

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENT

	First Quarter		Cumulative Quarter	
	Unaudited Current Period 31-Mar-07 RM'000	Unaudited Preceding Period 31-Mar-06 RM'000	Unaudited Current Period 31-Mar-07 RM'000	Unaudited Preceding Period 31-Mar-06 RM'000
Revenue	185,361	175,133	185,361	175,133
Cost of sales	(150,066)	(142,766)	(150,066)	(142,766)
Gross profit	35,295	32,367	35,295	32,367
Other income	212	40	212	40
Operating expenses	(3,159)	(2,593)	(3,159)	(2,593)
	(2,947)	(2,553)	(2,947)	(2,553)
Restructuring expenses *	(8,871)	-	(8,871)	-
Finance cost	(1,138)	(1,169)	(1,138)	(1,169)
Profit before taxation	22,339	28,645	22,339	28,645
Taxation	(4,642)	-	(4,642)	-
Profit after taxation	17,697	28,645	17,697	28,645
Profit attributable to member of the Company	17,697	28,645	17,697	28,645
Earnings per share (sen)				
- basic (sen)	2.10	3.58	2.10	3.58
- fully diluted (sen)	n/a	n/a	n/a	n/a

* Restructuring expenses are attributable to "one-off" expenses incurred arising from the implementation of the Restructuring Scheme of Antah / IPO of Hua-An which has been charged to the current quarter's Income Statement. Should the said "one-off" restructuring expenses be excluded (in order to enable a better comparison with the performance of the Group for the preceding year corresponding quarter), the Group's proforma consolidated profit before taxation for the current quarter should be at approximately RM31.2 million.

SINO HUA-AN INTERNATIONAL BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31-Mar-07 RM'000	Audited as at 31-Dec-06 RM'000
Non Current Assets		
Land lease payment - long-term	29,912	9,838
Property, plant and equipment	226,247	220,471
Investment property	17,400	-
Goodwill	107,237	2,351
	380,796	232,660
Current Assets		
Land lease payment - short-term	578	364
Inventories	43,054	42,728
Trade receivables	41,413	40,193
Other receivables, deposits and prepayments	26,070	42,626
Bank balances and cash	215,837 *	9,687
	326,952	135,598
Total Assets	707,748	368,258
Shareholders' Fund		
Issued capital	561,154	177
Reserves	39,198	268,328
	600,352	268,505
Current Liabilities		
Trade payables	24,531	23,664
Receipts in advance	968	1,048
Accruals and other payables	3,255	2,882
Amount due to a shareholder	2,948	-
Tax payable	8,486	4,301
Bank loans - secured	67,209	67,857
	107,396	99,753
Total Equity and Liabilities	707,748	368,258
Net assets per share (RM)	0.53	n/a

* Note: includes IPO proceeds of RM191 million

SINO HUA-AN INTERNATIONAL BERHAD

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Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Non-distributable reserves ----->					Distributable reserve	
	Share capital RM'000	Share premium RM'000	Statutory common reserve funds RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as of January 1, 2006	177	-	28,420	-	4,886	235,023	268,506
Legal entity adjustment in accordance with FRS 3	(177)			(799,823)			(800,000)
Issue of shares:		-	-	-	-	-	-
Acquisition of PIPO Group	400,000	400,000					800,000
Scheme of arrangement with shareholders of Antah	42,454	42,454					84,908
Acquisition of investment property	8,700	8,700					17,400
Scheme of arrangement with creditors of Antah	10,000	10,000					20,000
Private placement	100,000	100,000					200,000
Share issue expense	-	(7,263)					(7,263)
Net profit for the period	-					17,697	17,697
Transfer to common fund reserve	-		2,631			(2,631)	-
Exchange differences	-				(896)		(896)
Balance as of March 31, 2007	561,154	553,891	31,051	(799,823)	3,990	250,089	600,352

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Current year to date 31-Mar-07 RM'000	Preceding year to date 31-Mar-06 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	22,339	28,645
Adjustments for:		
Depreciation of property, plant and equipment	4,213	4,315
Amortisation of lease payments	91	94
Finance costs	1,125	1,169
Interest income	(69)	(33)
	<hr/>	<hr/>
Operating profit before working capital changes	27,699	34,189
(Increase)/Decrease in:		
Inventories	(326)	(1,517)
Trade receivables	(1,221)	(11,300)
Other receivables, deposits and prepayments	16,981	6,060
Increase/(Decrease) in:		
Trade payables	867	(4,500)
Other payables and accrued expenses	457	(1,352)
Receipt in advance	(80)	(1,327)
Amount due to shareholder	2,406	-
	<hr/>	<hr/>
Net cash from/(used in) operating activities	46,783	20,254
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(10,608)	-
Land lease paid	(20,462)	-
Interest received	69	33
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(31,001)	33

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007

- THE FIGURES HAVE NOT BEEN AUDITED

- CONTINUE -

CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

Issuance of shares	200,000	-
Share issue cost paid	(7,263)	-
Finance costs paid	(1,125)	(1,169)
Increase/(Decrease) in bank borrowings/intercompany loan	(648)	(12,330)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	190,964	(13,499)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	206,746	6,788
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE FINANCIAL PERIOD	9,687	11,670
Effect of changes in exchange rate	(596)	(542)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS		
AT END OF FINANCIAL PERIOD	215,837	17,916
	<hr/>	<hr/>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

A. EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2006.

The significant accounting policies and methods of computation adopted by the Company and its subsidiaries ("the Group") in this interim financial report are consistent with those adopted in the annual financial report for the year ended 31 December 2006.

