, Malaysia
Position on our Board	Executive Director
Date first appointed to our Board	25 October 2019
Membership of our Board Committees	Member of Share Inssuance Scheme Committee
Working experience	From October 2006 to September 2007, he worked as Food and Beverage Management Trainee in Frenchmans Creek Golf and Country Club in Palm Beach, Florida. From October 2007 to October 2008, he worked as Room Division Management Trainee in Intercontinental Buckhead in Atlanta, Georgia. From January 2009 to December 2009 (Singapore), he worked as Operation Executive in Global Education Link Pte Ltd, Singapore. His job scopes include transport coordination, guest tour scheduling, tour destination booking, guest accommodation and guest communications. From February 2010 to March 2013, he was the Business Operation Manager with Excel Print & Pack Sdn. Bhd., in-charge of all operational areas such as purchasing, production, delivery and ensuring the smooth running of daily operations and resolving issues while supervising and monitoring 50 employees in the factory. From April 2013 to April 2016, he was the Managing Partner of Vittle Tree (M) Sdn. Bhd., managing the company's overall operations, sales, administration and accounts. He was also involved in french fries factory set-up and developed sales network and distribution to South East Asia.
Occupation	• Assistant General Manager, PBA (China) Co. Ltd. by PBA Group Singapore Partner, China Economy Financial Holding Co. Ltd.

Board of Directors' Profile (cont'd)

WU WAI KONG (cont'd)

Any other directorships in public companies or listed issuers	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Direct Interest: 6,745,300 ordinary shares Indirect Interest: 1,780,000 ordinary shares held through his direct family members
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	5 out of 5

Board of Directors' Profile (cont'd)

KUAH CHOON CHING

Age	36
Gender	Male
Nationality	Malaysian
Qualification	Degree in Mechanical Engineering from University of Sunderland, United Kingdom
Position on our Board	Executive Director
Date first appointed to our Board	24 August 2020
Membership of our Board Committees	Chairman of Share Inssuance Scheme Committee
Working experience	Mr. Kuah is an experienced businessman and entrepreneur with a proven track record in the diverse sectors of consumer products, property development, and manufacturing for various packaging industries. Mr. Kuah started his career in the United Kingdom upon graduating from the University of Sunderland. He worked in a Group of Companies, which was involved in trading and distributing products within the downstream of Oil and Gas Industry. He resigned and founded CCK Petroleum Group in 2007, and is the Group Managing Director of CCK Group today. Under his leadership, the Group has seen significant growth and has expanded its operations to cover international marine oil bunkering, oil tanker carrier operation, marine lubricants and marine oil trading. Due to his diverse experience, he was later appointed as an Executive Director of Dnonce Technology Berhad on 2 May 2018, and was subsequently promoted to Chief Executive Officer on 1 September 2018. During his tenure in Dnonce Technology Berhad, he spearheaded corporate exercises such as fund raising, diversification and share buy-back exercises for the company. As the CEO, he played an active role in streamlining the diverse operations of the Group through an agile, focus-based strategy. Mr. Kuah is very well versed in various industries, such as manufacturing and printing for the glove making, medical, electrical and electronics, automotive industries and more.
Occupation	Company Director
Any other directorships in public companies or listed issuers	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	25,000,000 ordinary shares
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	2 out of 2

Board of Directors' Profile (cont'd)

LOW POH SEONG

Age	44
Gender	Male
Nationality	Malaysian
Qualification	Bachelor of Business (Honours) in Accounting and Law Statistics from Middlesex University Business School
Position on our Board	Independent and Non-Executive Director
Date first appointed to our Board	30 September 2020
Membership of our Board Committees	• Chairman of Audit and Risk Management Committee • Member of Remuneration Committee • Member of Nomination Committee
Working experience	Mr. Low has more than 18 years of experience in accounting and finance. He started his career as an Assistant Finance Manager, where his scope involved in preparation of forecast, budget, accounting, and tax computation. He then embarked in auditing field where he held the position as Executive Internal Auditor with Low Yat Group. In 2016, Mr Low rejoined the finance sector where he was appointed as Assistant Finance Manager and Senior Financial Management Advisory Manager in Nglobe Sdn. Bhd. and CMA Management Sdn. Bhd. respectively. In year 2017, he moved on to carried out freelance works.
Occupation	Company Director
Any other directorships in public companies or listed issuers	Anzo Holdings Berhad
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	2 out of 2

Board of Directors' Profile (cont'd)

MAZLAN BIN MOHAMAD

Age	57
Gender	Male
Nationality	Malaysian
Qualification	Degree in Accounting, Northern University of Malaysia (UUM)
Position on our Board	Independent and Non-Executive Director
Date first appointed to our Board	4 January 2021
Membership of our Board Committees	• Member of Audit and Risk Management Committee • Member of Remuneration Committee • Member of Nomination Committee
Working experience	Encik Mazlan graduated with Degree in Accounting from Northern University of Malaysia (UUM) in 1988. After his graduation (1988-1989), he hold a position for one year as a platoon commander REJ 105 AW in Ministry of Defence (MINDEF). From 1989 to 1994, he worked as a Senior Investigation Officer Prime Minister Department in Anti-Corruption Agencies (ACA). About 19 years (1994-2013), he held a position as a Senior Manager of Finance and Management Services in Ministry of Transports in Penang Port Commission. During this time, he oversee and managed Port Tariff, Cruise Ship, Ferry Operation and Container/Cargo Statistic. From 2013, he resumed the position as Business Development Director with Harvest Court Industrial Berhad Company. At the same time, he is also a Managing Director in Kawalan Keselamatan Ikhlas Sdn. Bhd. And from 2014 to 2017, he was the Executive Director in Anzo Holding Berhad. He is also the Executive Director of Meditours Sdn. Bhd., Director of Business Development in Lagenda Erajuta Sdn. Bhd. and also as Director of Business Development of GE Properties Sdn. Bhd. and Tinta Anggun Sdn. Bhd. He is the Chairman for Zicron Sdn. Bhd. and also actives in Reserve Army now held position Commanding Officer (CO) at REJ. 509(AW) rank Leftenan Kolonel.
Occupation	Company Director
Any other directorships in public companies or listed issuers	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	1 out of 1

KEY SENIOR **MANAGEMENT’S** PROFILES

KEY SENIOR MANAGEMENT'S PROFILES

The profiles of other Key Senior Management are as follows:-

Wu Wai Kong, aged 37, Male, Malaysia

Mr. Wu Wai Kong is currently the Executive Director of the Group. He oversees overall business operation and development of the Group.

Further details of his profile are set out in the Profile of Directors appeaning on page 10-11 of the Annual Report.

Kuah Choon Ching, aged 36, Male, Malaysian

Mr. Kuah Choon Ching is currently the Executive Director of the Group. He oversees overall business operation and development of the Group.

Please refer to Profile of Director appearing on page 12 of the Annual Report.

ZHAN XIUXIA (詹秀霞)

Age	47
Gender	Female
Nationality	Chinese (People's Republic of China)
Qualification	Bachelor of Business in Finance, South China Normal University
Position	Chief Financial Officer ("CFO")
Date first appointed to our Board	4 June 2019
Working experience	Upon graduation from South China Normal University in 1996, she joined Shenzhen Saiba Electronics Co., Ltd. as Finance Manager which she left in 1999. She then joined Shenzhen Nongerge Co., Ltd. as CFO and served with the company until 2007.She joined Shenzhen Jieboruihua Technology Co., Ltd. as its CFO from 2007 to 2012. In 2012, she joined our Group as CFO and was instrumental in assisting our Group listings process. She left in 2014 and joined Shen Xian Technology (Shenzhen) Co., Ltd. as CFO until 2018.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil

Key Senior Management's Profile (cont'd)

SHEN SHANZI (沈珊子)

Age	43
Gender	Male
Nationality	Chinese (People's Republic of China)
Qualification	Diploma in Business Management, Nanchang University
Position	Head of Production, Ganzhou Kanger Industrial Co., Ltd
Date first appointed to our Board	1 July 2010
Membership of our Board Committees	Nil
Working experience	He began his career with Shenzhen Taiwei Footwear Co., Ltd. in 2000 as Head of Production and Trading Departments where he was in charge of product development and management. He joined Shenzhen Minghaifeng Footwear Co., Ltd. as its director of Production and Trading Departments in 2008 prior to joining our Group in 2010.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil

CHAIRMAN'S STATEMENT

To Our Shareholders,

On behalf of our Board of Directors, it gives me great pleasure to present the Annual Report and Audited Financial Statements of Kanger International Berhad ("the Company") and its subsidiaries (collectively "the Group") for the financial period ended 31 March 2021 ("FPE 2021"), which covered an extended 15-month reporting period between 1 January 2020 and 31 March 2021.

It is an honour for me to be appointed as the Chairman of Kanger, a position I assumed in September 2020. I am looking forward to work alongside my fellow Board members and the management team to lead Kanger to greater heights.

PERFORMANCE OVERVIEW

FPE 2021 was a year full of trials and tribulations. In the face of the Coronavirus disease 2019 ("COVID-19") outbreak and continued heightened geopolitical tensions between People's Republic of China ("PRC") and the United States of America ("USA"), these unprecedented events took a heavy toll on the global economy. The global GDP in 2020 fell by 3.5%, which is the worst economic downturn since the Great Depression of the 1930s.

Our home market, PRC, was not sparred from this upheaval. To tackle the advent of COVID-19, the Government of PRC had resorted to the implementation of stringent lockdown measures to contain the spread of the disease in early 2020. As a result, PRC experienced a 6.8% contraction in Gross Domestic Product ("GDP") for the first quarter of 2020. Nonetheless, owing to the nimble response to the crisis and successful containment of the COVID-19 outbreak, the Chinese economy rebounded thereafter and soared sharply by expanding 2.3% in 2020 on a full year basis.

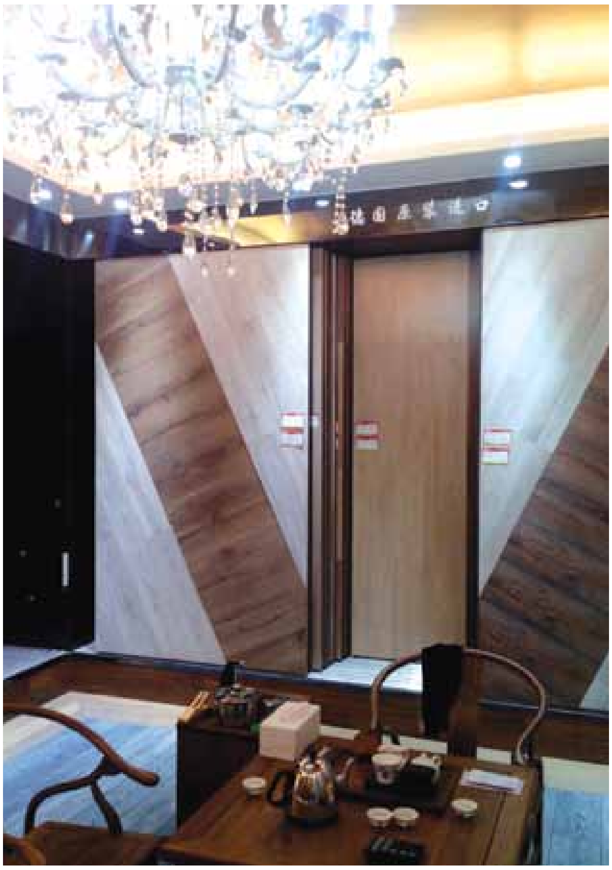
On a positive note, the global economy is projected to expand 5.6% in the year of 2021 due to the strong rebounds that will be posted from a few major economies according to the World Bank. PRC in particular, is anticipated to rebound 8.5% in the year of 2021, elevated by the release of pent-up demand.

As the relocation of our bamboo processing and manufacturing operations from Ganzhou to Jingzhou was still ongoing during the year which affected our main business operations, the Group recorded a revenue of RM33.89 million and a loss after tax attributable to the owners of the Company ("net loss") of RM51.07 million for FPE 2021. The financial performance is not comparable to prior year as Kanger has changed its financial year end.

NEW ENGINES OF GROWTH

In the fourth quarter of 2020, the construction of our new bamboo concession and processing plant in Jingzhou was completed. Although the plant is still in the early phases of testing and commissioning, we are looking forward to the positive financial contribution it will bring to the Group once commercial production commences. 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.

Chairman's Statement
(cont'd)



Aside from the promising progress made in the relocation plan of our new bamboo and processing plant, the Group had explored various opportunities to diversify and expand our revenue portfolio so as to enhance our footing to withstand different economic conditions. This is proven to be crucial due to the emergence of various unprecedented events occurring over the past year.

Moving forward, the Group has decided to place stronger emphasis on expanding our new business segments which are i) construction and ii) property investment and management.

Currently, the Group is working together with a few parties to complete multiple construction projects across a few sites in the state of Selangor and Pahang to the tune of approximately RM1.0 billion. The Group is also in the midst of applying for the Grade 7 contractor license from the Construction Industry Development Board ("CIDB") and aims to tender for new construction projects to further grow our construction orderbook.

As part of our plans to enhance our competitiveness in the construction industry, the Group will be purchasing a 51% stake in building materials supplier, Sung Master Holdings Sdn. Bhd. The acquisition will broaden the Group's product offerings to also include other building materials such as timber, flooring, tiles, bulk cement, concrete, locksets and sanitary ware.

This strategic acquisition is well-aligned to strengthen and complement the Group's newly established construction business as Kanger will be able to source the building materials directly from Sung Master's suppliers to better manage the input cost and enhance the profitability of these construction projects.

Furthermore, in line with our aim to continuously seek for suitable and viable acquisition opportunities in strategic locations, the Group had also purchased 126 service apartment units at Antara @ Genting Highlands on an en-bloc basis. Expected to be completed in 2024, we believe that the rental income or capital gains arising from these property units will contribute positively to the Group.

For more detailed analysis of our financial performance and corporate developments, please refer to the Management Discussion and Analysis of this Annual Report.

CORPORATE GOVERNANCE

At Kanger, we continue to underline the importance of sound business practices and ethical behaviour in pursuit of sustainable growth and long-term value creation for our shareholders.

Chairman's Statement (cont'd)

As a public listed entity, it is vital to ensure that our Group's business conducts are aligned with the Malaysian Code on Corporate Governance ("MCCG"). Meanwhile, we are also guided by the policies and procedures enforced at Kanger in adherence to the principles of integrity, transparency and accountability as embedded in the Group's Code of Ethics and Conduct.

In addition, our Group is committed to drive the execution of the Group's integrity, governance and anti-corruption initiatives by aligning with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

For more details, the undertakings implemented across the Group to strengthen corporate governance are encapsulated in our Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control.

MARKET OUTLOOK

The global demand for bamboo products will continue to be driven by growing global disposable income, a rise in consumer awareness and increasing use of sustainable alternatives to timber. As consumers are concerned about the effects of timber logging, bamboo has become more in demand globally as it is viewed as a more eco-friendly, biodegradable and more easily renewable resource. In addition, it is more cost-effective than timber. According to an Independent Market Researcher's report by Providence, the global bamboo products market is forecasted to grow to USD84.3 billion in 2022.

In Malaysia, on the back of economic relief measures introduced by the Government, the economy is expected to grow by 4.5% in 2021. In line with the Group's efforts to strengthen its portfolio of construction and property investments in Malaysia, these new business segments are expected to contribute positively to the Group in the near future. We remain committed on laying the right foundations to support our long-term business growth.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to extend my utmost gratitude to Mr. Leng Xingmin, Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan and Dato' Kuan Ah Hock, who have relinquished their roles as Managing Director, Chairman and Deputy Chairman respectively. Additionally, my appreciation also goes to Mr. Kenneth Hooi Chi-Kin @ Zarif Kenneth and Encik Syed Hazrain Bin Syed Razlan Jamalullail who stepped down as Executive Directors during the year. Kanger's achievements over the recent years would have not been possible without their relentless efforts and contributions.

I would also like to thank Mr. Chong Amita, Datuk Seri Dr. Md Zabid Bin Haji Abdul Rashid, Dato' Haji Markiman Bin Kobiran and Mr. Lim Yong Lee for their valuable advice and insights provided throughout their tenure as Non-Executive Directors.

With that, it is my pleasure to welcome Mr. Kuah Choon Ching as our new Executive Director. I am also glad to have Encik Mazlan Bin Mohamad and Mr. Low Poh Seong as our new Independent Non-Executive Directors. They bring with them a wealth of experience in the fields of business development, property development, accounting and finance. We look forward to their invaluable contributions in spearheading the Group to our next phase of growth.

I wish to convey my heartfelt gratitude to our loyal management team and employees of Kanger for their continued hard work, perseverance and dedication in steering the company in the midst of a challenging time. My sincerest thanks also go to our stakeholders that include, amongst others, shareholders, customers, business partners, bankers and relevant authorities for their unwavering support and trust in Kanger. Looking ahead, we remain steadfastly committed to turnaround the Group as we strive to enhance shareholders' value and seize greater milestones in the coming years.

Datuk Nur Jazlan bin Mohamed
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Our Group specialises in the manufacturing and trading of bamboo flooring, bamboo furniture and bamboo related products for the residential and commercial markets, as well as an original equipment manufacturer (OEM) to meet customers' demand.

Kanger is also the sole exclusive distributor in the People's Republic of China ("PRC") for the "CLASSEN" brand of high-end hardwood flooring products from Germany.

Earlier, the Group's main bamboo processing plant was in Ganzhou, Jiangxi Province and it has recently been relocated to Jingzhou, Hunan Province as part of the Group's strategic collaboration with the local government of Jingzhou to develop a new high-tech bamboo processing plant and R&D center. Construction of the new plant was completed in the fourth quarter of 2020 and is now undergoing testing and commissioning.

There are three main sales offices located in Shenzhen and Hong Kong, PRC as well as a newly established one in Kuala Lumpur, Malaysia to serve non-Chinese speaking markets.

In addition to PRC, we also export our products globally. Our principal export markets include countries in North and South America, Europe and Asia.

Over the years, we have been the recipient of various accreditations and/or awards in recognition of amongst others, our quality products and customer service. We were presented with the Excellence Award for Best Supplier to the Chinese Bed & Breakfast Industry at the 2019 International B&B Industry Development Forum and the 2019-2020 "Illustrious Brand" award by the China Renovation & Construction Alliance for the "CLASSEN" brand.

In addition, our commitment to quality and environmentally responsible practices have also enabled us to obtain the ISO 9001:2008 certification for our Quality Management System and the ISO 14001:2004 certification for our environmental management system.

Our Group has also recently received approval from shareholders to diversify into property investment and management and construction business.

OPERATIONAL HIGHLIGHTS

Due to a change in the financial year from 31 December to 31 March, the financial year under review is for a period of 15 months, from 1 January 2020 to 31 March 2021 ("FPE 2021").

FPE 2021 was a transformative year for us at Kanger. While working hard to steer the Group in the midst of a pandemic, the management team embarked on various corporate activities aimed at strategically positioning the Group to seize attractive market opportunities that will propel the Group's growth going forward.

We are pleased to share with you the major developments taken to shape our Group into a more diversified and resilient listed entity.

Management Discussion and Analysis (cont'd)

BAMBOO BUSINESS

During the financial period under review, operations at our bamboo business segment were dampened due to the relocation of our bamboo processing manufacturing operations from Ganzhou to Jingzhou, PRC. With the completion of the construction of our new plant in the fourth quarter of 2020, we are poised for greater recovery by way of commencement of higher production capacities and operating efficiencies from the use of modern bamboo processing machinery and equipment.

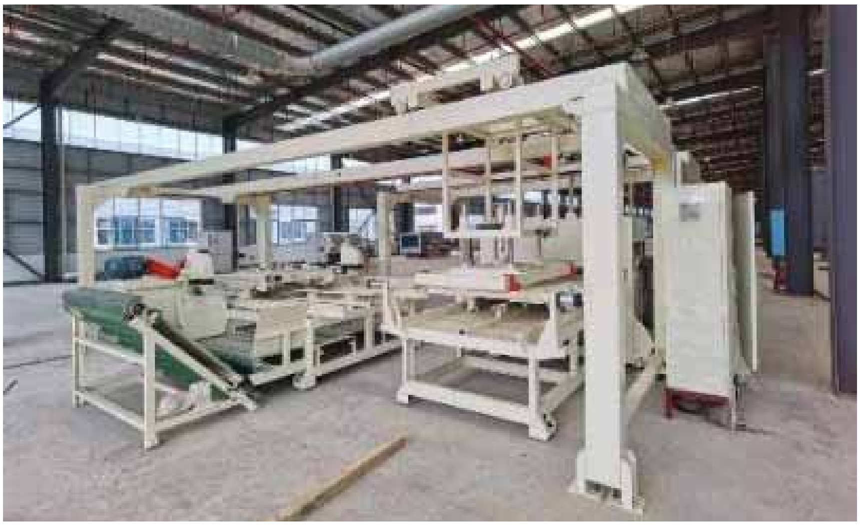


Figure 1 Bamboo processing machinery at the Kanger plant in Jingzhou

In addition, as part of the collaboration, the Jingzhou government will inject a bamboo plantation concession totalling an estimated 8,431 hectares over three phases. Under phase one, an area of approximately 2,430 hectares of fully mature ready-to-harvest raw bamboo surrounding the plant has been made available.

The venture upstream into bamboo plantation concession represents a critical component in building a resilient business model. A continuous steady stream of raw bamboo supply strengthens the success factor of this project, laying a solid and sustainable foundation for the business.

This will enable Kanger to be less reliant on external supply sources and not be disrupted by supply shortages. Furthermore, the Group will also benefit from enhanced cost efficiencies as we will no longer be affected by the fluctuations of raw material prices of bamboo supplies. Also, our Group will enjoy lower transportation costs due to the shorter distance between the manufacturing plant and the bamboo plantation. These will reduce input costs which will in turn, enhance our cost competitiveness and provide greater value proposition for customers.

PROPERTY INVESTMENT AND MANAGEMENT

Investment in service apartments at Antara @ Genting Highlands

Under the current economic climate whereby the property market has been adversely affected by the Covid-19 pandemic and MCO, we believe this is an opportune time to invest in properties at attractive prices and capitalise on the long-term recovery prospects of the property market.

In line with our Group's intention to continuously seek for suitable acquisition opportunities in strategic locations to expand the contribution of the property investment and management segment, the Group purchased on an en-bloc basis, 126 service apartment units at Antara @ Genting Highlands for RM142.87 million to be satisfied entirely via cash. Antara @ Genting Highlands, which is currently being developed by Aset Kayamas Sdn Bhd ("AKSB"), is an ongoing residential development consisting of a total of 1,460 units of fully-furnished service apartment across 4 towers with 1 floor of commercial/ retail space, 1 floor dedicated to a convention hall and 3 floors of common amenities and facilities, atop a 10 storey car park podium.

Management Discussion and Analysis (cont'd)

Antara @ Genting Highlands is currently under construction with development expected to be completed in 2024. As the property units are strategically located in the well-known leisure and tourism destination of Genting Highlands, we are optimistic of the future prospects of these units. Upon completion, these units may be sold for capital gains or leased out for rental income and/or the provision of management services.

CONSTRUCTION BUSINESS

In order to further expand our Group's source of earnings, Kanger embarked on a diversification into the construction business. In our view, the new construction business may also derive synergy with the property investment and management segment, by allowing our Group to offer a broader range of property-related services to provide additional value to future clients. Further, the construction business may leverage on the property investment and management segment's existing business network to tender for new construction contracts.

At present, the Group has secured construction projects which have a total orderbook of approximately RM1 billion. Moving forward, the Group will expand its construction business by undertaking building construction, civil engineering and project management contracts as a main contractor or sub contractor. We also aim to secure the Grade 7 contractor license from the Construction Industry Development Board ("CIDB") which will enable us to undertake construction projects of any value.

To enhance our competitive edge in the construction industry, we will also be acquiring a 51% stake in building materials supplier, Sung Master Holdings Sdn Bhd for RM94.8 million, which will be satisfied via a combination of cash and new share issuance.

Sung Master is primarily involved in the sales and trading of building materials, which include, timber flooring, tiles, bulk cement, concrete, locksets and sanitary ware. Based in Malaysia, Sung Master has an established network of clientele encompassing players from the property and construction industries as well as engineering consultants who are either a main contractor or a sub-contractor of a development project. Sung Master has supplied and is supplying a total of 22 projects, consisting of both residential and mixed development projects.

This acquisition is complementary with the Group's existing business in the property related and construction business segments. The horizontal acquisition of an industry peer enables us to widen our product offerings from our existing business of manufacturing and trading of bamboo flooring to also include other building materials such as timber flooring, tiles, bulk cement and concrete.

This would enable Kanger to expand its market presence and operational capacities, and to capture a larger market share in the trading of building materials industry in Malaysia. In addition, by leveraging on Sung Master's existing suppliers, we can reap competitive advantage by sourcing building material supplies at relatively competitive prices. Sung Master is a financially profitable company and has consistently delivered a profitable performance over the past 3 financial years from FYE 31 January 2018 up to the audited 17-month FPE 30 June 2020 and latest unaudited 10-month FPE 30 April 2021. For the latest 10-month FPE 30 April 2021, Sung Master reported an unaudited profit after tax of RM11.8 million against revenue of RM76.0 million. Hence, the consolidation of Sung Master's financial performance will augur well to the Group's profitability and cash flow position in the near future.

Management Discussion and Analysis (cont'd)

OTHER CORPORATE DEVELOPMENTS

To further strengthen our financial position and capital base, Kanger embarked on several corporate exercises which successfully raised a total of RM154.78 million during the financial period.

Redeemable convertible notes

During FPE 2021, 702.23 million new ordinary shares have been issued arising from the conversion of redeemable convertible notes which successfully raised total proceeds of RM51.40 million during the financial period.

Share Issuance Scheme ("SIS")

On 24 December 2019, Kanger had undertaken a share option scheme and share grant scheme of up to 30% of the total number of issued shares to the directors and employees of the Group. During the period under review, approximately 382.02 million of ordinary shares were subscribed at an exercise price range of RM0.0650 to RM0.0992 per ordinary share for a total cash consideration of RM33.65 million under the SIS.

