SINO HUA-AN INTERNATIONAL BERHAD

[Registratioin No. 200601012477 (Company No.: 732227-T)]

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	First quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 31-Mar-20 RM'000	Preceding Period 31-Mar-19 RM'000	Current Period 31-Mar-20 RM'000	Preceding Period 31-Mar-19 RM'000
Revenue	106,836	237,627	106,836	237,627
Cost of sales	(125,536)	(236,478)	(125,536)	(236,478)
Gross (loss)/profit	(18,700)	1,149	(18,700)	1,149
Other income	360	91	360	91
Operating expenses	(22,000)	(5,406)	(22,000)	(5,406)
Finance cost	(643)	(21)	(643)	(21)
	(22,283)	(5,336)	(22,283)	(5,336)
Share of loss in associate company	(13)	-	(13)	-
Loss before tax	(40,996)	(4,187)	(40,996)	(4,187)
Taxation	(91)	-	(91)	-
Loss for the period	(41,087)	(4,187)	(41,087)	(4,187)
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	6,562	5,410	6,562	5,410
Total comprehensive (expense)/income for the period	(34,525)	1,223	(34,525)	1,223
Loss attributable to equity holders of the Company	(41,087)	(4,187)	(41,087)	(4,187)
Total comprehensive (expenses)/income attributable to equity holders of the Company	(34,525)	1,223	(34,525)	1,223
Loss per share (sen)				
- basic (sen)	(3.66)	(0.37)	(3.66)	(0.37)
- fully diluted (sen)	(3.66)	n/a	(3.66)	n/a

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

SINO HUA-AN INTERNATIONAL BERHAD

[Registratioin No. 200601012477 (Company No.: 732227-T)]

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31-Mar-20	Audited as at 31-Dec-19
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	85,253	83,818
Land lease payment	27,561	26,794
Interest in associate company	137	150
Right of use assets	5,215	5,720
Intangible assets	88,187	88,187
Deferred tax asset	-	143
	206,353	204,812
Current Assets		
Inventories	26,669	56,149
Trade receivables	76,787	55,369
Other receivables, deposits and prepayments	13,607	21,962
Tax recoverable	738	509
Bank balances and cash	10,338	14,984
	128,139	148,973
Total Assets	334,492	353,785
Shareholders' Fund		
Share capital	1,115,045	1,115,045
Reserves	(957,759)	(923,235)
	157,286	191,810
Current Liabilities		
Trade payables	60,803	43,573
Other payables and accrued expenses	80,368	82,122
Lease payable	2,074	2,047
Short term bank loan	2,356	2,308
Redeemable convertible note	3,771	3,771
Provision for taxation	216	99
	149,588	133,920
Non Current Liabilities		
Other payable	23,370	23,370
Lease payable	3,992	4,522
Deferred tax liabilities	256	163
	27,618	28,055
Total Equity and Liabilities	334,492	353,785
Net assets per share (RM)	0.14	0.17

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

SINO HUA-AN INTERNATIONAL BERHAD
[Registratioin No. 200601012477 (Company No.: 732227-T)]
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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		<---- *Non-distributable reserves* ---->				*Distributable reserve*	
	Share capital RM'000	Statutory common reserve funds RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	Option reserve RM'000	Retained earnings RM'000	Total RM'000
3 months ended 31 December 2019							
Balance as of January 1, 2019	1,115,045	49,358	(799,823)	187,331	-	(171,018)	380,893
Loss for the period	-	-	-	-	-	(4,187)	(4,187)
Other comprehensive expense							
Exchange difference arising from translation of foreign operations	-	-	-	5,410	-	-	5,410
Balance as of March 31, 2019	1,115,045	49,358	(799,823)	192,741	-	(175,205)	382,116
3 months ended 31 March 2020							
Balance as of January 1, 2020	1,115,045	49,358	(799,823)	179,357	2,640	(354,767)	191,810
Loss for the period	-	-	-	-	-	(41,086)	(41,086)
Reserve arising from call option	-	-	-	-	-	-	-
Other comprehensive income							
Exchange difference arising from translation of foreign operations	-	-	-	6,562	-	-	6,562
Balance as of March 31, 2020	1,115,045	49,358	(799,823)	185,919	2,640	(395,853)	157,286