FRS 3: Business Combinations

After completion of the PIPO Overseas Limited ("PIPO") and its subsidiary company ("PIPO Group") as disclosed in Note A11, the Company becomes the legal parent company of PIPO Group. Due to relative values of the companies, the former shareholders of PIPO became the majority shareholders of the Company. Accordingly, the substance of the business combination is that PIPO acquires the Company in a reverse acquisition. Under FRS 3, as a result of the reverse acquisition which was assumed to have been prepared in the name of the legal parent, the Company, but it represents a continuation of the balance sheet of the legal subsidiary, PIPO, which is deemed as the acquirer.

In accordance with the FRS 3, the amount recognised as issued equity instruments in those consolidated financial statements shall be determined by adding to the issued equity of the legal subsidiary immediately before the business combination the cost of the combination determined. However, the equity structure appearing in those consolidated financial statements shall reflect the equity structure of the legal parent, including the equity instruments issued by the legal parent to effect the combination.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia. The individual financial statements of the subsidiary companies are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the foreign subsidiary companies, PIPO and Linyi Yehua Coking Co. Ltd., are Hong Kong Dollars and Chinese Renminbi, respectively, while the functional currency of the local subsidiary companies is Ringgit Malaysia.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the income statements in the period in which the foreign operations is disposed of.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2006 was not qualified.

A3. Seasonal or cyclical factors

The operations of the Group during the quarter have not been affected by any material seasonal or cyclical factors.

A4. Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence other than the completion of the Restructuring Scheme of Antah Holdings Berhad ("Antah") as mentioned in Note A6 below.

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A6. Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

The details of equity securities that were issued during the quarter for the completion of the Restructuring Scheme of Antah which resulted in the transfer of listing status from Antah to the Company on 20 March 2007 were as follow:

- a) Issuance of 800,000,000 new ordinary shares of RM0.50 each at RM1.00 per share in the Company in settlement of the purchase consideration for the acquisition of the entire equity interest in PIPO Overseas Limited ("PIPO"), a company incorporated in British Virgin Island, which in turn is the holding company of Yehua Coking Co. Ltd., a company incorporated in PRC, involve in the manufacturing of metallurgical coke in PRC
- b) Issuance of 84,907,617 new ordinary shares of RM0.50 each at RM1.00 per share in the Company to the shareholders of Antah in exchange for 169,815,233 Antah shares of RM1.00 each (representing 100% equity interest in Antah subsequent to the capital reduction exercise)
- c) Issuance of 17,400,000 new ordinary shares of RM0.50 each at RM1.00 per share in the Company in settlement of the purchase consideration for the acquisition of Wisma Antah property
- d) Issuance of 20,000,000 new ordinary shares of RM0.50 each at RM1.00 per share in the Company as settlement of debts owing by Antah to its Scheme Creditors

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

- e) Issuance and placement of 200,000,000 new ordinary shares of RM0.50 each at RM1.00 per share to identified investors

Antah was subsequently disposed for a cash consideration of RM1 to Vital Meridian Sdn Bhd.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

A7. Dividends paid

There was no dividend paid during the quarter under review.

A8. Segmental information

The Group operates predominantly in one industry and country. In this regard, segmental information is not applicable.

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the quarter under review.

A10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

A11. Changes in the composition of the Group

On 20 March 2007, the Company completed its restructuring exercise involving the acquisition of 100% equity interest in PIPO via the issuance of 800,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share and the acquisition of Wisma Antah property via its wholly-owned subsidiary Extra Charm Sdn Bhd by way of issuance of 17,400,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.

Save for the completion of the Restructuring Scheme of Antah as mentioned in Note A6 above, there were no other changes in the composition of the Group for the current quarter under review.

A12. Changes in contingent liabilities or contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

For the first quarter ended 31 March 2007, the Group recorded a consolidated revenue of approximately RM185.4 million and consolidated profit before taxation of approximately RM22.3 million. These were attributed to the continued robust and positive pricing of the metallurgical coke and the by-products enjoyed by the Group in the current quarter. The price of metallurgical coke has increased by approximately 7% during the current quarter and that of coal gas by approximately 20%.

As a result of the increase in the pricing of metallurgical coke and the by-products as mentioned above (and after taking into consideration the increase in coal prices by approximately 5%), the Group enjoyed an improvement in gross margin of approximately 19% in the current quarter from an average of approximately 18% in the preceding year (which is believed to be already one of the highest in the industry).