Private Placement

In FPE 2021, the Group had also embarked on a private placement exercise of up to 20% of the total number of issued shares to third party investors. The Group successfully raised proceeds totalling RM63.17 million from the issuance of 386.97 million new shares.

Proposed Subscription

The Group entered into a subscription agreement with Executive Director, Mr Kuah Choon Ching for a subscription of 769.51 million new Kanger shares at the subscription price of RM0.06 per share. The proceeds to be raised of RM46.17 million will be utilised to partially finance the purchase consideration for the acquisition of 51% stake in Sung Master.

Proposed Rights Issue with Warrants

The Group also proposed a renounceable rights issue with warrants exercise, on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with 1 Warrant B for every 1 Rights Share subscribed for ("Proposed Rights Issue with Warrants").

Based on the issue price of RM0.06 per Rights Share, the minimum and maximum gross proceeds to be raised from the Proposed Rights Issue with Warrants are RM20.00 million and RM171.72 million respectively.

The proceeds raised from the corporate exercises above will mainly be utilised to finance the Group's expansion plans which include the acquisition of the service apartments units in Genting Highlands, purchase of Sung Master and for other suitable and viable business/investment opportunities with the intention of expanding the Group's earnings.

The acquisition of Sung Master, subscription agreement with Mr Kuah Choon Ching and Proposed Rights Issue with Warrants exercise are expected to be completed in the coming financial year ended 31 March 2022 ("FYE 2022").

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE

Revenue

As FPE 2021 is for a 15 months period, there are no comparative figures for the cumulative preceding year corresponding period. For FPE 2021, the Group recorded a total revenue of RM33.89 million, mainly attributable to the sales of bamboo flooring and its related products as well as the strand woven and furniture made by bamboo.

Our business operations during the year were disrupted due to the government-mandated lock downs to curb the spread of Covid-19 outbreak which turned into a global pandemic. In addition, the relocation of our bamboo processing and manufacturing operations from Ganzhou, PRC to Jingzhou, PRC was ongoing throughout the year which had temporarily affected our income source.

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

	15M FPE 2021 RM'000	FPE 2019 RM'000
PRC	18,106	25,018
Malaysia	-	11,004
New Zealand	5,590	10,959
Mexico	4,682	7,355
United Arab Emirates	-	2,942
Others*	5,511	7,759
Total	33,889	65,047

Gross Profit

Kanger posted a gross profit of RM2.33 million in FPE 2021. The gross profit margin stood lower at 6.88%, mainly due to management's effort to clear some of the old stocks by granting higher discount to our customers. The decline in the sales of strand woven bamboo flooring which generally commands a higher gross margin due to the relocation of activities to Jingzhou was also a contributing factor to the lower gross profit margin.

Loss After Tax

In FPE 2021, the Group registered a loss after tax of RM50.93 million due to a series of non-recurring expenses totalling RM67.63 million recorded during the year.

These included:-

- impairment loss on trade and other receivables of RM46.93million;
- plant, property and equipment written off of RM0.02 million
- intangible assets written off of RM1.80 million;
- inventories written off of RM0.39 million;
- loss on disposal of quoted share of RM4.87 million; and
- SIS option expenses of RM7.91 million.

The impact of these expenses was partially offset by the recognition of the fair value gain on revaluation of investment properties which amounted to RM39.22 million.

Assets

As at 31 March 2021, the Group's total assets increased to RM414.85 million, as compared to RM239.20 million as at 31 December 2019. The increase was largely attributable to the rise in the Group's investment properties and rise in cash and cash equivalents which stood at RM81.72 million as compared to RM10.26 million previously.

Management Discussion and Analysis (cont'd)

The surge in cash and cash equivalents was mainly due to the proceeds raised from the various fund-raising exercises undertaken during the year. In addition, the Group had generated a positive net operating cash flow of RM34.66 million. Trade and other receivables decreased by RM50.00 million to RM39.15 million as at 31 March 2021 mainly due to an impairment loss on trade and other receivables of RM46.93 million.

Liabilities

Total liabilities stood higher at RM142.39 million as compared to RM86.10 million previously. The increase is mainly due to higher trade and other payables of RM68.96 million as compared to RM22.23 million in the prior financial year. Total borrowings rose by RM12.00 million or 23% to RM62.87 million mainly due to drawdown of term loans to part finance the construction of the new bamboo processing and manufacturing plant in Jinzhou, the PRC. Majority of the borrowings, totalling RM58.00 million are denominated in Chinese Yuan ("CNY") and are used to finance the Group's operations in PRC. They are not hedged to Ringgit Malaysia and were translated to Ringgit Malaysia at the exchange rate of CNY1.00: RM 0.63 as at 31 March 2021. The balance of RM4.87 million is hire purchase liabilities and is denominated in Ringgit Malaysia.

Gearing ratio stood at a healthy level of 0.23 times. The Group is in a net cash position with total cash of RM81.71 million exceeding total borrowings of RM62.87 million. Our balance sheet has the capability and flexibility to fund future investments, should opportunities arise.

Shareholders' equity

Shareholders' equity increased to RM260.06 million from RM143.62 million as share capital more than doubled to RM259.1 million from RM104.33 million previously.

KNOWN TRENDS AND EVENTS

The principal business of our Group is usually not significantly affected by seasonal or cyclical factors save for the long Chinese New Year holidays in the PRC in the financial quarter ended 31 March 2020 and 31 March 2021.

However, the Covid-19 pandemic and on-going relocation of our main bamboo plant had negatively impacted the financial performance of Kanger in FPE 2021.

KNOWN MAJOR RISKS AFFECTING OUR GROUP

Disruption in supply and/or price fluctuation of bamboo materials

Supply risks

We require a steady supply of raw bamboo as raw materials for our bamboo operations. As we currently source from third party suppliers, we may be affected by supply shortages or sudden price hikes. The strategic move of our bamboo processing plant to Jingzhou with its own fully-matured bamboo concession will enable us to have better control over the supply of raw bamboo in the future.

Competition within our industry and from substitute flooring products

The bamboo flooring and furniture industry is highly fragmented with many bamboo manufacturers spread across PRC. Furthermore, bamboo flooring and furniture can be substituted with a variety of other materials. Their closest substitutes are other wood types, including solid wood, engineered solid wood, laminate wood and cork flooring.

Hence, it is important for us to compete effectively against these competitors in terms of product quality, product range and customer service. We are focused on improving the quality of our products and accelerate the development of new products through R&D. We are also constantly looking at ways to improve the processing technology of bamboo to develop products that meet the needs of today's consumers in terms of aesthetic and functional factors. Our new high-tech R&D centre in Jingzhou will be playing an integral role in this regard once it has been completed.

Foreign currency risk

All of our Group's purchases and sales within PRC are transacted in CNY. However, we are exposed to transactional currency risk primarily through our export sales that are denominated in United States Dollars ("USD").

Management Discussion and Analysis (cont'd)

Currently, there is no formal hedging policy with respect to foreign exchange exposure. Historically, there has been a relatively stable relationship between the USD and CNY due to central bank policies. In times of economic uncertainty, the USD which is typically deemed as a "safe haven" currency, tends to rise against most other currencies, including the CNY, which is advantageous to the Group as our export sales are in USD. Therefore, hedging activities during such times may actually limit our potential forex gains.

Nonetheless, exposure to foreign currency risks are closely monitored at all times and our Group may in future consider implementing appropriate hedging strategies to mitigate such risks if necessary.

FUTURE OUTLOOK

BAMBOO BUSINESS

With the commencement of our new bamboo processing plant in Jingzhou, we are looking forward to the normalisation of our bamboo manufacturing operations. The increased capacity and use of more modern equipment in the new plant is expected to contribute positively to the earnings contribution of this segment to our Group.

In addition, we will also be expanding our Group's portfolio of products with the launching of new bamboo flooring and bamboo furniture products with an added focus on "green" strand woven products.

The growing affluence amongst the middle-income populations in the PRC and around the world have led to a growing group of consumers who are willing to pay to enhance their individual lifestyles for greater comfort and pleasure. Bamboo flooring products are increasingly welcomed by the consumer due to merits like environmental friendliness and high price-to-performance ratio. This augurs well for the demand of bamboo flooring and furniture.

Furthermore, 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.

PROPERTY INVESTMENT AND MANAGEMENT BUSINESS

Our newly acquired service apartments units at Antara @ Genting Highlands which are due for completion in 2024 is expected to significantly benefit from the recovery of the property and tourism sector in Genting Highlands. Located in the state of Pahang, Malaysia, Genting Highlands is an integrated hill resort development that is one of the most popular tourist attractions in Malaysia amongst locals and international travellers.

Strategically located just an hour drive away from Kuala Lumpur city, Genting Highlands is now a major hospitality and shopping destination with multiple hotels, theme parks, and casinos, as well as shopping malls, which include premium outlets selling branded products at lower prices. The upcoming opening of the highly anticipated new outdoor movie inspired theme park, Genting SkyWorlds, which spans across 26 acres in size, is expected to further accelerate the numbers of locals and international travellers to Genting Highlands.

It is our intention to either sell the service apartment units at Antara @ Genting Highlands for capital gains and pending such sale, lease out the properties as vacation rental for rental income.

Meanwhile, we are constantly on the look-out for other attractive acquisition opportunities to expand the contribution of the property investment and management segment of our Group.

CONSTRUCTION BUSINESS

Over the near-term, the progress billing of our on-going construction projects which have a total orderbook of approximately RM1 billion and the consolidation of earnings from our new acquisition, Sung Master will positively impact our Group's earnings.

We aim to establish ourselves as a formidable construction player by leveraging on our business network and actively tendering for new construction projects. Moving forward, we are confident that our new construction business will be a significant growth driver in our Group's transformation journey.

In our view, the long-term prospect of our Group remains intact and positive. In spite of the disruptions caused by the

Covid-19 pandemic, the on-going global vaccine rollout will lead to the gradual recovery and resumption of global and domestic economic activities, normalisation of labour market conditions and easing of travel restrictions.

Barring any unforeseen circumstances, we anticipate a better performance ahead for Kanger.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Board of Directors ("Board") is fully committed to the principles and recommendations made in the Malaysian Code on Corporate Governance 2017 ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by us to achieve long term financial performance and growth as our Board is mindful of its accountability to our shareholders and various stakeholders.

Our Board is pleased to report to the shareholders, our application of the three (3) key principles of the MCCG during the financial period ended 31 March 2021 ("FPE 2021"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

Intended Outcome 1.0

- **Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company**

1.1 Strategic aims, values and standards

Our Board is responsible for the leadership, oversight and long-term success of our Group. Our Board has established a Board Charter to provide guidance and clarity for Directors and Management with regard to the functions reserved for Board and those to be delegated to Management.

Our Board has reserved a formal schedule of matters for its decision making to ensure that direction and control of our Group are firmly in its hands.

As part of its efforts to ensure the effective discharge of its duties, our Board has delegated certain functions to respective Board Committees with each operating within its clearly defined Terms of Reference ("**TOR**"). The Chairman of each Committee will report to our Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings.

Our Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

a) Audit and Risk Management Committee ("**ARMC**");
b) Nomination Committee ("**NC**");
c) Remuneration Committee ("**RC**"); and
d) Share Issuance Scheme Committee ("**SISC**")

The ARMC, NC and RC have their written TOR clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by our Board as a whole.

The SISC operates in accordance with the By-Laws. The number and proportion of the Company's shares to be issued shall be determined at the sole discretion of the SISC.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (Cont'd)

1.2 The Chairman of our Board

Datuk Nur Jazlan bin Mohamed is our Independent Non-Executive Chairman and his overall responsibility is to instil good corporate governance practices, provides leadership and ensures effectiveness of our Board. His profile is set out in the Board of Director's Profile of this Annual Report.

Our Chairman's responsibilities include:

(a) leadership of our Board;
(b) overseeing the effective discharge of our Board's supervisory role;
(c) facilitating the effective contribution of all Directors;
(d) conducting our Board's function and meetings;
(e) brief all the Directors in relation to issues arising at the meetings;
(f) scheduling regular and effective evaluations of our Board's performance; and
(g) promoting constructive and respectful relations between the Board members and the Management.

1.3 Separation of the position of Chairman and Managing Director

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to our Board and overall conduct of our Board. The Managing Director is responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

The roles and responsibilities of the Chairman and Managing Director are spelt out in our Board Charter as disclosed in our website at www.krbamboo.com.

1.4 The Company Secretary

The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in our statutory register. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training, and updates our Board regularly on the latest regulatory updates.

Our Board has ready and unrestricted access to the advice and services of the Company Secretary, who is considered capable of carrying out the duties to which the post entails.

Protocol for seeking of professional advisory services

Where applicable, our Directors whether as a full Board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the Company Secretary;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the Internal Auditors;
- For any other specific issues where professional advice is required to enable our Board to discharge its duties in connection with specific matters, our Board may proceed to do so, with prior consultation with the Managing Director cum Deputy Chairman, in relation to the quantum of fees to be incurred.

The appointment and removal of Company Secretary are matters for the Board as a whole.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (Cont'd)

1.5 Meeting materials

Agendas and discussion papers are circulated at least seven (7) days prior to our Board and Board Committees meetings to allow the Directors and Board Committee Members to study, evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of the discussion papers for each meeting of our Board and Board Committee meetings as well as matters arising from such meetings. Actions or updates on all matters arising from any meetings are reported in the subsequent meetings.

Notices on the closed periods for trading in the Company's securities in accordance with Chapter 14 of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") are served to the Directors prior to the commencement of the closed periods.

In between Board meetings, approvals on matters requiring the sanction of our Board are sought by way of circular resolutions enclosing all the relevant information to enable our Board to make informed decisions. All circular resolutions approved by our Board are tabled for notation at the subsequent Board meeting. Our Board also perused the decisions deliberated by the Board Committees through minutes of these Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing our Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require our Board's direction.

Intended Outcome 2.0

- **There is demarcation of responsibilities between the Board, Board Committees and Management.**
- **There is clarity in the authority of the Board, its committees and individual Directors.**

2.1 Board Charter

The Board Charter sets out the role, composition and responsibilities of our Board. It outlines processes and procedures for our Board and its Committees in discharging their stewardship effectively and efficiently.

The specific duties of our Board and a formal schedule of matters reserved for our Board and those delegated to the Management are spelt out in our Board Charter as disclosed in our website at www.krbamboo.com. It is the practice of our Board to deliberate on significant matters that concern the overall Group business strategy, acquisition or divestment, business expansion, major capital expenditures and significant financial matters as well review of the financial and operating performances of our Group.

The Board Charter is disclosed in our website at www.krbamboo.com.

Intended Outcome 3.0

- **The Board is committed to promote good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

3.1 Code of Conduct

Our Group has in place codes of ethics for Directors and employees based on four elements which are sincerity, integrity, responsibility and corporate responsibility. The Code of Conduct is disclosed in our website at www.krbamboo.com.

We recognise that any genuine commitment to detect and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conducts must include a mechanism whereby employees can report their concerns freely without fear of reprisal or intimidation. Any report received will be investigated and appropriate actions shall be taken by Human Resources Department.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (Cont'd)

3.2 Whistle Blowing Policy

Our Board has also established a whistle blowing policy to provide an opportunity for all employees of our Group and members of the public to disclose any improper conduct within our Group, and to provide protection for employees and members of the public who report such feedback. The whistle blowing policy is disclosed in our website at www.krbamboo.com.

PRINCIPLE A: PART 2 – BOARD COMPOSITION

Intended Outcome 4.0

- **Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.**

4.1 Board Composition

We are led by an experienced Board, comprising one (1) Independent Non-Executive Chairman, two (2) Executive Directors, and two (2) Independent Non-Executive Directors. This composition ensures that at least half (1/2) of the Board comprises of Independent Non-Executive Directors which is in compliance with Rule 15.02 of the ACE LR of Bursa Securities and Practice 4.1 of MCCG.

The current composition of our Board provides an effective Board with a mix of industry specific knowledge, broad-based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The roles of the Independent Non-Executive Chairman, the Executive Directors and the Independent Non-Executive Directors are separated and each has a clearly accepted division of responsibilities to ensure a balance of power and authority.

The number of Independent Directors is adequate to provide the necessary check and balance to our Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in the Board deliberations and the exercise of unbiased and independent judgement.

The biographical details of the Board members are set out in the Board of Directors' Profile section of this Annual Report.

4.2 Tenure of independent director

Our Board has not developed a policy which limits the tenure of our Independent Directors to nine (9) years. However, our Board is mindful that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on our Board as a Non-Independent Director pursuant to the MCCG. Otherwise, our Board will justify and seek shareholders' approval at the Annual General Meeting ("**AGM**") in the event our Board retains such Director as an Independent Director. If our Board continues to retain the Independent Director after the twelve (12th) year, our Board will seek annual shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the MCCG.

Our Board further recognises that tenure is not an absolute indicator of a Director's decreased independence and objectivity. Independent judgement and the continued ability to act in our best interests and the minority shareholders demonstrated through active participation at meetings should also be considered.

The independence of Directors is measured based on the criteria prescribed under the ACE LR of Bursa Securities in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in our best interests.

None of the Independent Directors has served more than nine (9) years on our Board as at the date of this Statement.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.3 Diversity of the Board and Senior Management

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

Our Board believes that there is no detriment to us in not adopting a formal gender, ethnicity and age group diversity policy as we are committed to provide fair and equal opportunities and nurturing diversity within our Group.

Notwithstanding with the above, our Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

In identifying suitable candidates for appointment to our Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on our Board.

4.4 Gender Diversity

Although presently there is no any gender diversity policy, our Board will strive to maintain female composition in line with the recommendation of the MCCG, in recognition of the contributions that female board members can bring to our Board and our Group. Currently, the board composition has no female Director as our female Non-Independent Non-Executive Chairman had resigned on 28 September 2020. Nevertheless, our Group is an equal opportunity employer and all appointments and employments are based on merits and are not driven by any racial or gender bias.

4.5 Board appointment

Appointment of the Board and re-election of Directors

Appointment of the Board

Our Board believes that individuals who are nominated to be a Director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to our Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serve the interests of the shareholders. In identifying candidates for appointment to our Board, our Board may rely on recommendations from existing Board members, major shareholders, the Management or independent sources.

The NC oversees the selection criteria and recruitment process and recommends to our Board, candidates for any directorships taking into consideration the candidates':-

- age, gender and ethnicity;
- competencies, commitment, contribution and performance;
- professionalism;
- integrity; and
- expected contribution to our Group.

The candidate is then recommended to our Board for approval before his/her appointment.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.5 Board appointment (Cont'd)

Appointment of the Board and re-election of Directors (Cont'd)

Re-election of Directors

In accordance with our Constitution, one-third of the Directors for the time being or if the number is not three (3) or multiple of three (3) then the number nearest to one-third shall retire from office at the AGM provided always that all Directors including a Managing Director or Deputy Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. The re-election of the retiring Directors who offered themselves for re-election are subject to the approval by shareholders at the AGM. In addition, any Director who is appointed either to fill a casual vacancy or as an additional Director, shall hold office only until the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Datuk Nur Jazlan bin Mohamed, Mr. Low Poh Seong and En. Mazlan bin Mohamad, who are retiring at the forthcoming Eighth (8th) AGM have offered themselves for re-election and recommended by the Board for shareholders' approval.

4.6 Nomination Committee

The NC comprises wholly of Independent Non-Executive Directors, as follows:-

Name	Position	No. of NC Meetings attended/held for the FPE 2021
Datuk Nur Jazlan bin Mohamed (Independent Non-Executive Chairman) *(Appointed on 9 November 2020)*	Chairman	1/1
Low Poh Seong (Independent Non-Executive Director) *(Appointed on 9 November 2020)*	Member	1/1
Mazlan bin Mohamad (Independent Non-Executive Director) *(Appointed on 30 April 2021)*	Member	None attended since his appointment on 30 April 2021
Lim Yong Lee (Independent Non-Executive Director) *(Resigned on 2 September 2020)*	Chairman	1/1
Y.Bhg. Dato' Haji Markiman bin Kobiran (Independent Non-Executive Director) *(Resigned on 2 September 2020)*	Member	1/1
Y.Bhg. Prof. Datuk Seri Dr. Md. Zabid bin Haji Abdul Rashid (Independent Non-Executive Director) *(Resigned on 31 December 2020)*	Member	1/1

The NC is empowered by our Board and its TOR to bring to our Board recommendations as to the appointment of new Directors. The NC reviews the required mix of skills, experience, diversity and other qualities of the Director, including core competencies. The NC also makes assessment on the effectiveness of our Board and evaluation of individual Director and Board Committees of our Board as a whole.

Having regard to the operations of our Group viz-a-viz the size and composition of our Board, our Board has dispensed with the formality of appointing a Senior Independent Non-Executive Director from amongst our Board Members. Any concerns from the shareholders can be conveyed to any of the Independent Non-Executive Director of our Board.

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.6 Nomination Committee (Cont'd)

The NC had undertaken the following activities for the FPE 2021:-

(i) Facilitated the self and peers' assessment on AC Members;
(ii) Reviewed the appointment of Datuk Jazlan bin Mohamed as Independent Non-Executive Chairman, and Mr. Kuah Choon Ching as our Executive Director and appointment of Mr. Low Poh Seong and Encik Mazlan bin Mohamad as Independent Non-Executive Directors;
(iii) Reviewed performance evaluation sheet for our Board and Board Committees;
(iv) Reviewed performance evaluation sheet for individual Director's and peer evaluation;
(v) Reviewed the effectiveness of the AC as a whole;
(vi) Assessed and evaluated the independence of the Independent Non-Executive Directors; and
(vii) Reviewed and recommended to our Board, the re-election of the Directors who retired at the Eighth (8th) AGM.

2021 Directors' Training

Our Directors are encouraged to attend continuing education programs and seminars to keep abreast with current developments in the market place and new statutory and regulatory requirements.

All members of our Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the FPE 2021, the Directors were briefed on the relevant changes arising from the amendments to the ACE LR of Bursa Securities, new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and changes in the accounting standards at the Board and Board Committees meetings.

In addition, the Directors had also attended the training programs and seminars as listed below:-

Directors	List of Training/ Conference/ Seminar/ Workshop Attended/ Participated	No. of Days
Low Poh Seong	Mandatory Accreditation Program (MAP)	1½ days

Our Directors will continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

Datuk Nur Jazlan bin Mohamed, Mr Wu Wai Kong, Mr Kuah Choon Ching and Mazlan bin Mohamad has not attended any training during FPE 2021 due to his busy schedule. However, they have kept themselves abreast on financial and business matters through readings and professional advice to enable them to contribute to the Board.

Upon review, our Board concluded that the 2021 Directors' Trainings were adequate.

2022 Training Needs

Upon review of the training needs of our Directors for the financial year ending 31 March 2022 and recognising the need to keep abreast with the fast changing business and regulatory environment, our Board has encouraged its members to attend at least two (2) continuing education programmes, whereby one (1) of those should be in relation to the ACE LR of Bursa Securities.

Intended Outcome 5.0
- **Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.**

5.1 Annual assessment of the Directors, Board as a whole and Board Committees

Our Board has through the NC, conducted the following annual assessments for the FPE 2021 as disclosed in the above Item 4.6 of this Statement.

Based on the evaluation done, it was noted that each Director had fair assessment with an above average rating.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

Intended Outcome 6.0

- **The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.**
- **Remuneration policies and decisions are made through a transparent and independent process.**

6.1 Remuneration Policy

Our Board does not have any formal remuneration policy. Notwithstanding that, RC is guided by the TOR of RC to recommend to our Board a Remuneration Framework on the fee structure and level of remuneration for the Managing Director and Executive Directors as well as remuneration package for Non-Executive Directors. The determination of remuneration packages of Non-Executive Directors is a matter for our Board as a whole.

For the FPE 2021, the RC had performed its duty to assess annually the remuneration package of our Managing Director, Executive Directors and Non-Executive Directors.

The proposed remuneration of Non-Executive Directors is reviewed and recommended by the RC to the Board for deliberation which comprises the following:-

Directors' Fees	These fees are payable to Non-Executive Directors and are recommended by our Board for the approval of the shareholders at AGM.
Meeting Allowance	This allowance is payable only to the Non-Executive Directors for attendance of our Board and Board Committees meetings. The meeting allowance, if any, will be recommended by our Board for shareholders' approval at the AGM.

The Directors' Fees recommended to the shareholders' approval for the FPE 2021 RM470,000.

5.2 Remuneration Committee

The RC comprises the following members:-

Name	Position	No. of RC Meetings attended/held for the FPE 2021
Datuk Nur Jazlan bin Mohamed (Independent Non-Executive Chairman) *(Appointed on 9 November 2020)*	Chairman	1/1
Low Poh Seong (Independent Non-Executive Director) *(Appointed on 30 April 2021)*	Member	None attended since his appointment on 30 April 2021
Mazlan bin Mohamad (Independent Non-Executive Director) *(Appointed on 30 April 2021)*	Member	None attended since his appointment on 30 April 2021
Y.Bhg. Dato' Haji Markiman bin Kobiran (Independent Non-Executive Director) *(Resigned on 2 September 2020)*	Chairman	1/1
Yang Mulia Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan (Non-Independent Non-Executive Chairman) *(Resigned on 28 September 2020)*	Member	1/1

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

6.2 Remuneration Committee (Cont'd)

The RC comprises the following members:- (Cont'd)

Name	Position	No. of RC Meetings attended/held for the FYE 2021
Y.Bhg. Prof. Datuk Seri Dr. Md. Zabid bin Haji Abdul Rashid (Independent Non-Executive Director) *(Appointed on 9 November 2020 and Resigned on 31 December 2020)*	Member	1/1
Leng Xingmin (冷醒民) (Managing Director cum Deputy Chairman) *(Resigned on 31 March 2021)*	Member	2/2

The principal objective of the TOR of RC is to achieve a balance between setting the level and structure of the remuneration package of Executive Directors so as to be able to attract and retain the best against its interest in not paying excessive remuneration. The duties and responsibilities of RC are clearly outlined in the TOR of RC.

As advocated under Guidance 6.2 of the MCCG, Directors who are shareholders would abstain from voting at the forthcoming Eighth (8th) AGM to approve their own fees.