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

SINO HUA-AN INTERNATIONAL BERHAD
(Company No.: 732227-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	31-Mar-20	**31-Mar-19**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(40,996)	(4,187)
Adjustments for:		
Depreciation of property, plant and equipment	6,771	4,803
Depreciation of right of use assets	505	-
Amortisation of lease payments	256	265
Fixed asets written off	-	638
Finance costs	643	21
Interest income	(13)	(29)
Share of associate's results	13	-
Operating (loss)/profit before working capital changes	(32,821)	1,511
(Increase) / Decrease in:		
Inventories	29,480	1,461
Trade receivables	(21,418)	12,511
Other receivables, deposits and prepayments	8,404	13,311
Amount due by related parties	-	(1,130)
Increase / (Decrease) in:		
Trade payables	17,230	(3,235)
Other payables and accrued expenses	(1,753)	(3,531)
Cash (used in)/generated from operations	(878)	20,898
Interest paid	(643)	(21)
Tax refund	32	-
Net cash (used in)/generated from operating activities	(1,489)	20,877
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,131)	(612)
Interest received	13	29
Net cash used in investing activities	(5,118)	(583)
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayment of bank loan	-	(24,055)
Repayment of lease payables	(503)	-
Net cash used in financing activity	(503)	(24,055)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,110)	(3,761)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,984	19,366
Effect of changes in exchange rates	2,464	2,712
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,338	18,317

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the the Audited Financial Statements for the financial year ended 31 December 2019.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 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 Group for the year ended 31 December 2019. 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 Group since the financial year ended 31 December 2019.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and amendments to MFRS for financial periods beginning on or after 1 January 2020:-
Accounting standards, amendments to accounting standards and IC interpretation that are effective for the Group's financial year beginning on or after 1 January 2020 are as follows:

- Amendments to References to the Conceptual Framework in MFRS Standards:
  - Amendments to MFRS 2, "Share Based Payments"
  - Amendments to MFRS 3, "Business Combinations"
  - Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"
  - Amendments to MFRS 14, "Regulatory Deferral Accounts"
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
  - Amendments to MFRS 134, "Interim Financial Reporting"
  - Amendments to MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets"
  - Amendments to MFRS 138, "Intangible Assets"
  - Amendments to IC Interpretation 12, "Service Concession Arrangements"
  - Amendments to IC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"
  - Amendments to IC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"
  - Amendments to IC Interpretation 22, "Foreign Currency Transactions and Advance Considerations"
  - Amendments to IC Interpretation 132, "Intangible Assets- Web Site Costs"
- Amendments to MFRS 3, "Business Combinations" (Definition of a Business)
- Amendments to MFRS Standards arising from Definition of Material:
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
  - Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - Amendments to MFRS 9, "Financial Instruments"

  - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above accounting standards, amendments to accounting standards and IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group.

Accounting standards, amendments to accounting standards, IC interpretation and amendments to IC interpretation that are applicable for the Group in the following periods but are not yet effective:

Annual periods beginning on/after 1 June 2020
- Amendment to MFRS 16, "Lease" (Covid-19-Related Rent Concessions)

Annual periods beginning on/after 1 January 2021
- MFRS 17, "Insurance Contracts"

Annual periods beginning on/after 1 January 2022
- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Property, Plant and Equipment - Proceeds before Intended Use)
- Annual Improvements to MFRS Standards 2018-2020
  - MFRS 1, "First-time Adoption of Malaysian Financial reporting Standards"
  - MFRS 9, "Financial Instruments"
  - MFRS 141, "Agriculture"
  - Illustrative Examples accompanying MFRS 16, "Lease"

Effective date yet to be determined by the 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 adoption of the accounting standards, amendments to accounting standards, IC Interpretation and amendments to IC Interpretation are not expected to have any significant impact to the financial statements of the Group.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2019 was not qualified.

A3. Seasonal or cyclical factors

The coke segment, being the major operations of the Group, generally moves in tandem with the performance of the steel industry and the overall economic landscape.

A4. Unusual items

Save and except for the Movement Control Order ("MCO") implemented on 18 March 2020, 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 during the quarter under review.

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

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

Segment results by business activities

	First quarter ended 31 March 2020		Financial period ended 31 March 2020	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	101,310	(39,102)	101,310	(39,102)
Others	5,526	(1,894)	5,526	(1,894)
	106,836	(40,996)	106,836	(40,996)

	First quarter ended 31 March 2019		Financial period ended 31 March 2019	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	237,627	(3,672)	237,627	(3,672)
Others	-	(515)	-	(515)
	237,627	(4,187)	237,627	(4,187)

* Manufacturing segment is made up of manufacturing and sales of metallurgical coke and other related by-products. Others include investment holding, restaurant and information technology.