B2. Variation of results against preceding quarter

The Group's consolidated revenue increased by RM10.2 million to RM185.4 million for the current reporting quarter from RM175.1 million reported in the preceding year corresponding quarter due to the increase in the price of metallurgical coke and by-products.

Correspondingly, the gross profit has increased by approximately 9% to RM35.3 million during the current quarter from RM32.4 million in the preceding year corresponding quarter. Despite experiencing an increase in the coal price, such increase was at a relatively smaller magnitude compared to the increase in the price of metallurgical coke and by-products.

Notwithstanding the improvement in the Group's consolidated revenue, its consolidated profit after taxation reduced to RM17.7 million in the current quarter from RM28.6 million in the preceding year corresponding quarter. This was mainly attributable to the "one-off" restructuring expenses (arising from the implementation of the Antah's Restructuring Scheme and IPO of Hua-An) of approximately RM8.87 million which had been charged to the current quarter's Income Statement as well as taxation charge of approximately RM4.6 million in the current quarter which was exempted in the preceding year.

Should the Group's consolidated profit before taxation be adjusted to exclude the effects of the "one-off" restructuring expenses as mentioned above (in order to enable a better comparison with the performance of the Group for the preceding year corresponding quarter), the Group's proforma consolidated profit before taxation for the current quarter shall be approximately RM31.2 million, thus representing an improvement of approximately 9% from the consolidated profit before taxation of RM28.6 million for the preceding year corresponding quarter.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

B3. Current year prospects

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Directors are optimistic of achieving its targeted results for the current financial year.

The Group is expected to continue to enjoy greater demand-over-supply for its metallurgical coke and by-products due to the continued buoyant steel industry, particularly that in China PRC. This will have a direct positive impact on the Group's results for the current financial year.

Further, the Group has also commissioned a Coal Washing Facility in May 2007 and it is expected to contribute positively towards the profitability of the Group by way of reducing its cost of raw materials as well as generating additional revenue from the additional by-products (middlings and coal slime) produced from this process.

B4. Variation on Forecast Profit / Profit Guarantee

Profit Forecast : N/A

Profit Guarantee : N/A

The Group did not issue any profit forecast nor profit guarantee during the current financial period to date.

B5. Taxation

Taxation based on profit for the current quarter are as follows:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2007	31 March 2007	31 March 2007	31 March 2006
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Income tax	4,642	N/A	4,642	N/A
Deferred tax	-	N/A	-	N/A
	<u>4,642</u>	<u>N/A</u>	<u>4,642</u>	<u>N/A</u>

The full tax exemption enjoyed by Yehua (operating company in China) by virtue of its WOFE status expired in 31 December 2006. As such, Yehua will commence paying tax this financial year but only at 15% (ie half of the national corporate tax rate of 30%) for the next 3 financial years ending 31 December 2009.

Given the discounted tax rate as mentioned above, the effective tax rate for the current quarter ended 31 March 2007 was lower compared to the national corporate tax rate of 30%.

B6. Sale of unquoted investments and/or properties

There was no disposal of unquoted investments or properties during the quarter under review.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

B7. Quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

B8. Corporate proposals

On 26 March 2007, the Company was listed and quoted on the Main Board of Bursa Malaysia Securities Berhad after the completion of the Restructuring Scheme of Antah as mentioned in Note A6 above.

The gross proceeds raised from the Placement Issue of RM200 million are to be utilised in the following manner:

	Amount (RM'million)
Capital expenditure	150.0
Setting-up of marketing office	15.0
Working capital for Yehua	15.0
Expenses relating to the restructuring exercise	20.0
	<u>200.0</u>

As at 31 March 2007, approximately RM16.1 million has been utilised for payment of expenses relating to the restructuring exercise.

B9. Borrowings

	Denominated in local currency as at 31 March 2007 RM'000	Denominated in foreign currency as at 31 March 2007 RM'000	Total as at 31 March 2007 RM'000
Short term			
Term loan	-	67,209	67,209

Borrowings denominated in foreign currency:

	Renminbi (‘000)	Ringgit (‘000)
Chinese Renminbi	151,815	67,209

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

Notes on the quarterly report - 31 March 2007

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

B12. Dividends

There was no dividend declared during the quarter under review.

B13. Earnings per share

	Individual quarter ended		Cumulative period ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Basic earnings per share				
Profit for the period attributable to equity holders (RM'000)	17,697	28,645	17,697	28,645
Weighted average number shares in issue* ('000)	842,974	800,000	842,974	800,000
Basic profit per share (sen)	<u>2.10</u>	<u>3.58</u>	<u>2.10</u>	<u>3.58</u>

* The number of shares of Hua-An in issue as of 1 January 2006 is deemed to be the number of shares issued by the legal parent to the owners of the legal subsidiary (Appendix B, Paragraph B13(a) of FRS 3), ie at 800,000,000.

There is no diluted earnings per share as the Company does not have any share option in issue at the current quarter under review.

By Order of the Board
Chua Siew Chuan
Secretary

30 May 2007