6.3 Share Issuance Scheme Committee

The SISC was established by the Board on 20 November 2019 to administer and manage the Share Issuance Scheme comprising Share Option Scheme and Share Grant Scheme (collectively known as "Share Option Scheme") in accordance with the By-Laws.

The SISC composition is as follows:-

Name	Position
Kuah Choon Ching (Executive Director) *(Appointed as Member on 24 August 2020 and Redesignated as Chairman on 31 March 2021)*	Chairman
Wu Wai Kong *(Executive Director)*	Member
Datuk Nur Jazlan bin Mohamed (Independent Non-Executive Chairman) *(Appointed on 31 March 2021)*	Member
Leng Xingmin (冷醒民) (Managing Director cum Deputy Chairman) *(Resigned on 31 March 2021)*	Chairman

The Share Option Scheme will allow the Company to grant the share options to all the eligible persons of the Company and its subsidiaries ("**Group**"), excluding subsidiaries which are dormant as a recognition of their performance and contribution to the Group.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

Intended Outcome 7.0

- **Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Companys' performance.**

7.1 Details of the remuneration of Directors

The details of the remuneration of Directors on named basis for the FPE 2021 were as follows:-

	Directors' fees (RM'000)	Salaries, other emoluments and benefits (RM'000)	Allowances (RM'000)	Total (RM'000)
Executive Directors				
(i) Wu Wai Kong	–	406	–	406
(ii) Kuah Choon Ching *(Appointed on 24.08.2020)*	–	140	–	140
(iii) Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi *(Resigned on 28.08.2020)*	–	604.063	–	604.063
Subtotal	–	1,150.063	–	1,150.063
Non-Executive Directors				
(i) Datuk Nur Jazlan bin Mohamed *(Appointed on 28.09.2020)*	60	–	–	60
(ii) Low Poh Seong *(Appointed on 30.09.2020)*	18	–	–	18
(iii) Mazlan bin Mohamad *(Appointed on 4.01.2021)*	9	–	–	9
(iv) Yang Mulia Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan *(Resigned on 28.09.2020)*	65	–	–	65
(v) Dato' Kuan Ah Hock *(Resigned on 28.08.2020)*	54	–	–	54
(vi) Y Bhg Datuk Seri Dr. Md Zabid bin Haji Abdul Rashid *(Resigned on 31.12.2020)*	30	–	–	30
(vii) Dato' Haji Markiman bin Kobiran *(Resigned on 2.09.2020)*	36	–	–	36
(viii) Lim Yong Lee *(Resigned on 2.09.2020)*	24	–	–	24
(ix) Chong Amita *(Resigned on 24.08.2020)*	166	–	–	166
Subtotal	462	–	–	462
Grand Total	**462**	**1,150.063**	**–**	**1,612.063**

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

7.2 Remuneration of Senior Management

The remuneration packages of the Senior Management are determined with the objective to attract, retain and reward the Senior Management who run the operations of our Group. The remuneration packages of the senior management of our Group consist of both fixed and performance-linked elements. The fixed components include salaries and ordinary contractual entitlements. The performance-linked component includes a discretionary bonus payment taking into consideration our Group and individual performances and never of a percentage of the Group's revenue. There are no other incentives or compensation for 'loss of employment' or termination benefits. It is commercially disadvantageous to disclose the remuneration of our top senior management in this very competitive environment. The recruitment and retention of key technical/managerial personnel is challenging and is a key focus of our Human Resource policy. Remuneration remains an important consideration in this regard.

Key Management Personnel Remuneration

The key management of the Company who served during the financial year is listed out in the profile of key managements appearing on page 16-17 of the Annual Report and their total remuneration fall within the following bands:

Range of remuneration (RM)	No. of Key Management	
	Directors	Managers
50,000 and below	–	1
50,001 – 100,000	–	1
100,001 – 150,000	1	–
150,000 – 200,000	–	–
250,001 – 300,000	–	–
300,001 – 350,000	–	–
350,001 and above	1	–

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: PART 1 – Audit Committee

Intended Outcome 8.0
- **There is an effective and independent Audit Committee.**
- **There Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.**

8.1 The Chairman of the Audit and Risk Management Committee

Practice 8.1 of the MCCG stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

The Chairman of ARMC is Mr. Low Poh Seong while the Chairman of our Board is Datuk Nur Jazlan bin Mohamed.

The TOR of the AC has been updated accordingly in order for the AC to formalise such Practice.

8.2 Former audit key partner

Practice 8.2 of the MCCG requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The TOR of the AC has been updated accordingly in order for the AC to formalise such policy.

As a matter of practice, the AC has recommended to the NC not to consider any former key audit partner as a candidate for Board Directorship/Audit Committeeship to solidify the AC's stand on such Policy.

8.3 Suitability, objectivity and independence of the External Auditors

In accordance with the TOR of the AC, the AC would on an annual basis, reviews and monitors the suitability, objectivity and independence of the External Auditors. The AC sets policy and procedures on the provision of non-audit services by the External Auditors.

The AC will review, consider, and assess the suitability, objectivity, independence, credential and resources in performing the audit on the External Auditors annually before recommending to our Board for approval.

Messrs. Ong & Wong, the former External Auditors of the Company had resigned on 29 January 2021. Subsequently, the Company had appointed Messrs. CAS Malaysia PLT as the new External Auditors on 10 February 2021. Upon review the performance of the Messrs. CAS Malaysia PLT in performing the audit for FPE 2021, the ARMC recommended to our Board for the re-appointment of Messrs. CAS Malaysia PLT as our External Auditors for the financial year ending 31 March 2022. Our Board has in turn, recommended the same for shareholders' approval at our forthcoming Eighth (8th) AGM.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PRINCIPLE B: PART 1 – Audit Committee (Cont'd)

8.4 Qualification of the Audit and Risk Management Committee

Our Board ensures that the ARMC as a whole is financially literate and has sufficient understanding of our Group's business. The ARMC would also review and provide advices on the financial statements which give a true and fair view of our financial position, financial performance and cash flows position.

Our Board provides our shareholders with the Audited Consolidated Financial Statements and quarterly reports (interim reports) on a timely basis. The ARMC reviews the quarterly reports and Audited Consolidated Financial Statements, before the approval by our Board, focusing particularly on:-

(1) financial performance and financial position of the Company and its subsidiaries;
(2) changes in or implementation of major accounting policy to the financial statements;
(3) key audit matters of the Auditors' Report;
(4) significant and unusual events; and
(5) compliance with accounting standards and other legal requirements.

8.5 Composition of the Audit and Risk Management Committee

The ARMC comprised solely of three (3) Independent Non-Executive Directors, which comply with the following prescribed requirements:-

- Rule 15.09(1)(b) of the ACE LR which stipulates that *"all the audit committee members must be non-executive directors, with a majority of them being independent directors"*; and

- Step Up Practice 8.4 of the MCCG which recommends that the AC should comprise solely of Independent Directors.

PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0
- **Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
- **The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.**

9.1 Establishment of Risk Management and Internal Control Framework

Our Board adopted an effective risk management and internal control framework in order to manage risk and oversee the risk management of our Group. Our Board through the ARMC would obtain report from the Internal Auditors on the periodic check on the internal control system.

9.2 Features of Risk Management and Internal Control Framework

Further details of the risk management are set out in the Statement on Risk Management and Internal Control of this Annual Report.

9.3 Risk Management Committee

At this juncture, we have combined the function of Risk Management Committee with Audit Committee which known as ARMC. The function of audit and risk management is currently overseen by the ARMC to better manage our Group's risk in order to continue to grow our Group.

Intended Outcome 10.0
- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

Further details of the Internal Audit Function are set out in the ARMC Report of this Annual Report.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PRINCIPLE C: Part 1 – Communication with Stakeholders

Intended Outcome 11.0

- **There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

11.1 Effective, transparent and regular communication

Our Board is aware of our commitment to enhance long term shareholders' value through regular communication with all our shareholders, regardless of individual or institutional investors.

We have adopted a Corporate Disclosure Policy, which is applicable to our Board and all employees of our Group, in handling and disclosing material information to the shareholders and the investing public. The following communication channels are mainly used by us to disseminate information on a timely basis to the shareholders and the investing public:

a) General meeting which is an important forum for shareholders to engage with our Directors and Senior Management;
b) Annual Report communicates comprehensive information on the businesses, financial results, governance and key activities undertaken by our Group;
c) Quarterly announcements and corporate disclosures to Bursa Securities are available on the website www.bursamalaysia.com, as well as on our website www.krbamboo.com;
d) Press releases provide up-to-date information on our Group's key corporate initiatives and investments, if any; and
e) Our website www.krbamboo.com provides corporate information of our Group, as well as our announcements and financial information.

Where possible and applicable, our Group provides additional disclosure of information on a voluntary basis. Our Board believes that an on-going communication with shareholders is vital to shareholders and investors in order for them to make informed investment decisions.

PRINCIPLE C: Part 2: Conduct of General Meetings

Intended Outcome 12.0

- **Shareholders are able to participates, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.**

12.1 Notice of General Meetings

We had convened and held one (1) AGM during the FPE 2021 with sufficient notice served to the shareholders as detailed below:-

Date of General Meeting	Type of General Meeting	Notice Date	Notice Period
25 September 2020	AGM	3 September 2020	21 clear days

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PRINCIPLE C: Part 2: Conduct of General Meetings (Cont'd)

12.2 Attendance in General Meetings

The attendance of Directors at the Seventh (7th) AGM held during the FPE 2021 as mentioned in Item 12.1 above are as follows:-

Name of Directors	Attendance
Yang Mulia Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan *(Resigned on 28 September 2020)*	1/1
Leng Xingmin *(Resigned on 31 March 2021)*	Absent with apologies
Wu Wai Kong	1/1
Kuah Choon Ching	1/1
Y.Bhg. Prof. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid *(Resigned on 31 December 2020)*	1/1

Our management team was also present at the Seventh (7th) AGM to respond to the queries raised by shareholders, proxies and corporate representatives present. The Chairman of the Seventh (7th) AGM provided sufficient time for the shareholders, proxies and corporate representatives present to ask questions for each agenda as set out in the notice before putting the resolutions to vote.

12.3 Voting

The Company had conducted the poll voting for all resolutions as set out in the Notice of Seventh (7th) AGM in accordance with Rule 8.31A of the ACE LR of Bursa Securities.

CONCLUSION

Our Board is satisfied that we comply substantially with the Practices of the MCCG.

This Statement has been approved by our Directors in accordance with a Resolution of our Board of Directors passed on 20 August 2021.

SUSTAINABILITY STATEMENT

At Kanger International Berhad ("Kanger" or "the Company"), sustainability is a key agenda in maintaining business continuity and in creating value for the Group's stakeholders, in spite of the challenges presented by the Covid-19 pandemic. In fact, the global pandemic has impacted society and businesses alike and further emphasised the importance of governance, social and environmental matters. During this period, we remain focused on realising the Company's goals and objectives while being mindful of the environmental and social considerations.

As such, we are pleased to present our third Sustainability Statement ("Statement") as we outline the Group's sustainability-related efforts undertaken throughout the reporting period. This Statement provides a concise narrative of Kanger's commitment in addressing the economic, environmental and social ("EES") impacts across Kanger and its subsidiaries (collectively "the Group").

ABOUT THIS REPORT

Reporting Scope and Boundary

Sustainability at Kanger considers the EES risks and opportunities in the products and services we provide. Information presented in this Statement covers Kanger and its subsidiaries' major operations in the People's Republic of China ("PRC") and Malaysia.

Reporting Period

All the disclosure for this Statement is for the period of 15 months, from 1 January 2020 to 31 March 2021 ("FPE 2021"), unless stated otherwise. This Statement is to be read alongside the rest of the Group's FPE 2021 Annual Report.

Reporting Guidelines

This Statement has been prepared in accordance with the ACE Market Listing Requirements and in reference to Bursa Malaysia Securities Berhad ("Bursa Securities")'s Sustainability Reporting Guide and Toolkits (2nd Edition). We have also aligned our sustainability strategies presented in this report with 5 of the United Nations Sustainability Development Goals ("UN SDGs"), as shown below.

3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND
Ensure healthy lives and promote well-being for all at all ages	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Ensure sustainable consumption and production patterns	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

ABOUT THIS REPORT (CONT'D)

Reporting Guidelines (Cont'd)

With that in mind, we have developed a Sustainability Policy that defines our commitment towards sustainability as we endeavour to integrate sustainability-related practices into our daily operations.

OUR SUSTAINABILITY COMMITMENT

At Kanger, we look to promote health and well-being, sustainable economic growth and industrialisation, develop resilient infrastructure and innovation, practice responsible consumption and production while protecting our land and ecosystems. It is a consolidated effort to create long-term value for our stakeholders for the benefit of our organisation as well as the local and global communities we operate in and impact.

SUSTAINABILITY GOVERNANCE

Sustainability at Kanger is driven by the Group's governance structure, enabling a systemic approach to providing insights on EES aspects. The Board of Directors of Kanger has the ultimate oversight on sustainability efforts and is accountable for the Group's overall sustainability direction. They are supported by members of the Senior Management from various relevant departments, who are responsible for the implementation of the Group's sustainability agenda in business strategies, as well as reporting of the initiatives.

Aside from the above-mentioned structure, sustainability governance is also driven through Kanger's formalised policies and procedures, and adherence to industry and regulatory standards and laws.

Code of Conduct and Ethics

- Emphasises on the strict adherence to ethical practices by employees across the Group.
- Outlines the Group's expectations of exemplary employee behaviour in daily dealings with stakeholders.
- All employees are expected to adhere to the code to ensure compliance with relevant laws, rules and regulations.

Whistleblowing Policy

- Upholds the protection and privacy of whistleblowers.
- To provide a platform for whistleblowers to raise suspected misconduct, if any, without fear of victimisation or discrimination.
- These may include suspected cases of fraud, corruption, unethical behaviour, malpractices or other irregularities occurring within Kanger.

STAKEHOLDER ENGAGEMENT

At Kanger, we strive to provide meaningful disclosure with those impacted by our business. Our stakeholders make up of several groups and varied with differing priorities and needs. We engage with our stakeholders using various offline and online platforms, allowing us to better understand each stakeholder group's perspectives, with the aim of safeguarding their interests while delivering economic value.

Key Stakeholder Group	Communication Channels	Areas of Interest
Shareholders/Investors	• Annual Report • Announcements to Bursa Malaysia • Press releases • Corporate website • Annual General Meeting	• Business continuity • Corporate governance • Capital appreciation and shareholders' returns • Economic performance
Customers	• Meetings • Regular engagements • Press releases • Showrooms	• Customer satisfaction • Quality assurance • Product safety • Timely delivery

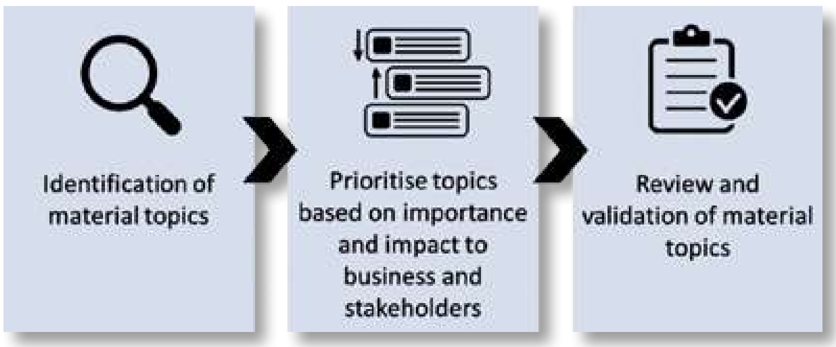
Sustainability Statement (cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholder Group	Communication Channels	Areas of Interest
Employees	• Annual performance reviews • Compensation and benefits • Office events • Training and development opportunities	• Safe and conducive working environment • Workplace satisfaction • Fair HR policy and practices
Suppliers	• Meetings • Regular engagements • Business reviews • Procurement agreement	• Supply chain management • Ethical and transparent procurement practices
Regulatory agencies	• Consultation on regulatory matters • Periodic site visits and meetings	• Compliance with regulations
Local communities	• Charitable donations • Corporate Social Responsibility initiatives	• Contribution towards local economy and community • Local employment and procurement

MATERIALITY MATTERS

Our approach towards identifying the Group's material topics follows the following process:-



For FYE 2021, we continue to consider the 12 material topics that were identified and prioritised in the prior year, as they remain relevant in the current operating landscape.

ECONOMIC	ENVIRONMENTAL	SOCIAL
• Economic Performance • Customers • Quality Products and Services • Sustainable Procurement Practices • Indirect Economic Impact	• Environmental Compliance • Emissions Control • Materials • Product and Services Responsibility	• Inclusion and Diversity • Human Capital Development • Occupational Safety and Health

ECONOMIC IMPACT

Economic Performance

The economic performance of Kanger is vital to the Group's longevity and in maintaining business continuity. We endeavour to create long-term economic value through the contribution to our stakeholders, including our shareholders, employees, suppliers and financiers, among others.

Since the first wave of the Covid-19 pandemic hit in late-2019, businesses globally have been grappling with the effects of the pandemic. Against this challenging backdrop, we refreshed our strategy and captured new opportunities in the property investment and management segment, while diversifying into the construction industry to expand our income streams. This will enable Kanger to strengthen its position against external headwinds in the future. More detailed information on these ventures can be found in Kanger's Management Discussion and Analysis statement of this Annual Report.

Customers

Customers are one of the Group's major stakeholder groups and play an important role in our value proposition. Hence, it is essential for us to build trusting and long-lasting customer relationships by serving their needs effectively as we strive for growth.

As a company that is involved in the manufacturing and trading of bamboo-related offerings, we remain focused on delivering a high level of customer satisfaction by producing quality products and services to customers.

The satisfaction of our customers is vital to the development and sustainability of the Group. To a certain extent, it determines our capability to secure new orders and projects, and achieve economic viability. Keeping that in mind, we have regular engagements with customers to source for feedback in relation to the level of satisfaction on our products and services.

Quality Products and Services

In the pursuit of delivering value to our customers, the quality of our products and services remains as a key enabler.

Our quality approach is based on our Quality Management System ("QMS"), which has been certified with the MS ISO 9001:2008, demonstrating the Group's robust quality controls in place. Our QMS governs how we implement our processes to ensure that Kanger's bamboo products meet the high standards and requirements of customers.

Apart from that, we make multiple support channels available to our customers, where they can obtain information on our offerings and pose queries:-

- Our website (www.krbamboo.com) provides insights on our business activities and products. It also acts as a platform for prospective customers to obtain buying advice and recommendations, with the availability of sales support.
- Phone and hotline support allows customers to contact us with their concerns or requests, to get immediate response.

At the same time, we continue to invest in research and development ("R&D") activities to enhance product quality and develop new products. We continually explore opportunities to advance the bamboo processing technology in order to cater to the evolving demands of customers. With our new processing plant in Jingzhou, we also plan to develop new bamboo flooring and bamboo furniture products with a focus on "green" strand woven products.

As for the Group's property investment and management business, we strive to invest in a responsible manner incorporating the EES considerations as part of our investment criteria, to strengthen our assets portfolio.

Meanwhile, for our new venture in the construction industry, we are in the midst of obtaining the Grade G7 contractor license from the Construction Industry Development Board ("CIDB"), which will permit Kanger to undertake civil engineering construction and building construction projects of any value.

Sustainability Statement (cont'd)

ECONOMIC IMPACT (CONT'D)

Sustainable Procurement Practices

At Kanger, we recognise that sustainability encompasses the entire value chain with suppliers and business partners. Our focus is on maintaining smooth operations with a cost-effective and secure supply chain by engaging with reputable and trusted vendors. When screening suppliers, we take into account various factors to ensure the reliability of the products and services, which include pricing, delivery, safety considerations and work ethics.

We also apply the same principles and practices as we build our sales and distributor network in our key markets in PRC, Malaysia, Australia and New Zealand.

Indirect Economic Impact

We seek to develop a sustainable future by contributing towards enhancing the socioeconomic conditions of the local communities of where we operate. As a responsible corporate citizen, we strive to add value to the communities through the creation of job opportunities for locals, as well as procuring locally, when feasible.

Our new bamboo processing plant and R&D centre in Jingzhou is currently undergoing testing and commissioning works. With the expected commencement of the plant, it is expected to generate at least 200 new job prospects for locals there. There are also seasonal work opportunities available such as bamboo harvesting and periodic maintenance of the bamboo plantation. Furthermore, local residents are also given the opportunity to generate additional income from Kanger's downstream activities which involve bamboo by-products and waste materials.

At the same time, we endeavour to give back to the community through charitable donations. As the Covid-19 pandemic continues to impact the health and livelihoods worldwide, Kanger has put forth our best efforts to lend a hand in the fight against Covid-19. During the year, we remain committed to supporting the communities through a funding contribution of RM200,000 to aid the state of Sabah's efforts in the pandemic. The Group had also pledged to donate a total of 5,000 doses of the Sinopharm Covid-19 vaccines to the people of Sabah. This programme is part of our Corporate Social Responsibility ("CSR") initiatives in FPE 2021.

Sabah's Chief Minister Datuk Seri Hajiji Haji Noor receiving the mock cheque for RM200,000 from Kanger's Executive Director Steven Kuah

Sustainability Statement
(cont'd)

ENVIRONMENTAL IMPACT

Environmental Compliance

We are committed to operate in adherence with the relevant environmental laws and regulations. Our goal is to operate with the smallest carbon footprint without compromising the quality of our products. As such, we have developed an environmental management system ("EMS") with the aim of mitigating the impact of our operations on the environment. Our EMS has been accredited with ISO 14001:2004 certification, an international standard for environmental administration system.

In FPE 2021, the Group recorded zero incidences of environmental non-compliance and did not receive any fines in this respect.

Kanger's Environmental Management Practices

- Preserve, conserve, minimise waste of resources and ensure that our work environment is free from pollution and recognised hazards
- Comply with relevant environmental, health and safety laws for controlling hazardous chemical substances in products and materials
- Conduct periodic management review of our policy, objectives and targets to ensure suitability and effective implementation of our environmental management program
- Communicate to all employees to ensure adequacy in environmental awareness, skill, knowledge and competency
- Communicate and promote awareness to customers and suppliers and making the environmental policy available to the public upon request

Emissions Control

We endeavour to reduce the air and gaseous emissions from our processes with the move of our bamboo processing operations to a new plant in Jingzhou. Our new facility was established to be environmentally-friendly and expected to emit lower emissions with improved energy efficiency in adherence to the government's environmental policies.

Procurement of Materials

One of the Group's responses to climate change and related environmental issues involve the use of environmentally-friendly materials and products in our operations.

At Kanger, we ensure that our sourcing of materials are from sustainable sources and adhere to environmental laws. Our venture upstream into bamboo plantation concession with an area measuring 8,431 hectares will also enable us to have more control on the supply and quality of raw bamboo, as well as the methods used in maintaining and harvesting the bamboo.

As for the construction division, we intend to explore and utilise materials that leave a minimal environmental footprint and promotes conservation of non-renewable resources.

Product and Services Responsibility

We emphasise on reliable quality and safety across our products and services. We believe that through innovation, we can build more sustainable products and practices. At Kanger, R&D activities to develop new bamboo products are ongoing.

Bamboo is regarded as one of fastest growing renewable resource, with its growth rate being three times faster than timber. Bamboo also requires little maintenance to farm without pesticides or chemical fertilisers, and a minimal amount of water to grow with no irrigation. As compared to trees, bamboo produces 35% more oxygen and research has shown that bamboo can absorb up to 12 tonnes of carbon dioxide per hectare per year. This makes bamboo a potentially important component in fighting climate change.

Over the course of the products lifecycle, we take into consideration the environmental impact, from the design stage to material selection and manufacturing process.

Sustainability Statement (cont'd)

SOCIAL IMPACT

Our employees form an integral part of Kanger. The growth and achievements of the Group are a result of our people's commitment and dedication. Hence, we are committed to create a safe, inclusive and productive work culture that supports the development of our workforce.

Inclusion and Diversity

At Kanger, we embrace diversity in the workplace and seek to maintain an inclusive workplace that encourages our talents to contribute positively to the Group. By cultivating a diversified workforce, we can gain fresh insights on topics, which leads to enhanced decision-making and results.

Our people are recruited on a fair and transparent basis, as we condemn all forms of discrimination based on, among others, nationality, gender, race or age. Our fair employment practices are communicated through the Group's Code of Conduct of Ethics, which is available on the corporate website at www.krbamboo.com.

As at 31 March 2021, we had a total workforce of 147 employees, with 74 of our employees are men, while the remaining 73 are women.

Human Capital Development

We strive to empower our people at Kanger by offering development and growth opportunities for them to realise their full potential. Our success is dependent on attracting and nurturing the right talent at all levels with a strong succession pipeline. As such, we offer a wide range of training prospect to support our employees' growth. These may include topics in relation to safety, technical training and soft skills development, to name a few.

As part of our human capital strategy to reward and retain talent, our employees receive a competitive compensation package with on-the-job benefits. Employee reviews are conducted annually based on meritocracy and work performance to compensate our employees fairly.

Furthermore, eligible employees are granted share options to subscribe to Kanger's shares through the Group's Share Issuance Scheme ("SIS"). The scheme is offered in recognition of employees' contribution and to drive higher performance within the Group.

Occupational Safety and Health

The safety of our employees is a primary responsibility of the Group. It is a collective effort across our operations to uphold high safety standards to prevent accidental injuries and occupational-related illnesses from occurring.

Our approach to safety is defined in the Group's Safety Policy, outlining our commitment to minimise work-related incidents by identifying hazards and managing safety risks at the workplace. Guided by this policy, we ensure that our processes comply with internationally accepted standard of safety and code of conduct.

At the same time, we also provide workers' accommodation nearby our plant, that are equipped with kitchen and bathroom facilities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is pleased to include a statement on our Group's risk management and internal control during the financial period under review. The statement was prepared in accordance with Rule 15.26 (b) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY

Our Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. Our Board ensures that the systems managing the Group's key areas of risk are within an acceptable risk profile in order to increase the likelihood that our Group's policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control systems, our Board will continue to review these systems to ensure that the risk management and internal control systems provide a reasonable but not level of absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Our Board through the Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by our Group and this process includes enhancing the risk management and internal control systems as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by our Board and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Management assists our Board in the implementation of our Board's policies and procedures on risk and control by identifying and assessing the risks faced as well as designing , operating and monitoring the internal controls to mitigate and control these risks.