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

On 21 April 2020, the Group has proposed to undertake the Proposed Debt Settlement and Proposed Private Placement as follows:

(a) Proposed settlement of an aggregate amount of RM3,500,000 debts owing to creditors, namely, Chan Kok San, Jaleeludeen Bin Abu Bakar and Ong Sing Eng by the Company and/or its subsidiaries for working capital purpose, via the issuance of 55,643,880 new ordinary shares in the Company, representing approximately 4.96% of the total number of issued shares (excluding treasury shares, if any);

(b) Proposed settlement of an aggregate amount of RM2,100,000 owing to Advance Opportunities Fund ("AOF") and Advance Opportunities Fund I ("AOF I") by the Company in lieu of the repurchase of the Company's redeemable convertible notes held by AOF and AOF I, via the issuance of up to 33,386,328 new ordinary shares in the Company, representing approximately 2.97% of the total number of issued shares (excluding treasury shares, if any);

(c) Proposed private placement of up to 135,431,300 new shares, representing approximately 12.07% of the Company's total number of issued shares (excluding treasury shares, if any) for working capital purpose.

On 23 April 2020, the Group has entered into a Share Purchase Agreement with Dr. Nik Nazli Binti Nik Ahmad, Jim Irene, Dr. Rozhan Bin Othman, Zuriah Binti Abu Bakar and Ahmad Fakhri Bin Hamzah for the proposed acquisition of 700,000 ordinary shares in HumanCapient Consulting Sdn Bhd ("HCSB"), representing 70% of the total issued share capital in HCSB, for a total purchase consideration of RM14.5 million.

On 23 April 2020, the Group has entered into a Share Purchase Agreement with Abdullah Abbas bin Wan Mohd Hasni and Mohd Afdha bin Md Yusof for the proposed acquisition of 1,000,000 ordinary shares in MD Labs Sdn Bhd ("MD Labs"), representing the entire equity interest in MD Labs, for a total purchase consideration of RM12.5 million.

There were RM2 million redeemable convertible notes ("RCN") converted into 20 million ordinary shares at an issue price of 10 sen per share on 4 June and 5 June 2020 in total, thereby increasing the Company's issued ordinary share capital from RM1,115,045,000 to RM1,117,045,000.

A11. Changes in the composition of the Group

There were no other material changes to 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.

A13. Related party transactions

There was no related party transaction during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

During the quarter under review, the Group continued to suffer a considerably large consolidated loss for the period amounting to RM41.1 million, compared to RM4.2 million in the preceding year corresponding quarter. The abovementioned loss was primarily attributed to the Group's continued waning coke business, in addition to the devastating COVID-19 pandemic which swept throughout the entire world during the quarter under review. The latter predicament had precipitated in unprecedented economic calamity whereby almost all businesses were abruptly disrupted, all of those within the Group included. While the coke business weighted down the Group's financials with a loss of RM39.1 million in the current quarter, its casual dining food & beverage businesses and Internet of Things ("IoT") business were also not being spared. The food & beverage businesses and IoT business similarly suffered business losses, thus further accentuated the losses of RM818 thousand and RM533 thousand respectively to the Group.

Going into details, the Group's coke business recorded a revenue of approximately RM101.3 million in the current quarter compared to the preceding year corresponding quarter of approximately RM237.6 million. Such reduction in revenue can be primarily attributed to a 49% drop in sales volume compared to that achieved in the corresponding quarter of 2019. The average selling price of metallurgical coke also saw an approximate 15% decline to RMB1,697 per tonne in the current quarter from RMB1,990 per tonne recorded in the preceding year corresponding quarter. Coupled with significantly lower contribution from its by-products by approximately 64% during the current quarter, the total revenue recorded by the coke business in the current quarter under review was approximately 57% lower compared to the preceding year corresponding quarter. The food & beverage business, partly affected by the movement control order implemented on 18 March 2020, had contributed approximately RM5.3 million whilst the IoT business had contributed approximately RM221 thousand to the consolidated revenue of the Group, both of which accounted for approximately 5% and 0.2% respectively of the total consolidated revenue for the quarter under review.

The cost of sales was mainly attributed to that relating to the coke business. The Group's cost of sales saw a significant decrease of approximately 47% from about RM236.5 million in the previous year corresponding quarter to about RM125.5 million in the current quarter under review. Such a reduction was predisposed in tandem with the abovementioned reduction in sales volume generated by the coke business as well as the fall in the average coal price by approximately 22% from RMB1,420 per tonne in the previous year corresponding quarter to RMB1,108 per tonne in the current quarter under review. The food & beverage business on the other hand recorded a cost of sales of approximately RM1.9 million whilst the IoT business recorded about RM139 thousand during the quarter under review.