Our Board is of the view that the risk management and internal control systems in place for the financial period under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and our Group's assets.

RISK MANAGEMENT

The context within the risks that managed by our Group and the related key focus of accountability for this is as follows:-

(1) Strategic Risks – Our Board and Executive Directors

Strategic risks are the primary risks caused by events that are external to our Group, but have a significant impact on our Group's strategic decisions or activities.

The causes of these risks include national and global economies, government policies and regulations, interest rates and climatic conditions. Often, they cannot be predicted or monitored through a systematic operational procedure. The lack of advance warning and frequent immediate response required to manage strategic risks means they are often well identified and monitored by senior management as part of their strategic planning and review mechanisms.

Accountability for managing strategic risks therefore rests with our Board and the Executive Directors. The benefit of effectively managing strategic risks is that our Group can forecast more accurately and quickly adapt to the changing demands that are placed upon our Group. It also means that our Group are less likely to be surprised by any external events that require significant change.

Statement on Risk Management and Internal Control (cont'd)

RISK MANAGEMENT (CONT'D)

(2) Operational Risks – Heads of Division/ Department

Operational risks are inherent in the ongoing activities of different business units or subsidiaries of our Group. These are the risks associated with such things as the day-to-day operational performance of staff, the risks caused by the Group subsidiaries structure and the manner in which the subsidiaries report to corporate headquarter. Senior management needs ongoing assurance that operational risks are identified and well managed.

Accountability for managing operational risks rests particularly with the Heads of Business Division/Departments. The benefits of efficiently managing operational risks include maintaining superior quality standards, eliminating undesirable surprises, the early identification of problematic issues, being prepared for emergencies if they happen and being held in high regard by shareholders for the efficient and effective management of risk.

In compliance with the Bursa securities requirement in relation to anti- corruption measures ("Anti- Corruption Amendment") effective on 1 June 2020, the management had come out with the Anti-Bribery & Corruption Policy and Whistleblowing Policy & Procedures. The policies have been approved by the Board on 1 June 2020 and published on the Group website. Code of Ethics & Conduct of the Group/subsidiaries has been enhanced with the guideline of the policies.

INTERNAL CONTROL

The key processes that have been established in reviewing the adequacy and effectiveness of the internal control system include the following:-

Internal Audit

The Internal Audit function is outsourced to an independent professional firm to check on compliance with policies and procedures and the effectiveness of our Group's internal control system and to highlight significant findings in respect of any non-compliance. The Internal Auditors report directly to the Audit Committee. The internal audit will focus on the key operational processes in the People's Republic of China. The proposed internal audit plan will be submitted to the Audit Committee for consideration and approval. The Audit Committee is responsible to review and discuss with the Management on the issues highlighted by the internal auditors, whenever necessary.

Audit Committee

The Audit Committee reviews and discusses internal control issues identified by the Internal Auditors, External Auditors and the Management, and evaluate the adequacy and effectiveness of our Group's risk management and internal control systems. The Audit Committee also reviews the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the Boards of the Group on a periodical basis.

Organisational Structure

Our Group has in the organisational structure with clearly defined lines of responsibilities and functionalities which promotes appropriate levels of accountability for risk management, control procedures and effectiveness of operations. All new employees are required to undergo an orientation programme to be acknowledge of the organizational structure and the job function is clearly written for transparency and better accountability.

Limit of Authority

There are policy guidelines and authority limits imposed on the Executive Directors and Management within our Group in respect of the day-to-day operations, signing of sales and supplier agreements, acquisitions and disposal of assets.

Statement on Risk Management and Internal Control (cont’d)

INTERNAL CONTROL (CONT’D)

Control Environment

Our Board considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is an effective group organisational structure on how the business activities are planned, controlled and monitored.

Our Group’s culture and values, as well as the standard of conduct and discipline we expect from our employees have been communicated to them via the employee handbook or letters of appointment.

CONCLUSION

To the best knowledge of our Board, there were no material losses incurred during the period under review that caused by weaknesses in internal control. Our Board has received assurance from the Executive Directors and the Chief Financial Officer that our Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects. The Management continues to take measures to improve and strengthen the internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report of our Group for the financial period ended 31 March 2021 and have reported to our Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by our Board in reviewing the adequacy and effectiveness of the risk management and internal control systems.

This statement was made in accordance with a resolution of our Board of Directors dated 20 August 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management ("ARMC") Committee are as follows:-

Name	Position
Low Poh Seong (Independent Non-Executive Director) (Appointed as Member on 9 November 2020 and Redesignated as Chairman on 31 March 2021)	Chairman
Datuk Nur Jazlan bin Mohamed (Independent Non-Executive Chairman) (Appointed on 9 November 2021)	Member
Mazlan bin Mohamad (Independent Non-Executive Director) (Appointed on 31 March 2021)	Member
Y.Bhg. Prof. Datuk Seri Dr. Md. Zabid bin Haji Abdul Rashid (Independent Non-Executive Director) (Resigned on 31 December 2020)	Chairman
Y.Bhg. Dato' Haji Markiman bin Kobiran (Independent Non-Executive Director) (Resigned on 2 September 2020)	Member
Lim Yong Lee (Independent Non-Executive Director) (Resigned on 2 September 2020)	Member

Our ARMC is pleased to present the ARMC Report for the financial period ended 31 March 2021.

1. ATTENDANCE OF MEETING

The attendance of ARMC members for meetings held in the financial period ended 31 March 2021 are summarised as follows:-

Name	Total Meetings Attended by Committee Members
Low Poh Seong	1/1
Datuk Nur Jazlan bin Mohamed	1/1
Mazlan bin Mohamad	None attended since his appointment on 31 March 2021
Y.Bhg. Prof. Datuk Seri Dr. Md. Zabid bin Haji Abdul Rashid *(prior to his resignation as Chairman of ARMC on 31 December 2020)*	4/4
Y.Bhg. Dato' Haji Markiman bin Kobiran *(prior to his resignation as member of ARMC on 2 September 2020)*	3/3
Lim Yong Lee *(prior to his resignation as member of ARMC on 2 September 2020)*	3/3

2. TERMS OF REFERENCE

The Terms of Reference of the ARMC are published in our website at www.krbamboo.com.

Audit and Risk Management Committee Report (cont'd)

3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL PERIOD

The main activities carried out by the ARMC during the financial period were as follows:-

(i) Reviewed our quarterly unaudited financial results before recommending to our Board for consideration and approval. The ARMC invited the Managing Director cum Deputy Chairman and Executive Directors to brief them on any updates on the operations of our Group every quarter and on any material items in the quarterly unaudited financial results. The review is also to ensure that the quarterly unaudited financial results complied with Malaysian Financial Reporting Standards ("**MFRSs**") and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**");

(ii) Reviewed our audited financial statements prior to submission to our Board for consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with MFRSs and the provisions of the Companies Act 2016;

(iii) Reviewed the External Auditors' scope of work and audit plan for the financial period. The ARMC was briefed on audit approach, area of audit emphasis, MFRS adopted and the audit timeline;

(iv) Reviewed with the External Auditors, the results of the audited financial statements and the Auditors' Report;

(v) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control to be included in the Annual Report 2021 and submitted the said documents to our Board for consideration and approval. The review was to ensure that the Annual Report complies with the Listing Requirements;

(vi) Reviewed with the Internal Auditors, the internal audit plans, the internal audit reports, their evaluation of system of internal controls and the follow-up on the audit findings. The ARMC agreed that the scope, functions, competency and resources of the internal audit function were adequate;

(vii) Reviewed related party transactions within our Group;

(viii) Conducted private discussion with the External Auditors without the presence of the Management in relation to the financial statements of our Group;

(ix) Recommended the re-appointment of Messrs CAS Malaysia PLT, Chartered Accountants as the External Auditors of the Company and Group after accessing their job scopes, engagement team, competency, objectivity and independence; and

(x) Recommended the adoption of Enterprise Risk Management Framework.

4. INTERNAL AUDIT FUNCTION

The ARMC is supported by the internal audit team whose primary responsibility is to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal control of our Group. The internal audit function of the Group is outsourced to GovernanceAdvisory.com Sdn. Bhd. who reports directly to the ARMC with its findings and recommendations. Any necessary corrective actions after reporting to our Board by the ARMC will be directed by our Board.

Our Group's internal audit activities are mainly carried out in accordance with the annual internal audit plan that has been tabled to the ARMC for its review and approval and selected ad-hoc audits on the Management's requests. The Internal Auditors adopt a risk-based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach would draw the Internal Auditors' attention towards gaining an understanding of our Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach would entail understanding on how the business risks translate to audit risks, and communicating value added input to the Management through the audit process. Whenever required, the Internal Auditors would make reference to our Group's policies and procedures, established practices, Listing Requirements and recommended industry practices.

Audit and Risk Management Committee Report (cont'd)

4. INTERNAL AUDIT FUNCTION (CONT'D)

During the financial period ended 31 March 2021, the Internal Auditors carried out the following:-

(i) collection review of Shenzhen Kanger Holding Co., Ltd. The report was tabled at our ARMC meeting on 30 March 2021; and

(ii) follow-up audit review of control environment of our subsidiary, Jingzhou Kanger Holdings Co., Ltd. The report was tabled at our ARMC meeting on 30 March 2021.

The findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the Management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas. The Internal Auditors also briefed the ARMC on the Internal Audit Plan for 2021.

The ARMC had reviewed and assessed our internal audit function and was of the view that the scope, functions (including independence), objectivity, competency, resources, authorities granted to the outsourced internal audit function as well as internal audit program and processes were adequate to provide the ARMC with reasonable assurance that governance, risk and control structures and processes of our Group is adequate and effective. The results of the internal audit program, processes or investigation undertaken was adequately communicated to the ARMC and appropriate actions are taken on the recommendations of the Internal Auditors.

The cost incurred for the internal audit function in respect of the financial period ended 31 March 2021 was approximately RM17,000.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Utilisation of Proceeds from Corporate Proposals

Redeemable Convertible Notes ("RCN")

During FPE 2021 and up to the date of this Annual Report, Kanger raised a total of RM51.4 million from the issuance of RCN.

The funds raised were used to settle the expenses and finance cost incurred for the RCN issued and also to fund the ongoing construction of the hotel building in Ganzhou. All the funds raised were fully utilised as at the date of this Annual Report.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of directors, chief executive who is not a director or major shareholders either still subsisting at the end of the FPE 31 March 2021 or entered into since the end of the previous financial year.

Audit And Non-Audit Fees

The statutory audit fees and non-audit fees paid or payable by the Company and the Group to the External Auditors for the FPE 31 March 2021 were as follows:-

	2021	
Audit Services	**Group**	**Company**
Statutory audit fees	208,825	170,000
Non-audit fees	5,000	5,000
TOTAL	**213,825**	**175,000**

Private Placement 2020

On 13 October 2020, the Company announced a proposal to undertake a private placement of new ordinary shares, representing up to 20% of the total number of issued shares in the Company.

On 10 November 2020, the Company completed a private placement exercise which involved the issuance of 386,970,684 Placement Shares (representing 20% of the total number of issued shares prior the private placement) and raised a total of RM63,169,122.

The status of the utilisation of the proceeds raised as at 31 March 2021 is as follows:

Utilisation of proceeds	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Utilisation (RM'000)	Estimated Timeframe for utilisation
Future visable investment	31,525	2,300	29,225	Within 36 months from the receipt of placement proceeds
Working capital for existing business	31,525	–	31,525	Within 12 months from the receipt for placement proceeds
Estimated Expenses	120	120	–	Upon completion of the Proposed Private Placement
Total	**63,170**	**2,420**	**60,750**	

Additional Compliance Information Disclosures (cont'd)

Share Issuance Scheme ("SIS")

The SIS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 24 December 2019 and is governed by the By-laws.

The Board of Directors of the Company ("Board") had approved the existing SIS for a period of ten (10) years from 27 December 2019 to 26 December 2029, in accordance with the terms of the SIS By-Laws.

Date Offered	Total Number of Option or Shares Granted	Exercise Price	Total Number of Options Exercised	Exercised Date
13 January 2020	90,000,000	RM0.0650	28,000,000 12,000,000 20,000,000 30,000,000	26 August 2020 27 August 2020 18 November 2020 29 January 2021
20 February 2020	40,000,000	RM0.0700	20,000,000 20,000,000	18 November 2020 29 February 2021
11 December 2020*	548,908,342	RM0.1590	–	–
15 February 2021**	548,908,342	RM0.0992	100,806,451 50,403,225 50,403,225 50,403,225	26 February 2021 26 February 2021 1 March 2021 15 March 2021
8 April 2021	296,892,216	RM0.05409	92,438,528 92,438,528 46,209,193	23 April 2021 21 May 2021 2 July 2021

* The outstanding of 548,908,342 options had been cancelled due to no options were accepted by employees.
** The outstanding of 296,892,216 options was lapsed.

The details of SIS are set out in Note 17 to the financial statements on page 123 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial period ended 31 March 2021, the Directors have ensured that:

(a) the Group and the Company have adopted appropriate accounting policies and these are consistently applied;

(b) appropriate judgements and estimates that are reasonable have been used;

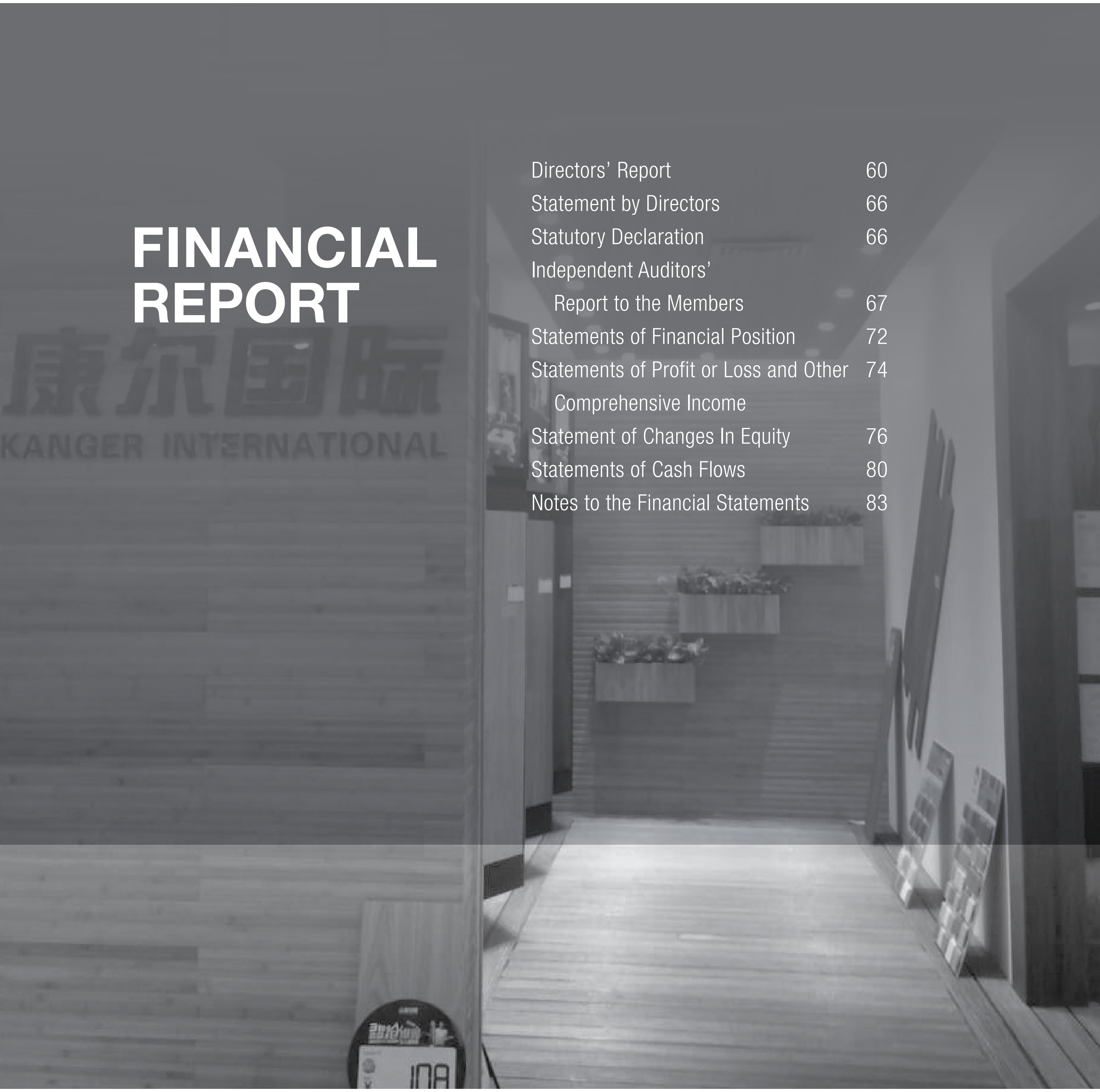
(c) all applicable Malaysian Financial Reporting Standards in Malaysia and International Financial Reporting Standards have been complied with;

(d) the accounting and other records required by the Companies Act 2016 are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Companies Act 2016; and

(e) the financial statements have been prepared on the going concern basis.

The Directors have responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements.

FINANCIAL REPORT



DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 March 2021.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 December to 31 March. Therefore, the financial period covered in these financial statements is for a period of 15 months from 1 January 2020 to 31 March 2021. Thereafter, the financial year of the Company shall revert to twelve (12) months ending 31 March, for each subsequent year. The comparatives are for the financial year from 1 January 2019 to 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued and paid-up share capital held by the Company in each subsidiaries are as disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period	(50,934,445)	(18,039,639)
Attributable to:		
Owners of the Company	(51,065,671)	(18,039,639)
Non-controlling interests	131,226	–
	(50,934,445)	(18,039,639)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the notes to the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial period except as disclosed in the financial statements.

Directors' Report
(cont'd)

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial period.

SHARES AND DEBENTURES

During the financial period, the Company increased its share capital from RM104,326,460 to RM259,106,001 through the following:

(a) 702,231,039 new ordinary shares arising from conversion of redeemable convertible notes at stipulated exercise price for a total cash consideration of RM51,400,000;

(b) 382,016,126 new ordinary shares at exercise prices range from RM0.0650 to RM0.0992 per ordinary share for a total cash consideration of RM33,650,000 and fair value of RM7,908,248 pursuant to the Company's Shares Issuance Scheme ("SIS");

(c) 386,970,684 new ordinary shares for a total cash consideration of RM63,169,122 pursuant to the Company's Private Placement; and

(d) an amount of RM1,347,829 was utilised out of the share capital for share issuance expenses.

The new ordinary shares issued during the financial period ranked pari passu in all respect of the distribution of dividends and repayment of capital with the existing ordinary shares.

There were no debentures issued during the financial period.

WARRANTS

WARRANTS 2015/2020

The Warrants are constituted under a Deed Poll to be executed by the Company and involved the issuance of 258,000,000 Warrants on the basis of one (1) Warrant for every two (2) existing ordinary shares of the Company held by the shareholders of the Company on 10 April 2015.

The exercise price of the Warrants has been fixed at RM0.10 each.

Each Warrant entitles the Warrant holders to subscribe for one (1) new ordinary share of the Company at any time during the exercise period at the exercise price of RM0.10 each (subject to adjustments in accordance with the provisions of the Deed Poll).

The period commencing on, and including the first date of issue of the Warrants and ending at the close of business at 5.00pm in Malaysia on the date which is five (5) years from the date of issue of the Warrants if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding those days during the period on which the Record of Depositors and/or the Warrants Register is or are closed.

There were total of 238,935,400 Warrants remained unexercised during the financial period ended 31 March 2021. The Warrants have expired during the financial period.

WARRANTS (CONT'D)

WARRANTS 2015/2020 (CONT'D)

The movements in the Warrants 2015/2020 is as follows:

	Number of warrants				
	As at 01.01.2020	**Issued**	**Exercised**	**Expired**	**As at 31.03.2021**
Warrants 2015/2020	238,935,400	–	–	(238,935,400)	–
	238,935,400	–	–	(238,935,400)	–

OPTIONS GRANTED OVER UNISSUED SHARES

On 27 December 2019, the Company has implemented a SIS of up to 30% of the total number of issued shares of the Company, excluding treasury shares, at any period of time, comprising a Share Option Scheme and a Share Grant Scheme.

The salient features and other terms of the SIS are disclosed in Note 17 to the financial statements.

The following table illustrates the share options granted and exercised during the financial period:

		Number of options over ordinary shares			
Grant date	**Exercise price RM**	**As at 01.01.2020**	**Granted**	**Exercised**	**As at 31.03.2021**
13.01.2020	0.0650	–	90,000,000	(90,000,000)	–
20.02.2020	0.0700	–	40,000,000	(40,000,000)	–
15.02.2021	0.0992	–	252,016,126	(252,016,126)	–
		–	382,016,126	(382,016,126)	–

DIRECTORS

The name of the directors of the Company in office during the financial period and during the period from the end of the financial period to the date this report are:

Wu Wai Kong	
Kuah Choon Ching	(Appointed on 24 August 2020)
Datuk Nur Jazlan bin Mohamed	(Appointed on 28 September 2020)
Low Poh Seong	(Appointed on 30 September 2020)
Mazlan bin Mohamad	(Appointed on 04 January 2021)
Dato' Kuan Ah Hock	(Resigned on 28 August 2020)
Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan	(Resigned on 28 September 2020)
Syed Hazrain bin Syed Razlan Jamalullail	(Resigned on 28 August 2020)
Datuk Seri Dr. Md. Zabid bin Haji Abdul Rashid	(Resigned on 31 December 2020)
Dato' Haji Markiman bin Kobiran	(Resigned on 02 September 2020)
Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi	(Resigned on 28 August 2020)
Lim Yong Lee	(Resigned on 02 September 2020)
Chong Amita	(Resigned on 24 August 2020)
Leng Xingmin	(Resigned on 31 March 2021)

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

DIRECTORS (CONT'D)

The name of the directors of the Company's subsidiaries in office since the date of last report, excluding director who is also director of the Company are:

Choo Yew Chun	(Resigned on 13 January 2020)
Lim Lai Choy	(Resigned on 13 January 2020)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial period in the ordinary shares and warrants of the Company during the financial period were as follows:

		Number of ordinary shares		
Shareholdings in the name of directors	**As at 01.01.2020**	**Acquired**	**Sold**	**As at 31.03.2021**
Direct interest				
Kuah Choon Ching	–	25,000,000	–	25,000,000
Wu Wai Kong	203,795,300	42,950,000	(240,000,000)	6,745,300
Leng Xingmin (Resigned on 31 March 2021)	116,242,091	–	(25,400,000)	90,842,091
Indirect interest				
Wu Wai Kong*	2,580,000	–	(800,000)	1,780,000

** Deemed interests by virtue of shares held by his direct family members.*

		Number of Warrants		
Warrant holdings in the name of directors	**As at 01.01.2020**	**Acquired**	**Expired**	**As at 31.03.2021**
Direct interest				
Wu Wai Kong	800,000	–	(800,000)	–
Leng Xingmin (Resigned on 31 March 2021)	70,033,045	–	(70,033,045)	–
Indirect interest				
Wu Wai Kong*	4,728,100	–	(4,728,100)	–

** Deemed interests by virtue of warrants held by his direct family members.*

By virtue of their interests in the shares of the Company, all the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, none of the other directors in office at the end of the financial period have any interest in the shares and Warrants of the Company during the financial period.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Group and of the Company during the financial period are disclosed in Note 31 to the financial statements.

The details of the other benefits otherwise than in cash received or receivable from the Group and the Company by the directors or past directors of the Group and of the Company during the financial period are disclosed in Note 31 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the directors or past directors of the Group and of the Company during the financial period.

INDEMNITY AND INSURANCE COSTS

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial period in which this report is made.

SIGNIFICANT EVENTS AND SUBSEQUENT TO THE FINANCIAL PERIOD

Significant events and subsequent to the financial period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT, Chartered Accountants have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 27 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 August 2021.

KUAH CHOON CHING
Director

WU WAI KONG
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **KUAH CHOON CHING** and **WU WAI KONG**, being two of the directors of **KANGER INTERNATIONAL BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 72 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 25 August 2021.

KUAH CHOON CHING
Director

WU WAI KONG
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **KUAH CHOON CHING**, being the director primarily responsible for the accounting records and financial management of **KANGER INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 72 to 151 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
KUAH CHOON CHING	)	
at Puchong in the state of Selangor Darul Ehsan	)	
on 25 August 2021.	)	**KUAH CHOON CHING**

Before me,

Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANGER INTERNATIONAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kanger International Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How the matter was addressed in the audit
Valuation of investment properties *Refer to Note 3.5 - Significant Accounting Policies, Note 4.2.7 - Significant Accounting Judgements, Estimates and Assumptions and Note 8 - Investment Properties.* The Group holds properties classified as investment properties which are disclosed in Note 8 to the financial statements which are measured at fair value. During the financial period, the Group has capitalised construction costs amounting to RM185.1 million (31.12.2019: RM79.7 million) which represented 45% (31.12.2019: 33%) of the Group's total assets. The Group has determined the usage of the properties is for rental and capital appreciation and has ensured compliance with the relevant accounting policies. The Group has engaged an independent valuer in March 2021 to carry out an independent valuation of these assets. When estimating the fair value of the investment properties, the objective is to estimate the price that would be received from the sale of investment properties in an orderly transaction between market participants under the current market condition. We considered this as key audit matter due to the significance of the investment properties to the Group's financial statements as well as the determination of the fair values involves significant judgement and estimation.	Our audit procedures include: i) evaluated the independent external valuers' competency, capabilities and objectivity which included consideration of their qualifications and experience; ii) reviewed the valuation reports and enquired the independent valuers on the valuation approach and the judgement made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; iii) obtained an understanding on the scope and purpose of the valuation and assessing whether any matters that might have affected their objectivity or limitation of their scope of their work; iv) obtained and reviewed a second valuation report provided by an independent valuer; and v) assessed the appropriateness of the disclosures on the fair values of investment properties in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How the matter was addressed in the audit
Property, plant and equipment *Refer to Note 3.4 - Significant Accounting Policies, Note 4.2.1 - Significant Accounting Judgements, Estimates and Assumptions and Note 5 - Property, plant and equipment.* As at 31 March 2021, the Group's carrying amount of property, plant and equipment is amounting to RM77.2 million (31.12.2019: RM23.3 million), which represented 19% (31.12.2019: 10%) of the Group's total assets. The Group is required to perform an impairment test on the property, plant and equipment where there is an indication of impairment, by comparing the carrying amount with its recoverable amount. We focused on this area and considered the impairment of property, plant and equipment as key audit matter due to the significance of the amount, and the degree of judgements and assumptions involved in the determination of recoverable amounts.	Our audit procedures include: i) checked the source documents of the additions to property, plant and equipment; ii) enquired the management in respect of the purchase of property, plant and equipment and its future plans; iii) reviewed the property, plant and equipment register and checked its classification and depreciation policy in light of its operations; iv) discussed with the management of the probability of impairment losses on property, plant and equipment due to volatile business environment; v) assessed the reasonableness of the Group's key assumptions used in the cash flows forecast such as growth rate, discount rates and profit margin; and vi) reviewed management's sensitivity analysis on the key assumptions used in the cash flow forecast.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

1. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

2. The financial statements of the Company as at 31 December 2019, were audited by another firm of auditors whose report dated 16 June 2020, expressed an unmodified opinion on those statements.

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

KONG JUNE HON
[No. 03258/05/2022(J)]
Chartered Accountant

Date: 25 August 2021

Puchong

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group		Company	
		31.03.2021 RM	31.12.2019 RM Restated	31.03.2021 RM	31.12.2019 RM Restated
NON-CURRENT ASSETS					
Property, plant and equipment	5	77,167,784	23,300,750	7,538,779	–
Intangible assets	6	10,972,949	16,266,716	–	–
Right-of-use assets	7	2,933,547	3,224,876	473,753	–
Investment properties	8	185,138,243	79,724,827	–	–
Investment in subsidiary companies	9	–	–	34,999,994	34,999,996
Other investment	10	4,588,767	–	4,588,767	–
		280,801,290	122,517,169	47,601,293	34,999,996
CURRENT ASSETS					
Inventories	11	12,858,680	17,272,300	–	–
Trade receivables	12	9,599,819	27,862,192	–	–
Other receivables	13	29,547,773	61,281,008	2,109,748	627,288
Amount owing from subsidiary companies	14	–	–	167,089,010	44,325,576
Tax recoverable		330,579	7,968	–	–
Fixed deposits with licensed banks	15	–	1,541,485	–	–
Cash and bank balances	16	81,714,956	8,722,067	8,472,624	338,738
		134,051,807	116,687,020	177,671,382	45,291,602
TOTAL ASSETS		414,853,097	239,204,189	225,272,675	80,291,598

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)

	Note	Group 31.03.2021 RM	Group 31.12.2019 RM Restated	Company 31.03.2021 RM	Company 31.12.2019 RM Restated
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	259,106,001	104,326,460	259,106,001	104,326,460
Redeemable convertible notes	18	–	590,833	–	590,833
Reserves	19	951,589	38,702,630	(34,916,396)	(34,356,061)
Total equity attributable to owners of the Company		260,057,590	143,619,923	224,189,605	70,561,232
Non-controlling interest	9	12,401,280	9,484,315	–	–
TOTAL EQUITY		272,458,870	153,104,238	224,189,605	70,561,232
NON-CURRENT LIABILITIES					
Lease liabilities	7	2,116,274	3,233,592	275,343	–
Loan and borrowings	20	24,319,194	33,436,200	258,386	–
Redeemable convertible notes	18	–	9,122,588	–	9,122,588
Deferred tax liabilities	21	7,388,584	399,007	–	186,579
		33,824,052	46,191,387	533,729	9,309,167
CURRENT LIABILITIES					
Trade payables	22	4,947,245	876,240	–	–
Other payables	23	64,008,766	21,353,024	273,261	421,199
Lease liabilities	7	1,026,916	117,223	212,733	–
Loan and borrowings	20	38,549,770	17,476,474	63,347	–
Provision for taxation		37,478	85,603	–	–
		108,570,175	39,908,564	549,341	421,199
TOTAL LIABILITIES		142,394,227	86,099,951	1,083,070	9,730,366
TOTAL EQUITY AND LIABILITIES		414,853,097	239,204,189	225,272,675	80,291,598

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

		Group		Company	
	Note	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Revenue	24	33,889,450	65,046,562	–	–
Cost of sales		(31,559,681)	(50,718,997)	–	–
GROSS PROFIT		2,329,769	14,327,565	–	–
Other operating income	25	44,615,832	5,665,319	1,553,877	1,980
Administrative expenses		(25,318,503)	(7,523,418)	(13,399,341)	(2,154,681)
Sales and distribution costs		(1,299,448)	(1,476,816)	–	–
Other operating expenses		(67,229,948)	(83)	(6,157,450)	–
(LOSS)/PROFIT FROM OPERATIONS		(46,902,298)	10,992,567	(18,002,914)	(2,152,701)
Finance cost	26	(4,023,009)	(1,728,511)	(36,725)	(615,893)
(LOSS)/PROFIT BEFORE TAXATION	27	(50,925,307)	9,264,056	(18,039,639)	(2,768,594)
Taxation	28	(9,138)	155,785	–	–
(LOSS)/PROFIT AFTER TAXATION		(50,934,445)	9,419,841	(18,039,639)	(2,768,594)
DISCONTINUED OPERATIONS:					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS		–	(34,198)	–	–
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR		(50,934,445)	9,385,643	(18,039,639)	(2,768,594)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income (cont'd)

	Note	Group 01.01.2020 to 31.03.2021 RM	Group 01.01.2019 to 31.12.2019 RM	Company 01.01.2020 to 31.03.2021 RM	Company 01.01.2019 to 31.12.2019 RM
OTHER COMPREHENSIVE INCOME / (EXPENSE)					
Foreign currency translation		12,463,269	(1,848,608)	17,479,304	(16,071,125)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL PERIOD/YEAR		(38,471,176)	7,537,035	(560,335)	(18,839,719)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company					
- Continuing operations		(51,065,671)	6,880,424	(18,039,639)	(2,768,594)
- Discontinued operations		–	(34,198)	–	–
Non–controlling interest		131,226	2,539,417	–	–
		(50,934,445)	9,385,643	(18,039,639)	(2,768,594)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME ATTRIBUTABLE TO:					
Owners of the Company					
- Continuing operations		(37,751,041)	5,263,692	(560,335)	(18,839,719)
- Discontinued operations		–	(52,702)	–	–
Non–controlling interest		(720,135)	2,326,045	–	–
		(38,471,176)	7,537,035	(560,335)	(18,839,719)
Basic (loss)/earnings per share attributable to owners of the Company (sen)	29				
- continuing operations		(3.07)	0.73		
- discontinued operations		–	–		
Diluted (loss)/earnings per share attributable to owners of the Company (sen)	29				
- continuing operations		(3.07)	0.58		
- discontinued operations		–	–		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Attributable to owners of the Company									
	Non-distributable									
Group	Share capital RM	Share option reserve RM	Merger deficit RM	Revaluation reserve RM	Foreign currency translation reserve RM	Redeemable convertible notes RM	Retained earnings/ (accumulated loss) RM	Total RM	Non-controlling interest RM	Total RM
Balance as at 1 January 2020	104,326,460	–	(12,805,422)	1,226,554	2,281,594	590,833	47,999,904	143,619,923	9,484,315	153,104,238
Transaction with owners:										
- Issuance of shares pursuant to conversion of redeemable convertible notes	51,400,000	–	–	–	–	(590,833)	–	50,809,167	–	50,809,167
- Share option granted under SIS	–	7,908,248	–	–	–	–	–	7,908,248	–	7,908,248
- Exercise of SIS	41,558,248	(7,908,248)	–	–	–	–	–	33,650,000	–	33,650,000
- Issuance of shares pursuant to private placement	63,169,122	–	–	–	–	–	–	63,169,122	–	63,169,122
- Share issuance expenses	(1,347,829)	–	–	–	–	–	–	(1,347,829)	–	(1,347,829)
- Increase in share capital of a subsidiary	–	–	–	–	–	–	–	–	3,637,100	3,637,100
Total transactions with owners	154,779,541	–	–	–	–	(590,833)	–	154,188,708	3,637,100	157,825,808
(Loss)/profit for the financial period	–	–	–	–	–	–	(51,065,671)	(51,065,671)	131,226	(50,934,445)
Other comprehensive (expense)/ income:										
Revaluation reserve	–	–	–	(1,226,554)	–	–	1,226,554	–	–	–
Foreign currency translation reserve	–	–	–	–	13,314,630	–	–	13,314,630	(851,361)	12,463,269
Total comprehensive (expense)/ income for the financial period	–	–	–	(1,226,554)	13,314,630	–	(49,839,117)	(37,751,041)	(720,135)	(38,471,176)
Balance as at 31 March 2021	259,106,001	–	(12,805,422)	–	15,596,224	–	(1,839,213)	260,057,590	12,401,280	272,458,870

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

Group	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM	Merger deficit RM	Revaluation reserve RM	Foreign currency translation reserve RM	Redeemable convertible notes RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total RM
Balance as at 1 January 2019	92,226,460	(12,805,422)	1,226,554	3,916,830	218,400	41,201,316	125,984,138	6,429,630	132,413,768
Adjustments on initial application of MFRS 16	–	–	–	–	–	(47,638)	(47,638)	–	(47,638)
At 1 January 2019, restated	92,226,460	(12,805,422)	1,226,554	3,916,830	218,400	41,153,678	125,936,500	6,429,630	132,366,130
Transaction with owners:									
- Non-controlling arising from business combination	–	–	–	–	–	–	–	728,640	728,640
- Conversion of redeemable convertible notes	12,100,000	–	–	–	372,433	–	12,472,433	–	12,472,433
Total transactions with owners	12,100,000	–	–	–	372,433	–	12,472,433	728,640	13,201,073
Profit/(loss) after taxation									
- continuing operations	–	–	–	–	–	6,880,424	6,880,424	2,539,417	9,419,841
- discontinued operations	–	–	–	–	–	(34,198)	(34,198)	–	(34,198)
Other comprehensive expense:									
Foreign currency translation reserve									
- continuing operations	–	–	–	(1,616,732)	–	–	(1,616,732)	(213,372)	(1,830,104)
- discontinued operations	–	–	–	(18,504)	–	–	(18,504)	–	(18,504)
Total comprehensive (expense)/ income for the financial year	–	–	–	(1,635,236)	–	6,846,226	5,210,990	2,326,045	7,537,035
Balance as at 31 December 2019	104,326,460	(12,805,422)	1,226,554	2,281,594	590,833	47,999,904	143,619,923	9,484,315	153,104,238

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

Company	Share capital RM	Share option reserve RM	Foreign currency translation reserve RM	Redeemable convertible notes RM	Accumulated losses RM	Total RM
	Attributable to owners of the Company					
		Non-distributable				
Balance as at 1 January 2020	104,326,460	–	(17,479,304)	590,833	(16,876,757)	70,561,232
Transaction with owners:						
- Issuance of shares pursuant to conversion of redeemable convertible notes	51,400,000	–	–	(590,833)	–	50,809,167
- Share option granted under SIS	–	7,908,248	–	–	–	7,908,248
- Exercise of SIS	41,558,248	(7,908,248)	–	–	–	33,650,000
- Issuance of shares pursuant to private placement	63,169,122	–	–	–	–	63,169,122
- Share issuance expenses	(1,347,829)	–	–	–	–	(1,347,829)
Total transactions with owners	154,779,541	–	–	(590,833)	–	154,188,708
Profit/(loss) after taxation	–	–	1,444,635	–	(18,039,639)	(16,595,004)
Other comprehensive income:						
Foreign currency translation reserve	–	–	16,034,669	–	–	16,034,669
Total comprehensive income/(expenses) for the financial period	–	–	17,479,304	–	(18,039,639)	(560,335)
Balance as at 31 March 2021	259,106,001	–	–	–	(34,916,396)	224,189,605

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

	Attributable to owners of the Company				
	Non-distributable				
Company	**Share capital RM**	**Foreign currency translation reserve RM**	**Redeemable convertible notes RM**	**Accumulated losses RM**	**Total RM**
Balance as at 1 January 2019	92,226,460	(1,408,179)	218,400	(14,108,163)	76,928,518
Transaction with owners:					
- Issuance of shares pursuant to conversion of redeemable convertible notes	12,100,000	–	372,433	–	12,472,433
Total transactions with owners	12,100,000	–	372,433	–	12,472,433
Loss after taxation	–	–	–	(2,768,594)	(2,768,594)
Other comprehensive expense:					
Foreign currency translation reserve	–	(16,071,125)	–	–	(16,071,125)
Total comprehensive expenses for the financial year	–	(16,071,125)	–	(2,768,594)	(18,839,719)
Balance as at 31 December 2019	104,326,460	(17,479,304)	590,833	(16,876,757)	70,561,232

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	Group 01.01.2020 to 31.03.2021 RM	Group 01.01.2019 to 31.12.2019 RM Restated	Company 01.01.2020 to 31.03.2021 RM	Company 01.01.2019 to 31.12.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation					
- continuing operations		(50,925,307)	9,264,056	(18,039,639)	(2,768,594)
- discontinued operations		–	(44,140)	–	–
Adjustments for:					
Allowance for impairment losses of:					
- Investment in subsidiary companies	9	–	–	5	–
- Other receivables	13	31,881,072	336,511	403,678	–
- Trade receivables	12	15,044,880	–	–	–
Amortisation of intangible assets	6	2,237,321	915,094	–	–
Depreciation of property, plant and equipment	5	3,357,217	1,129,038	39,255	–
Depreciation of right-of-use assets	7	1,120,408	775,777	130,326	–
Fair value loss on quoted shares	10	415,702	–	415,702	–
Loss on disposal of quoted share		4,865,505	–	4,865,505	–
SIS option expenses	30,31	7,908,248	–	5,624,982	–
Written off property, plant and equipment	5	16,958	–	–	–
Written off intangible assets	6	1,803,540	–	–	–
Written off inventory	11	385,133	–	–	–
Interest expense	26	4,023,009	1,728,511	36,725	615,893
Gains on revaluation of investment properties		(39,223,850)	–	–	–
Unrealised foreign exchange gains		–	–	(1,444,635)	–
Interest income		(106,466)	(115,525)	(80,321)	(1,980)
Operating (loss)/profit before working capital changes		(17,196,630)	13,989,322	(8,048,417)	(2,154,681)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

	Note	Group 01.01.2020 to 31.03.2021 RM	Group 01.01.2019 to 31.12.2019 RM Restated	Company 01.01.2020 to 31.03.2021 RM	Company 01.01.2019 to 31.12.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Decrease in inventories		6,459,477	2,543,951	–	–
Decrease/(increase) in receivables		3,069,656	(19,533,348)	(1,886,138)	556,929
Increase/(decrease) in payables		46,726,747	14,767,599	(147,938)	(466,625)
Cash generate from/(used in) operations		39,059,250	11,767,524	(10,082,493)	(2,064,377)
Interest paid		(4,023,009)	(1,728,511)	(36,725)	(615,893)
Income tax refund		–	336,093	–	–
Income tax paid		(379,874)	(226,611)	–	–
Net cash generated from/(used in) operating activities		34,656,367	10,148,495	(10,119,218)	(2,680,270)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiary companies		–	–	(3)	–
Acquisition of other investment	10	(54,604,972)	–	(54,604,972)	–
Acquisition of intangible assets	6	(24,155)	(55,809)	–	–
Acquisition of property, plant and equipment	5	(54,772,825)	(9,630,975)	(7,231,034)	–
Acquisition of investment properties	8	(46,063,227)	(10,316,801)	–	–
Advances to subsidiary companies		–	–	(101,556,229)	–
Proceeds from issuance of shares to non–controlling interest		3,637,100	728,640	–	–
Proceeds from disposal of other investments		44,734,998	–	44,734,998	–
Interest received		106,466	115,525	80,321	1,980
Net cash (used in)/generated from investing activities		(106,986,615)	(19,159,420)	(118,576,919)	1,980

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

	Note	Group 01.01.2020 to 31.03.2021 RM	Group 01.01.2019 to 31.12.2019 RM Restated	Company 01.01.2020 to 31.03.2021 RM	Company 01.01.2019 to 31.12.2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loans		24,359,428	11,350,734	–	–
Drawdown of bill payables		–	1,696,957	–	–
Proceeds from issuance of RCN	18	41,500,000	19,000,000	41,500,000	19,000,000
Proceeds from issuance of Private Placement	17	63,169,122	–	63,169,122	–
Proceeds from issuance of SIS	17	33,650,000	–	33,650,000	–
Share issuance expenses	17	(1,347,829)	–	(1,347,829)	–
Repayment of lease liabilities	7	(1,095,171)	(694,515)	(116,003)	–
Repayment of term loans		(15,753,404)	(9,427,391)	–	–
Repayment of hire purchase		(1,031,189)	–	(25,267)	–
Repayment of bill payables		(1,541,485)	(12,871,966)	–	–
Withdrawal of fixed deposits		1,541,485	6,119,990	–	–
Net cash generated from financing activities		143,450,957	15,173,809	136,830,023	19,000,000
Net increase in cash and cash equivalents		71,120,709	6,162,884	8,133,886	16,321,710
Effect of foreign exchange rate changes		1,872,180	(696,569)	–	(16,071,125)
Cash and cash equivalents as at beginning of the financial period/ year		8,722,067	3,255,752	338,738	88,153
Cash and cash equivalents as at end of the financial period/ year		81,714,956	8,722,067	8,472,624	338,738
Cash and cash equivalents comprise of:					
Fixed deposits placed with licensed banks	15	–	1,541,485	–	–
Cash and bank balances	16	81,714,956	8,722,067	8,472,624	338,738
		81,714,956	10,263,552	8,472,624	338,738
Less: Fixed deposits pledged as securities	15	–	(1,541,485)	–	–
		81,714,956	8,722,067	8,472,624	338,738

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company's registered office is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal place of business of the Company is located at K-3-12 & K-3-13, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial period ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial period ended 31 March 2021 do not include other entities.

The Company is principally engaged in investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued and paid-up share capital held by the Company in each subsidiaries are as disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the changes stated in Note 2.3.

2.2 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial period, the Group and the Company have adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to References to Conceptual Framework in MFRS Standards	

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

2.3 Standard that has been early adopted by the Group and the Company

The Group has early adopted Amendments to MFRS 16 on COVID-19 related rent concessions. As a practical expedient, the Group and the Company as a lessee have elected not to assess whether a rent concession that meets conditions as set out in MFRS 16 is a lease modification. As such, any change in lease payments resulting from the rent concession shall be accounted as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs and is recognised directly to profit or loss. The adoption of this amendment had no material impact in the current period.

2.4 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 16	Leases

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture
Amendments to Annual Improvements to MFRS Standards 2018-2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The directors do not expect any material impact to the financial statements of the above pronouncements.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency. All financial information are presented in RM, unless otherwise stated.

Notes to the Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealised gain or loss transactions between Group and subsidiary companies are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

The accounting policies for business combination and goodwill are disclosed in Note 3.3.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated income statements and statements of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of profit or loss and comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Leasehold land	Over the remaining year of lease term of 40 to 99 years
Buildings	20 years
Plant and machinery	3 - 10 years
Tools and equipment	3 - 5 years
Motor vehicles	5 years
Office equipment	3 - 10 years
Renovation	10 years

Capital work-in-progress consists of building under construction for intended yet as factory and office. The amount is stated at cost. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

Depreciation of an asset begins when it is ready for its intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.7 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost and subsequently at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss for the period in which they arise.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost and not depreciation until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at least at the financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Intangible assets (Cont'd)

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(a) Research and development costs

Research and development costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Development costs have a finite useful life and are amortised over the period of expected sales from the related project of five years on a straight-line basis.

(b) Intellectual property

Intellectual property is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged using the straight-line method over their estimated useful lives of twenty years. The amortisation method of intangible assets is reviewed at least at the end of the financial period. The effects of any revisions are recognised in profit or loss when the change arise.

Intellectual property is written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

3.7 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial period/year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or CGUs.

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short term funding requirements.

3.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial assets (Cont'd)

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

3.10.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount owing from subsidiary companies, fixed deposit with licensed banks and cash and balance balances.

3.10.2 Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company did not hold any debt instruments at FVOCI at the current and previous financial period/year end.

Equity instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocable elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company did not hold any equity instruments at FVOCI at the current and previous financial period/year end.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial assets (Cont'd)

3.10.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's and the Company's financial assets at FVTPL include investment in quoted shares at the current financial period end.

<u>Derecognition</u>

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to other party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

3.12 Equity and reserve

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve. This reserve is non-distributable and will be transferred to share capital upon the exercise of warrants. The warrants reserve in relation to unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The categories of financial liabilities at an initial recognition are as follows:

3.13.1 Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or

(c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company do not have financial liabilities at FVTPL at the current and previous financial period/year end.

3.13.2 Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases

3.14.1 Leases in which the Group is a lessee

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

(a) Right-Of-Use Assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group and the Company are reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Buildings	3 - 5 years

(b) Lease Liabilities

The Group and the Company recognise lease liabilities, which is measured at the present value of the lease payments to be made over the lease term, at the commencement date. The lease payments include fixed payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, less lease incentives receivable. The lease payments also include the exercise price of purchase option if the Group and the Company are reasonably certain to exercise, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The lease payments are discounted using incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group and the Company measure the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured in order to reflect any reassessment or lease modifications.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases (Cont'd)

3.14.1 Leases in which the Group is a lessee (Cont'd)

(c) Short-term leases and leases of low-value assets

The Group and the Company elected to apply exemption to those short term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group and the Company are reasonably certain to exercise that option.

Under some of the leases, the Group and the Company are offered with the option to extend the lease term for additional two years. The Group and the Company apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income tax

3.16.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.16.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial period/year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial period/year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial period/year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial period/year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Revenue recognition and other income

The Group recognises revenue from contracts with customers for goods or services based on the five-step model as set out in this standard:-

(i) Identify contracts with a customer.
(ii) Identify performance obligations in the contract.
(iii) Determine the transaction price.
(iv) Allocate the transaction price to the performance obligation in the contract.
(v) Recognise revenue when the Company satisfy a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:-

(i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
(iii) Provided benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based on asset for the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:-

3.18.1 Sale of goods

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

3.18.2 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition and other income (Cont'd)

3.18.3 Rental income

Rental income is recognised on an accrued basis.

3.19 Employee benefits

3.19.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.19.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.20 Foreign currency transactions and operations

3.20.1 Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

3.20.2 Foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in the notes of the segment information, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.22 Contingencies

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the Statements of Financial Position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the financial period and previous financial year end.

3.23 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

3.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Fair value measurement (Cont'd)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial period/year end.

3.25 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an assets, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.26 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of Warrants and Employee Share Options into ordinary shares.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, there were no critical judgements made by management on the amounts recognised in the consolidated financial statements.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Company based their assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

4.2.1 Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within a range of 3 to 99 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date are disclosed in Note 5.

4.2.2 Amortisation of intangible assets

The cost of intangible assets are amortised on a straight-line basis over the assets' estimated economic useful lives. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by the changes in the carrying amount.

The carrying amount of the Group's intangible assets at the reporting date is disclosed in Note 6.

4.2.3 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.2.4 Provision for expected credit losses ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geographical region, products type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.4 Provision for expected credit losses ("ECL") of trade receivables (Cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in the Note 12.

4.2.5 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4.2.6 Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4.2.7 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2021 for investment properties. A valuation methodology based on comparison method of valuation (open market value) was used, which entails comparing recorded transaction at similar properties in the vicinity and/or investment method of valuation, which entails the capitalisation of net income of the properties.

The carrying amount of the Group's investment properties at the reporting date is disclosed in Note 8.

5. PROPERTY, PLANT AND EQUIPMENT

Group

31.03.2021	At valuation leasehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
At cost / valuation										
Balance as at beginning of the financial period, as previously stated	4,257,244	9,266,770	3,250,849	5,583,343	1,764,766	290,923	139,118	8,471,543	81,184,428	114,208,984
Prior year adjustment (Note 37)	–	–	–	–	–	–	–	–	(79,724,827)	(79,724,827)
Balance as at beginning of the financial period, as restated	4,257,244	9,266,770	3,250,849	5,583,343	1,764,766	290,923	139,118	8,471,543	1,459,601	34,484,157
Additions	–	7,171,589	23,533,720	8,072,243	–	4,900,767	248,263	199,200	16,569,983	60,695,765
Transferred to investment properties under construction (Note 8)	(4,599,072)	–	(3,494,427)	–	–	–	–	–	–	(8,093,499)
Written off	–	–	(31,675)	(738,184)	(522,306)	–	(71,293)	–	–	(1,363,458)
Exchange differences	341,828	744,058	261,020	448,304	141,699	23,359	10,853	680,208	117,197	2,768,526
Balance as at end of the financial period	–	17,182,417	23,519,487	13,365,706	1,384,159	5,215,049	326,941	9,350,951	18,146,781	88,491,491
Less: Accumulated depreciation										
Balance as at beginning of the financial period	876,390	–	1,515,856	4,096,492	1,763,247	243,518	107,376	2,580,528	–	11,183,407
Charge for the financial period	74,579	1,198	690,979	884,024	920	192,122	31,574	1,252,204	229,617	3,357,217
Transferred to investment properties under construction (Note 8)	(1,023,891)	–	(1,848,110)	–	–	–	–	–	–	(2,872,001)
Written off	–	–	(20,426)	(733,470)	(521,597)	–	(71,007)	–	–	(1,346,500)
Exchange differences	72,922	41	145,373	353,306	141,589	21,690	21,835	236,966	7,862	1,001,584
Balance as at end of the financial period	–	1,239	483,672	4,600,352	1,384,159	457,330	89,778	4,069,698	237,479	11,323,707
Net carrying amount										
Balance as at end of the financial period	–	17,181,178	23,035,815	8,765,354	–	4,757,719	237,163	5,281,253	17,909,302	77,167,784

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

31.12.2019	At valuation leasehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Motor vehicles RM	Office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
At cost / valuation										
Balance as at beginning of the financial year, as previously stated	4,361,026	–	3,010,524	5,719,453	1,807,787	298,015	227,625	8,651,020	72,595,222	96,670,672
Prior year adjustment (Note 37)	–	–	–	–	–	–	–	–	(71,135,621)	(71,135,621)
Balance as at beginning of the financial year, as restated	4,361,026	–	3,010,524	5,719,453	1,807,787	298,015	227,625	8,651,020	1,459,601	25,535,051
Additions	–	9,266,770	311,968	–	–	–	25,840	26,397	–	9,630,975
Written off	–	–	–	–	–	–	(109,024)	–	–	(109,024)
Exchange differences	(103,782)	–	(71,643)	(136,110)	(43,021)	(7,092)	(5,323)	(205,874)	–	(572,845)
Balance as at end of the financial year	4,257,244	9,266,770	3,250,849	5,583,343	1,764,766	290,923	139,118	8,471,543	1,459,601	34,484,157
Less: Accumulated depreciation										
Balance as at beginning of the financial year	763,230	–	1,392,381	4,104,273	1,793,950	236,987	212,763	1,933,218	–	10,436,802
Charge for the financial year	134,344	–	160,212	91,958	12,265	12,451	8,546	709,262	–	1,129,038
Written off	–	–	–	–	–	–	(109,024)	–	–	(109,024)
Exchange differences	(21,184)	–	(36,737)	(99,739)	(42,968)	(5,920)	(4,909)	(61,952)	–	(273,409)
Balance as at end of the financial year	876,390	–	1,515,856	4,096,492	1,763,247	243,518	107,376	2,580,528	–	11,183,407
Net carrying amount										
Balance as at end of the financial year, as restated	3,380,854	9,266,770	1,734,993	1,486,851	1,519	47,405	31,742	5,891,015	1,459,601	23,300,750

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 31.03.2021	Leasehold land RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
At cost					
Balance as at beginning of the financial period	–	–	–	–	–
Additions	6,800,000	520,271	58,563	199,200	7,578,034
Balance as at end of the financial period	6,800,000	520,271	58,563	199,200	7,578,034
Less: Accumulated depreciation					
Balance as at beginning of the financial period	–	–	–	–	–
Charge for the financial period	–	19,865	5,642	13,748	39,255
Balance as at end of the financial period	–	19,865	5,642	13,748	39,255
Net carrying amount					
Balance as at end of the financial period	6,800,000	500,406	52,921	185,452	7,538,779

(a) The carrying amount of the property, plant and equipment under hire purchase are as follows:

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Motor vehicles	4,558,879	–	500,406	–
Plant and machinery	3,840,644	–	–	–
	8,399,523	–	500,406	–

(b) During the financial period, the purchase of property, plant and equipment was financed as follows:

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Purchase of property, plant and equipment	60,695,765	9,630,975	7,578,034	–
Less: Amount financed through hire purchase liabilities	(5,922,940)	–	(347,000)	–
Cash disbursement for purchase of property, plant and equipment	54,772,825	9,630,975	7,231,034	–

Notes to the Financial Statements
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) The carrying amount of the land and building of the Group pledged as securities for term loans granted to a subsidiary company as disclosed in Note 20.

		Group	
		31.03.2021 RM	31.12.2019 RM
Leasehold land	- at valuation	–	3,380,854
	- at cost	10,381,178	–
Buildings	- at cost	23,035,815	1,734,993
		33,416,993	5,115,847

6. INTANGIBLE ASSETS

Group

31.03.2021	Development costs RM	Intellectual property rights RM	Total RM
At cost			
Balance as at beginning of the financial period	8,785,037	10,852,100	19,637,137
Additions	15,995	8,160	24,155
Written off	(464,687)	(2,120,115)	(2,584,802)
Reclassification	(4,974,382)	4,974,382	–
Reclassification to inventory	(2,430,990)	–	(2,430,990)
Exchange differences	569,027	798,756	1,367,783
Balance as at end of the financial period	1,500,000	14,513,283	16,013,283
Less: Accumulated amortisation			
Balance as at beginning of the financial period	1,200,000	2,170,421	3,370,421
Amortisation for the financial period	299,999	1,937,322	2,237,321
Written off	–	(781,262)	(781,262)
Exchange differences	–	213,854	213,854
Balance as at end of the financial period	1,499,999	3,540,335	5,040,334
Net carrying amount			
Balance as at end of the financial period	1	10,972,948	10,972,949

6. INTANGIBLE ASSETS (CONT'D)

Group (Cont'd)

31.12.2019	Development costs RM	Intellectual property rights RM	Total RM
At cost			
Balance as at beginning of the financial year	8,905,460	11,116,650	20,022,110
Additions	55,809	–	55,809
Exchange differences	(176,232)	(264,550)	(440,782)
Balance as at end of the financial year	8,785,037	10,852,100	19,637,137
Less: Accumulated amortisation			
Balance as at beginning of the financial year	900,000	1,607,407	2,507,407
Amortisation for the financial year	300,000	615,094	915,094
Exchange differences	–	(52,080)	(52,080)
Balance as at end of the financial year	1,200,000	2,170,421	3,370,421
Net carrying amount			
Balance as at end of the financial year	7,585,037	8,681,679	16,266,716

The development expenditure relates to the development of green bamboo products.

Patents relate to the Group's rights acquired in respect of technology know-how on bamboo production.

The Group capitalised costs on development work of new products. The directors have forecasted the cash flows based on its expectations of market development. There are no reasonably possible changes in key assumptions that may have significant effect to the recoverable amount.

When estimating on the value of the intangible assets, discounted cash flow method of the income approach is applied as the primary basis of valuation. Based on the work done, the recoverable amount exceeds its carrying amount and there is no further impairment of value is required.

The recoverable amount of intangible asset has been determined based on value-in-use ("VIU") calculations using the profit and cash flow projections approved by the management covering a five (5) years period. The management has assessed the impairment of intangible assets based on five (5) year projected cash flow with the following assumptions:

	%
Gross profit margin	24 - 28
Growth rate	2 - 11
Discount rate	9

Notes to the Financial Statements (cont'd)

7. LEASES

The Group as lessee

(i) Right-of-use assets

31.03.2021	**Buildings RM**	**Total RM**
At cost		
Balance as at beginning of the financial period	7,373,422	7,373,422
Additions	604,079	604,079
Derecognition	(3,581,795)	(3,581,795)
Exchange differences	304,441	304,441
Balance as at end of the financial period	4,700,147	4,700,147
Less: Accumulated depreciation		
Balance as at beginning of the financial period	4,148,546	4,148,546
Charge for the financial period	1,120,408	1,120,408
Derecognition	(3,581,795)	(3,581,795)
Exchange differences	79,441	79,441
Balance as at end of the financial period	1,766,600	1,766,600
Net carrying amount		
Balance as at end of the financial period	2,933,547	2,933,547

31.12.2019	**Buildings RM**	**Total RM**
At cost		
Balance as at beginning of the financial year	3,884,057	3,884,057
Additions	3,664,227	3,664,227
Exchange differences	(174,862)	(174,862)
Balance as at end of the financial year	7,373,422	7,373,422
Less: Accumulated depreciation		
Balance as at beginning of the financial year	3,472,867	3,472,867
Charge for the financial year	775,777	775,777
Exchange differences	(100,098)	(100,098)
Balance as at end of the financial year	4,148,546	4,148,546
Net carrying amount		
Balance as at end of the financial year	3,224,876	3,224,876

7. LEASES (CONT'D)

The Group as lessee (Cont'd)

(ii) Lease liabilities

	Group	
	31.03.2021	**31.12.2019**
	RM	**RM**
At cost		
Balance as at beginning of the financial period/year	3,350,815	458,828
Additions	604,079	3,664,227
Interest expense	225,154	190,036
Less: repayment	(1,320,325)	(884,551)
Exchange differences	283,467	(77,725)
Balance as at end of the financial period/year	3,143,190	3,350,815
Analysed as:		
Current liability	1,026,916	117,223
Non-current liability	2,116,274	3,233,592
	3,143,190	3,350,815

Rates of interest charged per annum:

	Group	
	31.03.2021	**31.12.2019**
	%	**%**
Lease liabilities owing to non-financial institutions	5.22 - 8.79	5.22 - 6.40

The Company as lessee

(i) Right-of-use assets

31.03.2021	**Buildings RM**	**Total RM**
At cost		
Balance as at beginning of the financial period	–	–
Additions	604,079	604,079
Balance as at end of the financial period	604,079	604,079
Less: Accumulated depreciation		
Balance as at beginning of the financial period	–	–
Charge for the financial period	130,326	130,326
Balance as at end of the financial period	130,326	130,326
Net carrying amount		
Balance as at end of the financial period	473,753	473,753

Notes to the Financial Statements (cont'd)

7. LEASES (CONT'D)

The Company as lessee (Cont'd)

(ii) Lease liabilities

31.03.2021	Buildings RM	Total RM
At cost		
Balance as at beginning of the financial period	–	–
Additions	604,079	604,079
Interest expense	29,027	29,027
Less: repayment	(145,030)	(145,030)
Balance as at end of the financial period	488,076	488,076
Analysed as:		
Current liability	212,733	212,733
Non-current liability	275,343	275,343
	488,076	488,076

Rates of interest charged per annum:

	31.03.2021 %
Lease liabilities owing to non-financial institutions	8.79

Lease liabilities

	Group 31.03.2021 RM	Group 31.12.2019 RM	Company 31.03.2021 RM	Company 31.12.2019 RM
Minimum lease payment				
- Not later than one year	1,181,278	199,834	247,200	–
- Later than one year and not later than five years	2,166,070	3,580,293	297,700	–
	3,347,348	3,780,127	544,900	–
Future finance charges on lease liabilities	(204,158)	(429,312)	(56,824)	–
Present value of lease liabilities	3,143,190	3,350,815	488,076	–

Present value of lease liabilities are analysed as follows:

	Group 31.03.2021 RM	Group 31.12.2019 RM	Company 31.03.2021 RM	Company 31.12.2019 RM
Current liabilities				
- Not later than one year	1,026,916	117,223	212,733	–
Non-current liabilities				
- Later than one year and not later than five years	2,116,274	3,233,592	275,343	–
	3,143,190	3,350,815	488,076	–

8. INVESTMENT PROPERTIES

Investment properties, at valuation	31.03.2021 RM	31.12.2019 RM
Balance as at beginning of the financial period/year	–	–
Gain on fair value adjustment of investment properties	47,727,328	–
Transferred from property, plant and equipment (Note 5)	5,221,498	–
Transferred from investment properties under construction	132,189,417	–
Balance as at end of the financial period/year	185,138,243	–

Investment properties under construction, at cost	31.03.2021 RM	31.12.2019 RM Restated
Balance as at beginning of the financial period/year as previously stated	–	–
Prior year adjustment (Note 37)	79,724,827	71,135,621
Balance as at beginning of the financial period/year, as restated	79,724,827	71,135,621
Additions	46,063,227	10,316,801
Transferred to investment properties	(132,189,417)	–
Exchange difference	6,401,363	(1,727,595)
Balance as at end of the financial period/year	–	79,724,827

The Group has pledged investment properties with carrying amount of RM185,138,243 (31.12.2019: RM79,724,827) to licensed banks to secure term loan granted to the Group as referred to in Note 20.

Fair value information

The investment properties of the Group were revalued by an independent qualified valuer, registered with China Real Estate Valuers and Agents Association, the People's Republic of China. The valuation was arrived at based on the Comparison and Cost Method of Valuation.

The Group's investment properties and fair value hierarchy as at 31 March 2021 is as follows:

	31.03.2021			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investment properties	–	185,138,243	–	185,138,243
	–	185,138,243	–	185,138,243

Notes to the Financial Statements (cont'd)

8. INVESTMENT PROPERTIES (CONT'D)

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

9. INVESTMENT IN SUBSIDIARY COMPANIES

Company

	31.03.2021 RM	**31.12.2019 RM**
Unquoted shares, at cost		
- in Malaysia	5	2
- outside Malaysia	34,999,996	34,999,996
	35,000,001	34,999,998
Less: Accumulated impairment loss		
Balance as at beginning of the financial period/year	(2)	(2)
Impairment losses recognised during the financial period/year	(5)	–
Balance as at end of the financial period/year	(7)	(2)
Net carrying amount		
Balance as at end of the financial period/year	34,999,994	34,999,996

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of subsidiary companies are as follows:-

Name of subsidiaries	Country of incorporation	Effective equity interest 31.03.2021	31.12.2019	Principal activities
Direct holding				
Kanger Glove Manufacturing Sdn. Bhd.	Malaysia	100%	–	Glove manufacturing.
Kanger Medical International Sdn. Bhd. *(Formerly known as Kanger Technology Sdn. Bhd.)*	Malaysia	100%	–	Trading of medical and healthcare equipment, pharmaceutical medicinal, products and services.
Kanger Ventures Sdn. Bhd. *(formerly known as Kanger Development (M) Sdn. Bhd.)*	Malaysia	100%	100%	Trading of bamboo products for interior and exterior applications, research and development of bamboo products, trading of construction products, construction works, property development and project management.
Kanger Investment (HK) Ltd.* + ("HK Kanger")	Hong Kong	100%	100%	Investment holding company.
Indirect holding: Subsidiary companies of HK Kanger:				
Ganzhou Kanger Industrial Co. Ltd. ("Ganzhou Kanger") *#	The People's Republic of China	100%	100%	Manufacturing and trade of bamboo flooring and related products, as well as property investment and management.
Kanger Trading (HK) Co. Ltd.*+	Hong Kong	100%	100%	Trading of bamboo flooring and related products.
Subsidiary companies of Ganzhou Kanger:				
Shenzhen Kanger Holding Co. Ltd. *#	The People's Republic of China	100%	100%	Trading of bamboo flooring, bamboo furniture, and related products.

Notes to the Financial Statements (cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of subsidiary companies are as follows:- (Cont'd)

Name of subsidiaries	Country of incorporation	Effective equity interest 31.03.2021	Effective equity interest 31.12.2019	Principal activities
Subsidiary companies of Ganzhou Kanger: (Cont'd)				
Yanshan (Country) Kanger Bamboo Industry Co. Ltd. *#^	The People's Republic of China	100%	100%	Ceased of operations on 2019.
Subsidiary company of Shenzhen Kanger:				
Shenzhen Juner Development Co. Ltd. ("Shenzhen Juner") *#	The People's Republic of China	70%	70%	Investment holding and consultancy.
Subsidiary companies of Shenzhen Juner:				
Jingzhou Kanger Holdings Co. Ltd. ("Jingzhou Kanger") *#	The People's Republic of China	49%	49%	Investment holding, manufacturing and trading of bamboo products and flooring, provides renovation business, investment property, and commercial services.
Subsidiary companies of Jingzhou Kanger:				
Jingzhou Kanger Bamboo Manufacturing Co. Ltd. ("Jingzhou Bamboo") *#	The People's Republic of China	49%	49%	Manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercial services.
Jingzhou Kanger Bamboo Development Co. Ltd. ("Jingzhou Development) *#	The People's Republic of China	49%	49%	Bamboo forest planting, manufacturing and trading of bamboo products and flooring.

* Subsidiary companies not audited by CAS Malaysia PLT, Chartered Accountants.
\# The financial statements of these subsidiary companies were audited by CAS Malaysia PLT for consolidation purpose only.
^ Subsidiary company ceased operation on 2019.
\+ Audited by an independent member firm of CAS International Network Ltd.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) The non-controlling interests at the end of the reporting period comprise the followings: -

	Effective equity interest		Group	
	31.03.2021	31.12.2019	31.03.2021	31.12.2019
	%	%	RM	RM
Shenzhen Juner	30	30	484,743	457,994
Jingzhou Kanger	51	51	9,974,527	6,542,777
Jingzhou Bamboo	51	51	1,938,506	2,483,544
Jingzhou Development	51	51	3,504	–
			12,401,280	9,484,315

(b) The summarised financial information of non-controlling interest is not presented as the non-controlling interest of the subsidiaries are not individually material to the Group.

10. OTHER INVESTMENTS

	Group / Company	
	31.03.2021	31.12.2019
	RM	RM
At fair value:		
Quoted shares in Malaysia	4,588,767	–

The fair value of the quoted equity instruments is measured based on quoted market values as at 31 March 2021.

The movement of the investment securities are as follows:

	Group / Company	
	31.03.2021	31.12.2019
	RM	RM
Balance as at beginning of the financial period/year	–	–
Additions	54,604,972	–
Disposal	(49,600,503)	–
Fair value loss on financial assets measured at fair value through profit or loss	(415,702)	–
Balance as at end of the financial period/year	4,588,767	–

Notes to the Financial Statements (cont'd)

11. INVENTORIES

	Group	
	31.03.2021 RM	31.12.2019 RM
At cost		
Raw materials	184,074	968,352
Work-in-progress	1,221,498	177,923
Finished goods	11,453,108	16,126,025
	12,858,680	17,272,300
Recognised in profit or loss		
Inventories recognised as cost of sales	27,219,462	20,310,121
Written off inventory	385,133	–

12. TRADE RECEIVABLES

	Group	
	31.03.2021 RM	31.12.2019 RM
Trade receivables, gross	24,644,699	27,862,192
Less: Accumulated impairment losses	(15,044,880)	–
Trade receivables, net	9,599,819	27,862,192

Movement in the accumulated impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements (cont'd)

12. TRADE RECEIVABLES (CONT'D)

The movement in the allowance for impairment losses of trade receivables during the financial period/year are as follows:

Group

	Lifetime ECL RM	Credit impaired RM	Total RM
31.03.2021			
Balance as at beginning of the financial period	–	–	–
Allowance for impairment losses	14,444,460	600,420	15,044,880
Balance as at end of the financial period	14,444,460	600,420	15,044,880
31.12.2019			
Balance as at beginning of the financial year	–	–	–
Allowance for impairment losses	–	–	–
Balance as at end of the financial year	–	–	–

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

The ageing of the receivables and provision for impairment losses provided for above are as follows:

Group

		Allowance for impairment loss		
	Gross carrying amount RM	Collectively assessed RM	Individually assessed RM	Net balance RM
31.03.2021				
Neither past due nor impaired	39,940	–	–	39,940
Past due 1 - 30 days	512,683	–	–	512,683
Past due 31 - 60 days	201,694	–	–	201,694
	754,317	–	–	754,317
Credit Impaired				
Past due more than 60 days	23,890,382	–	(15,044,880)	8,845,502
	24,644,699	–	(15,044,880)	9,599,819

Notes to the Financial Statements (cont'd)

12. TRADE RECEIVABLES (CONT'D)

The ageing of the receivables and provision for impairment losses provided for above are as follows: (continued)

Group

	Gross carrying amount RM	Allowance for impairment loss Collectively assessed RM	Individually assessed RM	Net balance RM
31.12.2019				
Neither past due nor impaired	7,015,914	–	–	7,015,914
Past due 1 - 30 days	20,320,269	–	–	20,320,269
Past due 31 - 60 days	526,009	–	–	526,009
	27,862,192	–	–	27,862,192
Credit Impaired				
Past due more than 60 days	–	–	–	–
	27,862,192	–	–	27,862,192

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term range from 30 to 90 days (31.12.2019: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

13. OTHER RECEIVABLES

	Note	Group 31.03.2021 RM	Group 31.12.2019 RM	Company 31.03.2021 RM	Company 31.12.2019 RM
Other receivables		41,479,227	18,054,025	2,406,015	400,000
Less: Accumulated impairment losses		(32,236,425)	(336,511)	(403,678)	–
		9,242,802	17,717,514	2,002,337	400,000
Deposits	(i)	16,331,422	573,196	68,830	27,288
Prepayments		3,958,298	42,891,534	38,581	200,000
Advances to suppliers		15,251	98,764	–	–
		29,547,773	61,281,008	2,109,748	627,288

13. OTHER RECEIVABLES (CONT'D)

The movement in the accumulated impairment losses of other receivables during the financial period/year are as follows:

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Balance as at beginning of the financial period/year	336,511	–	–	–
Allowance for impairment losses	31,881,072	336,511	403,678	–
Exchange difference	18,842	–	–	–
Balance as at end of the financial period/year	32,236,425	336,511	403,678	–

(i) Included in deposit of the Group are 10% downpayment totalling RM14,287,000 (31.12.2019: Nil) paid to suppliers by one of its subsidiaries, Kanger Ventures Sdn. Bhd. *(formerly known as Kanger Development (M) Sdn. Bhd.)* for purchase of 126 parcel of units with vacant possession in the proposed Block A of Antara @ Genting Highland.

14. AMOUNT OWING FROM SUBSIDIARY COMPANIES

	Company	
	31.03.2021 RM	31.12.2019 RM
Amount owing from subsidiary companies	170,936,563	48,173,129
Less: Accumulated impairment losses	(3,847,553)	(3,847,553)
	167,089,010	44,325,576

The amount owing from subsidiary companies represented non-trade transactions which are unsecured, interest free and repayable on demand.

The movement in the accumulated impairment losses of amount owing from subsidiary companies during the financial period/year are as follows:

	Company	
	31.03.2021 RM	31.12.2019 RM
Balance as at beginning and end of the financial period/year	3,847,553	3,847,553

Notes to the Financial Statements (cont'd)

15. FIXED DEPOSITS WITH LICENSED BANKS

	Company	
	31.03.2021 RM	31.12.2019 RM
With maturity of 12 months (China Renminbi)	–	1,541,485
	–	1,541,485

The effective interest rate and maturity period of the fixed deposits with licensed banks at the reporting date are as follows:

	Group	
	31.03.2021	31.12.2019
Effective interest rate	–	1.95%
Maturity period	–	one year

The fixed deposits with licensed banks of the Group is pledged for credit facilities granted to the Group as disclosed in Note 20.

16. CASH AND BANK BALANCES

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
China Renminbi	699,250	7,182,102	–	–
Ringgit Malaysia	81,009,430	339,446	8,472,624	338,738
US Dollar	6,276	1,200,519	–	–
	81,714,956	8,722,067	8,472,624	338,738

17. SHARE CAPITAL

	Group/Company			
	31.03.2021	31.12.2019	31.03.2021	31.12.2019
	Number of shares		RM	RM
Issued and fully paid:				
Balance at the beginning of the financial period/year	1,093,826,084	891,356,949	104,326,460	92,226,460
Conversion of redeemable convertible notes	702,231,039	202,469,135	51,400,000	12,100,000
Pursuant to exercise of SIS	382,016,126	–	41,558,248	–
Private placement	386,970,684	–	63,169,122	–
Share issuance expenses	–	–	(1,347,829)	–
Balance at the end of the the financial period/year	2,565,043,933	1,093,826,084	259,106,001	104,326,460

During the financial period, the Company increased its share capital from RM104,326,460 to RM259,106,001 through the following:

(a) 702,231,039 new ordinary shares arising from conversion of redeemable convertible notes at stipulated exercise price for a total cash consideration of RM51,400,000;

(b) 382,016,126 new ordinary shares at exercise prices range from RM0.0650 to RM0.0992 per ordinary share for a total cash consideration of RM33,650,000 and fair value of RM7,908,248 pursuant to the Company's Shares Issuance Scheme ("SIS");

(c) 386,970,684 new ordinary shares for a total cash consideration of RM63,169,122 pursuant to the Company's Private Placement; and

(d) an amount of RM1,347,829 was utilised out of the share capital for share issuance expenses.

The new ordinary shares issued during the financial period ranked pari passu in all respect of the distribution of dividends and repayment of capital with the existing ordinary shares.

(i) Warrants

The Warrants which are free were issued, registered and in the form of definitive warrant certificates and is constituted by the Deed Poll. The exercise price of the Warrants has been fixed at RM0.10 each.

Each Warrant entitles the Warrant holders to subscribe for one (1) new ordinary share of the Company at any time during the exercise period at the exercise price of RM0.10 each (subject to adjustments in accordance with the provisions of the Deed Poll).

The period commencing on, and including the first date of issue of the Warrants and ending at the close of business at 5.00pm in Malaysia on the date which is five (5) years from the date of issue of the Warrants if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding those days during the period on which the Record of Depositors and/or the Warrants Register is or are closed.

Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

During the financial period, there were no ordinary shares issued in relation to the exercise of Warrants. There were 238,935,400 (31.12.2019: 238,935,400) Warrants remained unexercised as at the financial period end.

17. SHARE CAPITAL (CONT'D)

(i) Warrants (Cont'd)

The remaining unexercised 238,935,400 Warrants expired on 13 April 2020 and ceased to be valid upon the expiry date.

The movement of warrants during the financial period is as follows:

	Number of warrant			
	As at 01.01.2020	Exercised	Expired	As at 31.03.2021
Warrants 2015/2020	238,935,400	–	(238,935,400)	–

(ii) Share issuance scheme

On 27 December 2019, the Company has implemented a SIS of up to 30% of the total number of issued shares of the Company, excluding treasury shares, at any period of time, comprising a Share Option Scheme ("SOS") and a Share Grant Scheme ("SGS").

The salient features of the SIS are as follows:

(a) any director of the Group shall be eligible if as at the date of offer, the director:

(i) must attain the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(ii) the allocation of SOS or SGS by the Company to him in his capacity as a director of the Company under the SIS has been approved by the shareholders of the Company at a general meeting to be convened unless such approval is no longer required under the Constitution, the Bursa Malaysia Listing Requirements ("Listing Requirements") and any other prevailing guidelines issued by the authorities; and

(iii) must fulfil any other eligibility criteria as may be set by the SIS Committee at any time and from time to time at its absolute discretion.

(b) any employee of the Group shall be eligible if as at the date of offer, the employee:

(i) must attain the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(ii) must have entered into a full-time or fixed-term contract with, and is on the payroll of, the Group, and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within the Group;

(iii) if he is an interested parties or a person connected with any of the interested parties, the allocation of SOS or SGS by the Company to him under the SIS has been approved by the shareholders of the Company at a general meeting to be convened unless such approval is no longer required under the Constitution, the Listing Requirements and any other prevailing guidelines issued by the authorities;

(iv) must have been in employment of the Group for a period of at least six (6) months prior to the award date; and

(v) must fulfil any other eligibility criteria as may be set by the SIS Committee at any time and from time to time at its absolute discretion.

17. SHARE CAPITAL (CONT'D)

(ii) Share issuance scheme (Cont'd)

(c) the maximum number of new shares to be issued pursuant to the exercise of the SIS options which may be granted under the SIS Shares shall not exceed thirty percent (30%) of the total number of issued shares of the Company, excluding treasury shares, at any period of time, comprising a SOS and a SGS at any point of time throughout the duration of the SIS;

(d) the options granted may be exercised any time upon the satisfaction of vesting conditions of each offer; and

(e) the SIS shall be in force for a period of ten (10) years and the last day to exercise SIS options is on 26 December 2029.

The following table illustrates the share options granted and exercised during the financial period:

		Number of options over ordinary shares			
Grant date	**Exercise price RM**	**As at 01.01.2020**	**Granted**	**Exercised**	**As at 31.03.2021**
13.01.2020	0.0650	–	90,000,000	(90,000,000)	–
20.02.2020	0.0700	–	40,000,000	(40,000,000)	–
15.02.2021	0.0992	–	252,016,126	(252,016,126)	–
		–	382,016,126	(382,016,126)	–

The fair value of share options granted during the financial period was estimated by using the Trinomial option pricing model, taking into account the term and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs").

The fair value of share options measured at grant date and the assumptions are as follows:

	Grant date		
	13.01.2020	**20.02.2020**	**15.02.2021**
Fair value of share options and assumptions			
Weighted average fair value of share option at grant date (RM)	0.0305	0.0320	0.0071
Weighted average share price (RM)	0.0717	0.0780	0.1120
Option life (years)	5 years	5 years	5 years
Risk-free rate (%)	3.24	2.98	1.86
Expected dividends (%)	Nil	Nil	Nil
Expected volatility (%)	113.64	113.97	76.13

Notes to the Financial Statements (cont'd)

18. REDEEMABLE CONVERTIBLE NOTES

	Group/Company	
	31.03.2021 RM	31.12.2019 RM
Equity		
Balance as at beginning of the financial period/year	590,833	218,400
Arising from issuance of redeemable convertible notes during the financial period/year	–	372,433
Converted during the financial period/year	(590,833)	–
Balance as at end of the financial period/year	–	590,833
Non-Current Liabilities		
Balance as at beginning of the financial period/year	9,122,588	2,712,632
Arising from issuance of redeemable convertible notes during the financial period/year	41,500,000	19,000,000
Converted during the financial period/year	(51,400,000)	(12,100,000)
Redeemable convertible note - Equity	590,833	(372,433)
Deferred tax liabilities (Note 21)	186,579	(117,611)
Balance as at end of the financial period/year	–	9,122,588

The Company issued to the subscriber 2.0% equity-linked redeemable structured convertible note ("Notes") due in 2020 with an aggregate principal amount up to RM100,000,000 comprising four tranches of a principal totally of RM15,000,000 for the first tranche, RM25,000,000 for the second tranche and RM30,000,000 for the third and fourth tranches each.

Tranche 1 Notes shall comprise 60 equal sub-tranches of RM250,000 each, Tranche 2 Notes shall comprise 50 equal sub-tranches of RM500,000 each and each of Tranche 3 Notes and Tranche 4 Notes shall comprise 60 equal sub-tranches of RM500,000 each. The Notes shall entitle the holder thereof to interest at the rate of 2% per annum calculated based on the aggregate principal amount of the Notes held, and on the terms and conditions set out in agreement, be convertible into ordinary shares in the capital of the Company listed on the ACE Market of Bursa Malaysia Securities Berhad.

During the financial period, the Company issued 702,231,039 new ordinary shares arising from the conversion of redeemable convertible notes ("RCN"), details of which are as follows:

(i) Conversion of RCN into 141,428,571 new ordinary shares at issue price of RM0.0700 per share on 09 January 2020;

(ii) Conversion of RCN into 458,333,333 new ordinary shares at issue price of RM0.0720 per share on 19 August 2020;

(iii) Conversion of RCN into 98,765,432 new ordinary shares at issue price of RM0.0810 per share on 17 September 2020; and

(iv) Conversion of RCN into 3,703,703 new ordinary shares at issue price of RM0.1350 per share on 20 November 2020.

Notes to the Financial Statements (cont'd)

19. RESERVES

		Group		Company	
		31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Non-distributable:					
Merger deficit	(a)	(12,805,422)	(12,805,422)	–	–
Revaluation reserve	(b)	–	1,226,554	–	–
Foreign currency translation reserve	(c)	15,596,224	2,281,594	–	(17,479,304)
Distributable:					
(Accumulated losses)/ retained earnings		(1,839,213)	47,999,904	(34,916,396)	(16,876,757)
		951,589	38,702,630	(34,916,396)	(34,356,061)

(a) Merger deficit

This represents the difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium.

(b) Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold land.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. LOAN AND BORROWINGS

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Current liabilities				
Secured				
Hire purchase liabilities	1,598,723	–	63,347	–
Bill payables	–	1,541,485	–	–
Term loans	36,951,047	15,934,989	–	–
	38,549,770	17,476,474	63,347	–
Non-current liabilities				
Secured				
Hire purchase liabilities	3,293,028	–	258,386	–
Term loans	21,026,166	33,436,200	–	–
	24,319,194	33,436,200	258,386	–
Total loan and borrowings				
Secured				
Hire purchase liabilities	4,891,751	–	321,733	–
Bill payables	–	1,541,485	–	–
Term loans	57,977,213	49,371,189	–	–
	62,868,964	50,912,674	321,733	–

Rates of interest charged per annum:

	Group		Company	
	31.03.2021 %	31.12.2019 %	31.03.2021 %	31.12.2019 %
Hire purchase liabilities	2.80	–	2.80	–
Term loans	4.00 - 9.00	3.50 - 8.55	–	–

The terms loan from licensed banks are denominated in RMB and are secured and guaranteed as follows:

a) Legal charge over certain leasehold land and building as disclosed in Note 5;

b) Legal charge over the investment properties as disclosed in Note 8; and

c) Jointly and severally guaranteed by a third party guarantor and a former director of the Company.

The bill payables from licensed banks are denominated in RMB and are secured by legal fixed deposits with licensed bank of the Group as disclosed in Note 15.

20. LOAN AND BORROWINGS (CONT'D)

(a) Hire purchase liabilities

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Minimum lease payment				
- Not later than one year	1,987,735	–	79,116	–
- Later than one year and not not later than five years	3,378,147	–	283,499	–
	5,365,882	–	362,615	–
Future finance charges on hire purchase	(474,131)	–	(40,882)	–
Present value of hire purchase liabilities	4,891,751	–	321,733	–

Present value of hire purchase is analysed as follows:

Current liabilities				
- Note later than one year	1,598,723	–	63,347	–
Non-current liabilities				
- Later than one year and not later than five years	3,293,028	–	258,386	–
	4,891,751	–	321,733	–

(b) Term loans

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
The term loans repayment due is as follows:				
Within one year	36,951,047	15,934,989	–	–
Between one to two years	15,449,606	–	–	–
Between two to five years	5,576,560	33,436,200	–	–
	57,977,213	49,371,189	–	–

Notes to the Financial Statements
(cont'd)

21. DEFERRED TAX LIABILITIES

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Balance at the beginning of the financial period/year	399,007	286,575	186,579	68,968
Issuance of redeemable convertible notes (Note 18)	(186,579)	117,611	(186,579)	117,611
Revaluation gains in investment properties	6,921,856	–	–	–
Exchange differences	254,300	(5,179)	–	–
Balance at the end of the financial period/year	7,388,584	399,007	–	186,579

Presented after appropriate offsetting as follows:

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Deferred tax liabilities	7,388,584	399,007	–	186,579
Deferred tax assets	–	–	–	–
Balance at the end of the financial period/year	7,388,584	399,007	–	186,579

The deferred tax liabilities consist of the effect of the following items:

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Accelerated capital allowances	212,428	212,428	–	–
Issuance of redeemable convertible notes	–	186,579	–	186,579
Fair value adjustment in revaluation gains in investment properties	7,176,156	–	–	–
	7,388,584	399,007	–	186,579

22. TRADE PAYABLES

	Group	
	31.03.2021	31.12.2019
	RM	RM
Denominated in		
China Renminbi	4,947,245	876,240
	4,947,245	876,240

(i) The trade payables are non-interest bearing and the normal trade credit terms received by the Group and the Company is 90 days (31.12.2019: 90 days).

23. OTHER PAYABLES

	Group		Company	
	31.03.2021	31.12.2019	31.03.2021	31.12.2019
	RM	RM	RM	RM
Other payables	30,189,544	16,969,975	71,312	204,278
Accruals	30,865,962	542,238	201,949	216,921
Deposit received	2,953,260	2,870,803	–	–
Amount owing to a director	–	970,008	–	–
	64,008,766	21,353,024	273,261	421,199

The amount owing to a director is non-trade in nature, unsecured, interest-free and repayable on demand.

24. REVENUE

	Group	
	01.01.2020 to 31.03.2021	01.01.2019 to 31.12.2019
	RM	RM
Sale of goods	33,889,450	65,046,562
	33,889,450	65,046,562
Timing and recognition		
- At a point in time	33,889,450	65,046,562

Notes to the Financial Statements (cont'd)

25. OTHER OPERATING INCOME

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Interest income	106,466	115,502	80,321	1,980
Rental income	308,538	336,272	–	–
Gains on revaluation of investment properties	39,223,850	–	–	–
Grants received	2,703,871	5,212,678	–	–
Unrealised foreign exchange gains	–	–	1,444,635	–
Other income	2,273,107	867	28,921	–
	44,615,832	5,665,319	1,553,877	1,980

26. FINANCE COST

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Bank overdraft interest	–	151,931	–	–
Bill payables interest	–	53,496	–	–
Redeemable convertible notes interest	–	615,893	–	615,893
Term loans interest	2,890,370	717,155	–	–
Hire purchase interest	31,514	–	7,698	–
Lease liabilities interest	225,154	190,036	29,027	–
Others	875,971	–	–	–
	4,023,009	1,728,511	36,725	615,893

Notes to the Financial Statements (cont'd)

27. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):				
Allowance for impairment losses of:				
- Investment in subsidiary companies (Note 9)	–	–	5	–
- Other receivables (Note 13)	31,881,072	336,511	403,678	–
- Trade receivables (Note 12)	15,044,880	–	–	–
Amortisation of intangible assets (Note 6)	2,237,321	915,094	–	–
Auditors' remuneration:				
- Statutory audit	208,825	104,215	170,000	35,000
- Under provision in respect of prior year	2,000	18,578	–	1,500
- Other services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 5)	3,357,217	1,129,038	39,255	–
Depreciation of right-of-use assets (Note 7)	1,120,408	775,777	130,326	–
Employee benefits expenses (Note 30)	2,514,449	3,047,363	176,430	599,313
Fair value loss on quoted shares (Note 10)	415,702	–	415,702	–
Loss on disposal of quoted share (Note 10)	4,865,505	–	4,865,505	–
SIS option expenses				
- staff (Note 30)	3,881,048	–	1,597,782	–
- director (Note 31)	4,027,200	–	4,027,200	–
Rental of premises	17,523	8,300	–	8,300
Written off property, plant and equipment (Note 5)	16,958	–	–	–
Written off intangible assets (Note 6)	1,803,540	–	–	–
Written off inventory (Note 11)	385,133	–	–	–
Gains on revaluation of investment properties	(39,223,850)	–	–	–
Unrealised foreign exchange gains	–	–	(1,444,635)	–

28. TAXATION

	Group	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Income tax:		
CONTINUING OPERATIONS:		
- current year's provision	9,138	36,161
- over provision in respect of prior year	–	(191,946)
	9,138	(155,785)
DISCONTINUED OPERATIONS:		
- over provision in respect of prior year	–	(9,942)
	–	(9,942)
Tax expenses/(credit) for the current financial period/year	9,138	(165,727)

Domestic current income tax is calculated at the statutory tax rate of 24% (31.12.2019: 24%) of the estimated assessable profit for the period/year.

The People's Republic of China ("PRC") income tax is computed in accordance with the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (31.12.2019: 25%) for the financial period/year, except for the Group's subsidiary, Ganzhou Kanger, which currently enjoys a preferential tax rate of 15% (31.12.2019: 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.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

28. TAXATION (CONT'D)

The reconciliation of income tax expense applicable to the (loss)/profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	01.01.2020 to 31.03.2021 RM	**01.01.2019 to 31.12.2019 RM**	**01.01.2020 to 31.03.2021 RM**	**01.01.2019 to 31.12.2019 RM**
(Loss)/profit before taxation				
- continuing operations	(50,925,307)	9,264,056	(18,039,639)	(2,768,594)
- discontinued operations	–	(44,140)	–	–
	(50,925,307)	9,219,916	(18,039,639)	(2,768,594)
Tax at the statutory tax rate of 24% (31.12.2019: 24%)	(12,222,074)	2,212,780	(4,329,513)	(664,463)
Adjustments for the following tax effects:				
Non-deductible expenses	21,647,774	900,768	4,329,513	664,463
Non-taxable income	(10,734,892)	(2,574,671)	–	–
Effect of different tax rates in other countries	973,703	(440,063)	–	–
Deferred tax assets not recognised in previous financial year	344,627	–	–	–
Utilisation of deferred tax asset not recognised in previous financial year	–	(62,653)	–	–
Over provision of taxation in the previous financial year	–	(201,888)	–	–
Tax expenses/(credit) for the current financial period/year	9,138	(165,727)	–	–

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	01.01.2020 to 31.03.2021 RM	**01.01.2019 to 31.12.2019 RM**	**01.01.2020 to 31.03.2021 RM**	**01.01.2019 to 31.12.2019 RM**
Unutilised tax losses	1,871,437	437,124	–	–
Unabsorbed capital allowance	20,000	–	–	–
Taxable temporary difference	(18,443)	(75)	–	–
	1,872,994	437,049	–	–
Deferred tax asset not recognised at 24% (31.12.2019: 24%)	449,519	104,892	–	–

Notes to the Financial Statements (cont'd)

29. EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per ordinary share as at 31 March 2021 is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	01.01.2020 to 31.03.2021	**01.01.2019 to 31.12.2019**
(Loss)/profit attributable to owners of the Company (RM)		
- Continuing operations (RM)	(51,065,671)	6,880,424
- Discontinued operations (RM)	–	(34,198)
	(51,065,671)	6,846,226
Weighted average number of ordinary shared on issue (units)	1,665,562,864	940,854,665
Basic (loss)/earnings per share (sen)		
- Continuing operations	(3.07)	0.73
- Discontinued operations	–	–

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of Warrants into ordinary shares. The Warrants are deemed to have been converted into ordinary shares at the date of the issue of the Warrants.

	Group	
	01.01.2020 to 31.03.2021	**01.01.2019 to 31.12.2019**
(Loss)/profit attributable to owners of the Company (RM)		
- Continuing operations (RM)	(51,065,671)	6,880,424
- Discontinued operations (RM)	–	(34,198)
	(51,065,671)	6,846,226
Weighted average number of ordinary shared on issue (units)	1,665,562,864	940,854,665
Effects of exercise of Warrants (units)	–	238,935,400
	1,665,562,864	1,179,790,065

29. EARNINGS PER SHARE (CONT'D)

(b) Diluted (loss)/earnings per ordinary share (Cont'd)

	Group	
	01.01.2020 to 31.03.2021	01.01.2019 to 31.12.2019
Fully diluted (loss)/earnings per share (sen)		
- Continuing operations	(3.07) *	0.58
- Discontinued operations	–	–

* The diluted loss per share for the current financial period is equal to the basic loss per share as the conversion of potential ordinary shares would decrease loss per share from continuing operations. Thus, the potential effect of the conversion of warrants would be anti-dilutive.

30. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Staff costs (excluding directors)				
Salaries, bonuses, incentives, overtime, commissions, allowances and others	2,399,572	2,866,022	162,250	599,313
Pension costs: defined contribution plans	12,920	181,341	12,920	–
Social security costs	101,828	–	1,131	–
Employment insurance system	129	–	129	–
SIS option expenses	3,881,048	–	1,597,782	–
	6,395,497	3,047,363	1,774,212	599,313

Employees benefit expenses excluding the aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial period/year.

Notes to the Financial Statements (cont'd)

31. RELATED PARTY DISCLOSURES

(a) The key management personnel compensation are as follows:

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Directors of the Group and the Company				
Executive directors:				
Salaries and other benefits	1,190,038	534,276	1,150,063	379,313
Defined contribution plans	45,051	–	41,038	–
SIS option expenses	4,027,200	–	4,027,200	–
	5,262,289	534,276	5,218,301	379,313
Non-executive directors:				
Fees	480,000	220,000	480,000	220,000
	5,742,289	754,276	5,698,301	599,313

	Group		Company	
	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM	01.01.2020 to 31.03.2021 RM	01.01.2019 to 31.12.2019 RM
Other key management personnel				
Salaries and other benefits	147,053	115,218	–	–
Defined contribution plans	9,681	7,585	–	–
	156,734	122,803	–	–

The directors of the Group and of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

32. CAPITAL COMMITMENTS

	Group	
	31.03.2021 RM	31.12.2019 RM
Approved and contracted for: -		
- Acquisition of property, plant and equipment	129,833,000	16,446,000
	129,833,000	16,446,000

33. SEGMENT INFORMATION

General information

The information reported to the Group's chief operating decision maker to make decision about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transaction between reportable segments are measured on the basis that is similar to those external customers.

Segments statements of profit or loss and other comprehensive income are profit earned or loss incurred by each segments without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of profit or loss and other comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Notes to the Financial Statements (cont'd)

33. SEGMENT INFORMATION (CONT'D)

Measurement of Reportable Segments (Cont'd)

(a) Geographical Segments

Revenue information based on geographical location of customers is as follows:

	Group Revenue	
	01.01.2020 to 31.03.2021 RM	**01.01.2019 to 31.12.2019 RM**
Based on location of customer		
People's Republic of China	18,105,640	25,017,787
Malaysia	–	11,004,102
New Zealand	5,590,279	10,959,211
Mexico	4,681,735	7,354,599
United Arab Emirates	–	2,941,972
India	–	794,712
United States of America	1,248,128	2,498,060
Spain	–	2,465,547
Korea	2,299,794	1,181,006
Kenya	–	829,566
Iran	839,136	–
Bangladesh	1,124,738	–
	33,889,450	65,046,562

(b) Business Segments

The reportable business segment of the Group comprise the following:

Investment holding	Investment holding.
Manufacturing and trading	Manufacturing and trading of bamboo flooring and related products.
Research and development	Performing research and development work for the Group.

Other non-reportable segments comprise operations of subsidiary companies which are inactive and dormant.

33. SEGMENT INFORMATION (CONT'D)

(b) Business segment

Group	Continuing operations						Discontinued operations					
	Investment Holding		Manufacturing and Trading		Research and Development		Manufacturing and Trading		Elimination		Consolidated	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Revenue												
External revenue	–	–	33,889,450	65,046,562	–	–	–	–	–	–	33,889,450	65,046,562
Inter-segment revenue	–	–	5,590,372	3,580,760	400,000	400,000	–	510,827	(5,990,372)	(4,491,587)	–	–
Total revenue	–	–	39,479,822	68,627,322	400,000	400,000	–	510,827	(5,990,372)	(4,491,587)	33,889,450	65,046,562
Results:												
Segment results	(33,892,548)	(3,407,680)	(77,326,035)	8,245,865	(2,545,372)	(342,939)	–	(44,759)	–	–	(113,763,955)	4,450,487
Interest income	(80,363)	(2,101)	(26,103)	(113,373)	–	(5)	–	(23)	–	–	(106,466)	(115,502)
Finance costs	7,804	617,053	4,008,993	968,150	6,212	–		143,308	–	–	4,023,009	1,728,511
Amortisation of intangible assets	–	–	1,937,322	615,094	299,999	300,000	–	–	–	–	2,237,321	915,094
Depreciation of property, plant and equipment	39,255	–	3,301,451	1,128,394	16,511	25	–	619	–	–	3,357,217	1,129,038
Depreciation of right-of-use assets	130,326	–	990,082	775,777	–	–	–	–	–	–	1,120,408	775,777
Allowance for impairment loss												
- investment in subsidiary	5	–	–	–	–	–	–	–	(5)	–	–	–
- other receivables	–	–	31,881,072	336,511	–	–	–	–	–	–	31,881,072	336,511
- trade receivables	–	–	15,044,880	–	–	–	–	–	–	–	15,044,880	–
Fair value loss on quoted shares	415,702	–	–	–	–	–	–	–	–	–	415,702	–
Loss on disposal of quoted shares	4,865,505	–	–	–	–	–	–	–	–	–	4,865,505	–
(Loss)/profit before taxation	(28,514,314)	(2,792,728)	(20,188,338)	11,956,418	(2,222,650)	(42,919)	–	99,145	(5)	–	(50,925,307)	9,219,916
Taxation	–	–	(9,138)	155,785	–	–	–	9,942	–	–	(9,138)	165,727
(Loss)/profit after taxation	(28,514,314)	(2,792,728)	(20,197,476)	12,112,203	(2,222,650)	(42,919)	–	109,087	(5)	–	(50,934,445)	9,385,643
Segment assets	341,714,817	195,445,637	410,089,930	316,080,349	89,307,205	1,292,321	–	1,865,080	(426,258,855)	(275,479,198)	414,853,097	239,204,189
Total assets	341,714,817	195,445,637	410,089,930	316,080,349	89,307,205	1,292,321	–	1,865,080	(426,258,855)	(275,479,198)	414,853,097	239,204,189
Segment liabilities	98,946,124	80,529,435	181,484,142	95,993,749	93,323,547	3,050,008	–	1,079,724	(231,359,586)	(94,552,965)	142,394,227	86,099,951
Total liabilities	98,946,124	80,529,435	181,484,142	95,993,749	93,323,547	3,050,008	–	1,079,724	(231,359,586)	(94,552,965)	142,394,227	86,099,951

Notes to the Financial Statements (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their risks.

The main areas of the financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

34.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities. Interest-bearing financial assets includes fixed deposits with licensed banks. Interest-bearing liabilities includes term loans and hire purchase liabilities.

The interest rates per annum on the financial liabilities are disclosed in Note 20.

The Group adopts a strategy of mixing fixed and floating rates borrowing to minimise exposure to interest rate risk. The Group and the Company also review their debt portfolio to ensure favourable rates are obtained.

The Group and the Company do not account sensitivity analysis for any fixed rate financial liabilities as a change in interest rates at the end of the reporting period would not affect the profit or loss.

34.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institution.

(a) Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis through the review of receivables ageing.

The maximum exposure to credit risk is disclosed in Note 12, representing the carrying amount of the trade receivables recognised on the statements of financial position.

(b) Other receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. The maximum exposure to credit risk is disclosed in Note 13, representing the carrying amount of the other receivable recognised on the statements of financial position.

(c) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(d) Advances to subsidiary companies

The Company provides unsecured advances to its subsidiary companies and monitors the results of the subsidiary companies regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. As at 31 March 2021, the Company had made sufficient allowance for impairment loss on advances to its subsidiary companies.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D')

34.3 Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk is primarily China Renminbi ("RMB") and United States Dollar ("USD").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company have not entered into any derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets/(liabilities) of the Group and of the Company at the financial period/year end that are not denominated in Ringgit Malaysia are as follows:

Group

31.03.2021	**RMB RM**	**USD RM**	**Total RM**
Trade receivables	9,599,819	–	9,599,819
Other receivables	11,202,441	–	11,202,441
Cash and bank balances	699,250	6,276	705,526
Trade payables	(4,947,245)	–	(4,947,245)
Other payables	(63,713,777)	(11,728)	(63,725,505)
Term loans	(57,977,213)	–	(57,977,213)
	(105,136,725)	(5,452)	(105,142,177)

31.12.2019	**RMB RM**	**USD RM**	**Total RM**
Trade receivables	7,563,175	20,299,017	27,862,192
Other receivables	45,770,186	14,883,534	60,653,720
Fixed deposits with licensed banks	1,541,485	–	1,541,485
Cash and bank balances	7,182,102	1,200,519	8,382,621
Trade payables	(876,240)	–	(876,240)
Other payables	(18,511,574)	(1,291,573)	(19,803,147)
Term loans	(49,371,189)	–	(49,371,189)
Bill payables	(1,541,485)	–	(1,541,485)
	(8,243,540)	35,091,497	26,847,957

Company

31.03.2021	**RMB RM**	**USD RM**	**Total RM**
Amount owing from subsidiary companies	5,944,120	63,883,600	69,827,720
	5,944,120	63,883,600	69,827,720

31.12.2019	**RMB RM**	**USD RM**	**Total RM**
Amount owing from subsidiary companies	5,477,320	37,252,961	42,730,281
	5,477,320	37,252,961	42,730,281

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.3 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's and the Company's pre-tax (loss)/profit to a reasonably possible change in the RMB, USD and other exchange rates against the respective functional currencies of the Group and of the Company, with all other variables held constant.

		Group		Company	
		31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
RMB/RM	-strengthened 10%	(10,513,673)	(824,354)	594,412	547,732
	-weakened 10%	10,513,673	824,354	(594,412)	(547,732)
USD/RM	-strengthened 10%	(545)	3,509,150	6,388,360	3,725,296
	-weakened 10%	545	(3,509,150)	(6,388,360)	(3,725,296)

34.4 Liquidity and cash flow risks

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure they will have sufficient liquidity to meet their liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates). The effective interest rates of these financial liabilities are disclosed in the respective notes to the financial statements.

Group	Carrying amount RM	Contractual interest rate/coupon %	Contractual cash flows RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
31.03.2021						
Trade payables	4,947,245	–	4,947,245	4,947,245	–	–
Other payables	64,008,766	–	64,008,766	64,008,766	–	–
Lease liabilities	3,143,190	5.22 - 8.79	3,347,348	1,181,278	2,166,070	–
Loan and borrowings	62,868,964	2.80 - 9.00	63,343,095	38,938,782	24,404,313	–
	134,968,165		135,646,454	109,076,071	26,570,383	–

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.4 Liquidity and cash flow risks (Cont'd)

Group	Carrying amount RM	Contractual interest rate/coupon %	Contractual cash flows RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
31.12.2019						
Trade payables	876,240	–	876,240	876,240	–	–
Other payables	21,353,024	–	21,353,024	21,353,024	–	–
Lease liabilities	3,350,815	5.22 - 6.40	3,780,127	199,834	3,580,293	–
Loan and borrowings	50,912,674	3.50 - 8.55	50,912,674	17,476,474	33,436,200	–
	76,492,753		76,922,065	39,905,572	37,016,493	–
Company						
31.03.2021						
Other payables	273,261	–	273,261	273,261	–	–
Loan and borrowings	321,733	2.80	362,615	79,116	283,499	–
	594,994		635,876	352,377	283,499	–
31.12.2019						
Other payables	421,199	–	421,199	421,199	–	–
	421,199		421,199	421,199	–	–

Notes to the Financial Statements (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.5 Classification of financial instruments

	Group		Company	
Financial assets	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
At amortised cost				
Trade receivables	9,599,819	27,862,192	–	–
Other receivables	25,574,224	18,290,710	2,071,167	427,288
Amount owing from subsidiary companies	–	–	167,089,010	44,325,576
Fixed deposits with licensed banks	–	1,541,485	–	–
Cash and bank balances	81,714,956	8,722,067	8,472,624	338,738
	116,888,999	56,416,454	177,632,801	45,091,602
At fair value through profit or loss				
Investment in quoted shares	4,588,767	–	–	–
	4,588,767	–	–	–
	121,477,766	56,416,454	177,632,801	45,091,602

	Group		Company	
Financial liabilities	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
At amortised cost				
Trade payables	4,947,245	876,240	–	–
Other payables	33,142,804	20,810,786	71,312	204,278
Lease liabilities	3,143,190	3,350,815	488,076	–
Loan and borrowings	62,868,964	50,912,674	321,733	–
Redeemable convertible notes	–	9,122,588	–	9,122,588
	104,102,203	85,073,103	881,121	9,326,866

34.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are carried at fair value and those not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.6 Fair value of financial instruments (Cont'd)

Group	Financial instruments that are carried at fair value			
31.03.2021	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial asset				
Investment in quoted shares	4,588,767	–	–	4,588,767
	4,588,767	–	–	4,588,767

Group	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
31.03.2021	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial liabilities				
Loan and borrowings	–	–	62,868,964	62,868,964
Lease liabilities	–	–	3,143,190	3,143,190
	–	–	66,012,154	66,012,154
31.12.2019				
Financial liabilities				
Loan and borrowings	–	–	50,912,674	50,912,674
Lease liabilities	–	–	3,350,815	3,350,815
Redeemable convertible notes	–	–	9,122,588	9,122,588
	–	–	63,386,077	63,386,077

Company	Financial instruments that are carried at fair value			
31.03.2021	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial asset				
Investment in quoted shares	4,588,767	–	–	4,588,767
	4,588,767	–	–	4,588,767

Notes to the Financial Statements (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.6 Fair value of financial instruments (Cont'd)

Company	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
31.03.2021	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial asset				
Amount owing from subsidiary companies	–	–	167,089,010	167,089,010
	–	–	167,089,010	167,089,010
	4,588,767	–	167,089,010	171,677,777
Financial liability				
Loan and borrowings	–	–	321,733	321,733
	–	–	321,733	321,733
31.12.2019				
Financial asset				
Amount owing from subsidiary companies	–	–	44,325,576	44,325,576
	–	–	44,325,576	44,325,576
Financial liability				
Redeemable convertible notes	–	–	9,122,588	9,122,588
	–	–	9,122,588	9,122,588

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

34.6 Fair value of financial instruments (Cont'd)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (31.12.2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Amount owing from subsidiary companies, loan and borrowings, lease liabilities and redeemable convertible notes

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested with the directors.

35. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manage the capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial period ended 31 March 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital. The Group's and the Company's net debts include total liabilities less deferred tax liabilities, provision for taxation and cash and cash equivalents. The Group and the Company are not subject to externally imposed capital requirements.

Notes to the Financial Statements (cont'd)

35. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM
Total liabilities	134,968,165	85,615,341	1,083,070	9,543,787
Less: Cash and cash equivalents	(81,714,956)	(8,722,067)	(8,472,624)	(338,738)
Net debts / (cash)	53,253,209	76,893,274	(7,389,554)	9,205,049
Equity attributable to owners of the Company	260,057,590	143,619,923	224,189,605	70,561,232
Gearing ratio	20%	54%	– *	13%

* The Company is in a net cash position. Therefore, gearing ratio does not apply.

36. SIGNIFICANT EVENTS AND SUBSEQUENT TO THE FINANCIAL PERIOD

(i) On 8 July 2021, the Company had announced that Ganzhou Bank Co., Ltd. had granted an extension of time for the repayment of banking facility's period from 9 September 2021 to 9 September 2022 to its wholly-owned subsidiary, Ganzhou Kanger Industrial Co., Ltd..

(ii) On 26 April 2021, the Company has announced its intention to undertake the following proposals:

(a) acquisition of 1,020,000 ordinary shares of Sung Master, representing 51.0% equity interest of Sung Master ("Sale Shares") for a purchase consideration of RM94,789,436.00 ("Purchase Consideration"). The Purchase Consideration shall be satisfied via a combination of cash payment of RM51,999,999.62 whilst the remaining purchase consideration of RM42,789,436.38 shall be satisfied via the issuance of 713,157,273 new ordinary shares of the Company ("Kanger Shares") at the issue price of RM0.06 per Kanger Share ("Proposed Acquisition"); and

(b) subscription of 769,513,179 Kanger Shares, representing 30.0% of the total issued Kanger Shares at the subscription price of RM0.06 per Kanger Share by Mr. Kuah Choon Ching ("Proposed Subscription").

The proposals have yet to take place and any effect to the financial statements will be reflected in the subsequent financial year.

(iii) The Company has announced on the following in relation to the increase of its issued and full paid-up ordinary share capital pursuant to the exercise of SIS:

- On 02 July 2021, issuance of 46,209,193 new ordinary shares at an exercise price of RM0.0541 for cash;

- On 21 May 2021, issuance of 92,438,528 new ordinary shares at an exercise price of RM0.0541 for cash; and

- On 23 April 2021, issuance of 92,438,528 new ordinary shares at an exercise price of RM0.0541 for cash.

36. SIGNIFICANT EVENTS AND SUBSEQUENT TO THE FINANCIAL PERIOD (CONT'D)

(iv) The Board of Director of the Company has announced on the following in relation to the offered share options to eligible employees under SIS:

- On 08 April 2021, the Company offered a total of 296,892,216 share options under the SIS at an exercise price of RM0.0541 per option.

(v) On 24 February 2021, the Company has announced its intention to undertake the following proposals:

(a) a renounceable rights issue of up to 2,861,936,149 new ordinary shares in the Company ("Kanger Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with up to 2,861,936,149 free detachable warrants in Kanger ("Warrant(s) B") on the basis of 1 Warrant B for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants");

(b) an acquisition by Kanger Ventures Sdn. Bhd. (formerly known as Kanger Development (M) Sdn. Bhd.), a wholly-owned subsidiary of the Company, of 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, sited on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur from the developer, namely Aset Kayamas Sdn Bhd for a total purchase consideration of RM142,870,000 to be satisfied entirely via cash ("Proposed Acquisition"); and

(c) a diversification of the existing principal activities of the Company and its subsidiaries to include construction and related activities ("Proposed Diversification").

The proposals have yet to take place and any effect to the financial statements will be reflected in the subsequent financial year.

(vi) On 11 March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Malaysia and around the world. On 16 March 2020, the Malaysian Prime Minister announced Movement Control Order ("MCO") which includes closure of all government and private premises except those involved in essential services effective 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 and further extended RMCO to 31 December 2020. On 11 January 2021, the Malaysian Government announced the re-imposition the MCO for certain states of the country effective from 13 January 2021 to 4 February 2021 which was further extended to 5 March 2021 and entered CMCO thereafter. On 3 May 2021, the Government re-imposed MCO which will be effective from 6 May 2021 to 17 May 2021 for selective states. Meanwhile, due to the spike in the cases, on 10 May 2021, Government had announced that a nationwide MCO would be reinstated from 12 May 2021 to 7 June 2021 which was further extended until 28 June 2021. Consequently, the Covid-19 outbreak had resulted in travel restrictions, lockdown and other precautionary measures which has then brought significant economic uncertainties in Malaysia and markets in which the Group operates as well as may cause impact to the Group's revenue, earnings, cash flow and financial condition.

Arising from the COVID-19 pandemic, the Group and the Company have implemented several measures to weather through this current challenging time. The following measures had been taken, with further additional efforts to be taken:

Impact from Covid-19 Pandemic

The Group's business operations have been slowed down due to the MCO and COVID-19 pandemic. As such, the Group's financial performance for the current financial period has been affected as there was lower revenue generated during the MCO period.

Despite headwinds from uncertain economic environment, the management and the Board will be prudent and cautious in drawing up the Group's business plans for the financial year ending 31 March 2022. Nevertheless, the Board shall closely monitor the Group's operations and take the necessary steps to navigate its post-pandemic recovery to improve the performance of its operations.

Notes to the Financial Statements (cont'd)

37. COMPARATIVE FIGURES

(i) In current financial period, the Group and the Company changed its financial year end from 31 December to 31 March. Accordingly, the financial statements of the Group and the Company for the current financial period ended 31 March 2021 covers a 15-month period compared to a 12- month period for the previous financial year ended of 31 December 2019, and therefore the comparative amounts are not comparable for the statements of profit or loss and other comprehensive income, changes in equity, cash flows and the related notes.

(ii) The presentation and classification of items in current period's financial statements are consistent with the previous financial year and the following comparative figures which have been reclassified to conform with current period's presentation and to reflect appropriately the nature of the transactions:

As at 1 January 2020	**As previously stated RM**	**Reclassification RM**	**As reclassified RM**
Statements of financial position			
<u>Non-current assets</u>			
Property, plant and equipment	81,184,428	(79,724,827)	1,459,601
Investment properties	–	79,724,827	79,724,827
Amount owing from subsidiary companies	48,173,129	(48,173,129)	–
Accumulated impairment losses	(3,847,553)	3,847,553	–
<u>Current assets</u>			
Amount owing from subsidiary companies	–	48,173,129	48,173,129
Accumulated impairment losses	–	(3,847,553)	(3,847,553)
Statements of cash flows			
Acquisition of property, plant and equipment	(19,947,776)	10,316,801	(9,630,975)
Acquisition of investment properties	–	(10,316,801)	(10,316,801)
As at 1 January 2019			
Statements of financial position			
<u>Non-current assets</u>			
Property, plant and equipment	96,670,672	(71,135,621)	25,535,051
Investment properties	–	71,135,621	71,135,621

LIST OF PROPERTIES
AS AT 31 MARCH 2021

Location	Description/ Existing use	Existing Use	Tenure	(i) Land area (ii) Built-up area (square metres)	Approximate age of building (years)	Carrying amounts at 31 March 2021 RM '000	Date of Acquisition
The West Road of Jinling, Gannan Industrial Park, Ganzhou Economic and Technology Development Zone, Jiangxi Province, 341000 China	Industrial land with 1-storey detached building annexed with a 3-storey detached building erected thereon	Head office and manufacturing facility	50 years ending on 16 February 2058	(i) 19,662 (ii) 8,577	10	185,138 (land and building)	16 February 2009
The West Road of Jinling, Gannan Industrial Park, Ganzhou Economic and Technology Development Zone, Jiangxi Province, 341000 China	Industrial land with 19-storey detached building annexed with a 6 storey detached building erected thereon	Hotel and car showroom facility	50 years ending on 16 February 2058	(i) 19,662 (ii) 63,513	10		16 February 2009
Gantai Industrial Park, Pingyuan Village, Gantang Town , Jingzhou Country, Huaihua City, Hunan Province, China	Industrial land with 1 storey detached building	Manufacturing facility	50 years ending on 9 January 2069	(i) 58,318 (ii) 58,318	1	7,590 (land) 23,036 (building)	09 January 2009
Gantai Industrial Park, Pingyuan Village, Gantang Town , Jingzhou Country, Huaihua City, Hunan Province, China	Industrial land with 4 storey detached building annexed with a 6 storey detached building	Office and staff quarter	70 years ending on 31 March 2089	(i) 7,657 (ii) 7,657	1	2,419 (Land) (building still in construct)	31 March 2019
Gantai Industrial Park, Pingyuan Village, Gantang Town , Jingzhou Country, Huaihua City, Hunan Province, China	Industrial land	Land	50 years ending on 7 January 2071	(i) 2,719	–	372 (land)	7 January 2020
Sungai Rambai, Batang Berjuntai, Pekan Bestari Jaya, Daerah Kuala Selangor, Negeri Selangor	Leasehold Agriculture land held under Individual Title PM51 Lot3518 Seksyen 2	Vacant Land	99 years ending on 27 January 2094	(i) 4,840	1	1,000 (land)	24 August 2020
Sungai Rambai, Batang Berjuntai, Pekan Bestari Jaya, Daerah Kuala Selangor, Negeri Selangor	Leasehold Agriculture land held under Individual Title PM52 Lot3517 Seksyen 2	Vacant Land	99 years ending on 9 April 2095	(i) 4,887	1	1,000 (land)	24 August 2020
Tempat Batu 28 Ijok, Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor	Leasehold Agriculture land held under Individual Title PM79 Lot1765 Batu 28 Ijok	Vacant Land	99 years ending on 8 februsry 2077	(i) 12,368	1	4,800 (land)	24 August 2020

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JULY 2021

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	2,796,130,182
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
31	Less than 100	1,024	*
1,161	100 to 1,000	715,262	0.03
6,364	1,001 to 10,000	43,931,710	1.57
13,187	10,001 to 100,000	575,843,932	20.59
3,897	100,001 to less than 5% of issued shares	2,175,638,254	77.81
0	5% and above of the issued shares	–	–
24,640	**TOTAL**	**2,796,130,182**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS
(AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Kenanga Nominees (Asing) Sdn. Bhd. *- Leng Xingmin (Account 1)*	76,942,091	2.75
2.	Quah Seik Lee	51,000,000	1.82
3.	Chia Get Kiau	36,070,000	1.29
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Lik Houe*	34,100,000	1.22
5.	Kenanga Nominees (Asing) Sdn. Bhd. *- Hongkong Huanshiqiu Finance Investment Limited*	34,037,037	1.22
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Rakuten Trade Sdn. Bhd. for Kenneth Hooi Chi-Kin*	31,500,000	1.13
7.	Kenanga Nominees (Asing) Sdn. Bhd. *- Nie Hui*	29,428,000	1.05
8.	Chai Woon Chet	29,000,000	1.04
9.	Kuah Choon Ching	25,000,000	0.89
10.	Tan Guat Kee	23,500,000	0.84
11.	Tan Lee Kock	20,900,000	0.75
12.	Syed Sirajuddin Putra Jamalullail	18,050,070	0.65

Analysis of Shareholdings
As At 30 July 2021 (cont'd)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
13.	Firstberry Sdn. Bhd.	18,000,000	0.64
14.	Dahua Holding (HK) Co Limited	16,802,400	0.60
15.	M & A Nominee (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Soh Choh Piau (M&A)*	15,786,000	0.56
17.	Chen Shenghuai	14,640,200	0.52
17.	Tan Kim Moon	14,000,000	0.50
18.	Chong Amita	13,503,175	0.48
19.	Choi Khai Chean	12,500,000	0.45
20.	Lim Way Ching	11,500,000	0.41
21.	Tan Lik Houe	11,000,000	0.39
22.	Tan Lee Kock	10,800,000	0.39
23.	Affin Hwang Nominees (Asing) Sdn. Bhd. *- Exempt An for Phillip Securities (Hong Kong) Ltd (Clients' Account)*	10,183,000	0.36
24.	Eng Mok Hock	10,000,000	0.36
25.	Dato' Ng Meng Kee	9,500,000	0.34
26.	HongKong Jiutian Asset Management Limited	9,024,900	0.32
27.	Public Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Loon Eng (E-PLT/MRI)*	8,401,000	0.30
28.	Ahmad bin Hamzah	8,235,000	0.29
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ku Ek Mei (N Bestari-CL)*	8,000,000	0.29
30.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lee Chong Wei*	7,500,000	0.27
	TOTAL	618,902,873	22.13

Analysis of Shareholdings
As At 30 July 2021 (cont'd)

SUBSTANTIAL SHAREHOLDERS
(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

There is no substantial shareholders as at 30 July 2021.

DIRECTORS' SHAREHOLDINGS
(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	**DIRECT**	**%**	**INDIRECT**	**%**
1.	Datuk Jazlan bin Mohamed	–	–	–	–
2.	Mr. Wu Wai Kong	6,745,300	0.24	1,780,000*	0.0637
3.	Mr. Kuah Choon Ching	25,000,000	0.89	–	–
4.	Mr. Low Poh Seong	–	–	–	–
5.	Encik Mazlan bin Mohamad	–	–	–	–

Notes:

* Indirect interest by virtue of the shares held by his direct family members.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting ("**8th AGM**" or "**Meeting**") of **KANGER INTERNATIONAL BERHAD** will be conducted on a fully virtual basis through live streaming and online remote participation and voting from the Main Venue at Registered Office of No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the AGM will be hosted virtually at https://rebrand.ly/KangerAGM operated by Mlabs Research Sdn. Bhd. on **Thursday, 30 September 2021** at **3.00 p.m.** or at adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 March 2021 together with the Reports of the Directors and Auditors thereon. **(Explanatory Note 10)**

2. To approve the payment of Directors' fees of up to RM470,000 for the financial period ended 31 March 2021. **(Ordinary Resolution 1)**

3. To re-elect Mr. Wu Wai Kong who retire pursuant to Clause 134 of the Company's Constitution. **(Ordinary Resolution 2)**

4. To re-elect the following Directors who retire pursuant to Clause 119 of the Company's Constitution:-

   (i) Datuk Nur Jazlan bin Mohamed **(Ordinary Resolution 3)**
   (ii) Mr. Low Poh Seong **(Ordinary Resolution 4)**
   (iii) Encik Mazlan bin Mohamad **(Ordinary Resolution 5)**

5. To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company for the financial year ending 31 March 2022 and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, pass with or without any modifications, the following resolution:

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **(Ordinary Resolution 7)** **(Explanatory Note 11)**

   "**THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 9th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

Notice of Annual General Meeting (cont'd)

7. To transact any other business of the Company for which due notice shall have been received in accordance with the CA 2016.

By Order of the Board
KANGER INTERNATIONAL BERHAD

WONG YUET CHYN (MAICSA 7047163) (SSM PC 202008002451)
THONG PUI YEE (MAICSA 7067416) (SSM PC 202008000510)
Company Secretaries

Kuala Lumpur
Date: 30 August 2021

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

4. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartmas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or email to ir.kanger@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 September 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.

9. The members are encouraged to refer the Administrative Guide on registration and voting process for the meeting.

Notice of Annual General Meeting (cont'd)

Explanatory Note on Ordinary Business

10. Audited Financial Statements for financial period ended 31 March 2021

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

Explanatory Note on Special Business

11. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

The proposed Ordinary Resolution 7, is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021, after that, the 10% limit under Rule 6.04 of Ace Market Listing Requirements ("AMLR") of Bursa Securities will be reinstated (hereinafter referred to as the "General Mandate").

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide Bursa Malaysia Berhad's letter dated 16 April 2020 allow a listed issuer to seek a higher general mandate under Rule 6.04 of AMLR of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

ANNUAL GENERAL MEETING ("AGM") ADMINISTRATIVE GUIDE

Date	Time	Main Venue
30 September 2021 (Thursday)	3.00 p.m.	Registered Office of No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas, 50480 Kuala Lumpur Wilayah Persekutuan (KL) AGM will be hosted virtually at https://rebrand.ly/KangerAGM operated by Mlabs Research Sdn. Bhd.

MODE OF MEETING

In view of the Covid-19 outbreak and as part of the safety measures, the AGM will be conducted on a fully virtual basis through live streaming from the Main Venue.

Shareholders of the Company ("**Shareholders**") are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Main Venue on the day of the AGM. Shareholders will have to register to attend the AGM remotely by using the Remote Participation and Voting ("**RPV**") Facilities, the details as set out below.

RPV

The AGM will be conducted through live streaming and online remote voting. You are encouraged to attend the AGM by using the RPV Facilities. With the RPV Facilities, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board) and vote at the AGM.

Individual Members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facilities for information.

If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Facilities. Corporate Members who wish to participate and vote remotely at the AGM must contact the poll administrator, ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than **28 September 2021** at **3.00 p.m.**:

i. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;

ii. Copy of the Corporate Representative's or proxy's MyKad (front and back) / Passport; and

iii. Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn. Bhd. or the Company will respond to your remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, the Corporate Member is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Annual General Meeting ("AGM") Administrative Guide (cont'd)

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company Members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him / her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the poll administrator, ShareWorks Sdn. Bhd. with the details set out below for assistance and will be required to provide the following documents to the Company no later than **28 September 2021** at **3.00 p.m.**:

i. Form of Proxy under the seal of the Nominee Company;

ii. Copy of the proxy's MyKad (front and back) / Passport; and

iii. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn. Bhd. will respond to your remote participation request.

If a Nominee Company Member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures		Action
Before the AGM		
1.	Register as participant in VIrtual AGM	• Using your computer, access the website at https://rebrand.ly/KangerAGM • Click on the **Register** link to register for the AGM session. • Upon submission of your registration, you will receive an email notifying you that your registration is received and will be pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS). Please refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	• Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from **5.00 p.m.** on **30 August 2021** and the registration will close at **3.00 p.m.** on **28 September 2021**. • Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the **Register** link for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name (not applicable for proxy). • Insert your CDS account number(s) and indicate the number of shares you hold. • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected.
		• System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors of the Company as at **22 September 2021**, the system will send you an email to notify you if your registration is approved or rejected after **23 September 2021**. • If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.

Annual General Meeting ("AGM") Administrative Guide (cont'd)

Procedures		Action
On the day of AGM		
3.	Attending the virtual AGM	• Two reminder emails will be sent to your inbox. First is one day before the date of the AGM, while the 2nd will be sent 1 hour before the AGM commences. • Click **Join Event** in the reminder email to participate the RPV.
4.	Participate with live video	• You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the voting session and the duration allowed at the respective AGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. • Click on the **Submit** button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of RPV Facility	• Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

PROXY

Shareholders who appoint proxies to participate via RPV Facilities in the AGM must ensure that the duly executed proxy forms are deposited in a hard copy form at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or by email to ir.kanger@shareworks.com.my, no later than **Tuesday, 28 September 2021** at **3.00 p.m.**

Please note that if an individual member has submitted his/ her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV Facilities, the individual member shall proceed to contact ShareWorks Sdn. Bhd. using the contact details set out below to revoke the appointment of his / her proxy no later than Tuesday, 28 September 2021 at 3.00 p.m.

POLL VOTING

The voting at the AGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

NO RECORDING OR PHOTOGRAPHY

Strictly NO recording or photography of the proceedings of the AGM is allowed.

Annual General Meeting ("AGM") Administrative Guide (cont'd)

NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers.

ENQUIRY

If you have any enquiry prior to the meeting, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday) (except public holidays).

For Registration, logging in and system related:-
Kanger International Berhad

Name	: Mr. Bryan / Mr. Hong
Telephone No.	: +603-7688 1013
Email	: vgm@mlabs.com

For Proxy and other matters:
ShareWorks Sdn. Bhd.

Name	: Mr. Goh Chin Khoon or Mr. Fong Wee Liam or Mr. Kou Si Qiang
Telephone No.	: +603-6201 1120
Fax Number	: +603-6201 3121
Email	: ir.kanger@shareworks.com.my

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD

To administrate the proceedings of the AGM in orderly manner, Shareholders may before the AGM, submit questions for the Board to info@kangergroup.com no later than **Tuesday, 28 September 2021** at **3.00 p.m.**. The Board will endeavour to address the questions received at the AGM.

康尔国际控股有限公司
KANGER INTERNATIONAL BERHAD [Registration No.: 201201030306 (1014793-D)]
(Incorporated in Malaysia)

CDS Account No.				-				-									
Number of Shares Held																	

FORM OF PROXY

I/We ....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No./ ....)

of ....
(FULL ADDRESS)

being a member/members of **KANGER INTERNATIONAL BERHAD**, hereby appoint

Name of Proxy	NRIC No. / Passport No.	% of Shareholding to be Represented
Address		
Email Address		**Contact No.**

and/or failing him/her

Name of Proxy	NRIC No. / Passport No.	% of Shareholding to be Represented
Address		
Email Address		**Contact No.**

*or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote participation and voting from the Main Venue at Registered Office of No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the AGM is hosted virtually at https://rebrand.ly/KangerAGM operated by Mlabs Research Sdn. Bhd. on **Thursday, 30 September 2021** at **3.00 p.m.** or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Mr. Wu Wai Kong		
3.	Re-election of Datuk Nur Jazlan bin Mohamed		
4.	Re-election of Mr. Low Poh Seong		
5.	Re-election of Encik Mazlan bin Mohamad		
6.	Re-appointment of Auditors		
7.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

* Delete if not applicable

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

Dated this .... day of 2021

....
Signature(s) of member(s)

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or email to ir.kanger@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 September 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.*
9. *The members are encouraged to refer the Administrative Guide on registration and voting process for the meeting.*

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STAMP

The Company Secretaries

KANGER INTERNATIONAL BERHAD
Registration No. 201201030306 (1014793-D)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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Fold This Flap For Sealing

KANGER INTERNATIONAL BERHAD
康尔国际

www.krbamboo.com