Other income included interest from the banks, sales of scraps and penalties/fines imposed on staff and employees of the coke business as a result of their transgressions of the rules and standard operating procedures prescribed for coke business during the quarter under review.

Operating expenses incurred by the Group were much higher at approximately RM22.0 million in the current quarter under review compared to approximately RM5.4 million in the same quarter last year. This was mainly due to the additional expenses incurred relation to the dry quenching facility of the coke business. The food & beverage business and IoT business on the other hand have collectively added a further RM4.8 million to the Group's operating expenses during the quarter under review, these of which include rental, staff salary, depreciation, minor repair and maintenance, electricity charges, etc.

After taking into consideration all of the above financial components, the Group turned in a dismal net loss for the period of approximately RM41.1 million in the current quarter under review compared to approximately RM4.2 million in the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

The consolidated revenue registered by the Group from the coke business during the quarter under review was lower at approximately RM101.3 million compared to RM109.8 million recorded during the immediate preceding quarter ended 31 December 2019. This was primarily attributed to the lower average coke price and sales volume. The Group saw a reduction of coke price from approximately RMB1,712 per tonne during the last quarter ended 31 December 2019 to approximately RMB1,697 per tonne in the current quarter under review. The sales volume also decreased by approximately 11% in comparison between the two quarters in question. The revenue recorded by the food & beverage business had contracted slightly to RM5.3 million in the current quarter compared to RM5.9 million during the immediate preceding quarter ended 31 December 2019. There is no comparative figures for the IoT businesses as they were only acquired towards the end of December 2019, thus their financials were not accounted for in the last quarter ended 31 December 2019.

The cost of sales recorded by the Group during the quarter under review for the coke business was approximately RM123.5 million as compared to RM136.8 million during the immediate preceding quarter ended 31 December 2019. The reduction was mainly attributed to lower sales volume and average coal price. The average coal price was lower at approximately RMB1,108 per tonne during the quarter under review compared to approximately RMB1,189 per tonne during the immediate preceding quarter. With a deliberate reduction in production and sales following the unfavourable pricing dynamics of coke and coal besetting the coke industry, the Group registered a smaller gross loss of approximately RM18.7 million in the current quarter under review compared to a gross loss of approximately RM30.6 million in the immediate preceding quarter ended 31 December 2019. Notwithstanding the above poor showing of the coke business however, the gross profit contribution generated from the food & beverages and IoT segment had helped to narrow the gross loss for the Group as a whole by approximately RM3.5 million for the current quarter under review.

The Group recorded lower operating expenses of approximately RM22.0 million during the quarter under review compared to RM108.3 million in the immediate preceding quarter ended 31 December 2019. The much higher operating expenses in the immediate preceding quarter was mainly attributed to the carrying value of identified idle assets being written off, impairment of certain fixed assets as well as impairment of certain trade receivables.

After taking into consideration of the other income and operating expenses, the Group recorded a net loss of approximately RM41.1 million during the quarter under review as compared to a net loss of approximately RM145.3 million in the immediate preceding quarter ended 31 December 2019.

B3. Current year prospects

The seemingly unabated geopolitical and economic tension between China and US and the abrupt outbreak of the Covid-19 pandemic with nary a reprieve or resolution in sight, the China economy and that of the world at large have debilitated and is expected to continue to spiral downwards in the foreseeable future. As such, almost all businesses, those of the Group's included, will be greatly affected and beset with challenges, moving forward.

As far as the Group's coke business is concerned, with all the macroeconomic challenges facing the industry together with China's domestic structural economic reforms, fundamental shifts in government policies, incessant intervening production curbs and heavy clamp down on polluting industries, amongst others, the management is less upbeat on the future prospects of the industry, more so for independent coke manufacturers like Sino Hua-An. The poor showing of the financial results of the Group in the recent past periods are testimonies of the challenges faced by the Group which proved to be beyond its control. Should these circumstances continue into the future, the Group will be faced with a very precarious situation as there is no clear visibility of a turnaround in sight and will accordingly be expected to continue to hemorrhage huge amount of cash resources just to sustain its coke business. Towards this end, proactive steps needs to be promptly taken to address the abovementioned predicament and accordingly the management is contemplating the possibility of a disposal of the coke business as soon as practicable, lest the Group being dragged further down into financial abyss.

In the meantime, as a proactive measure to stem the above quandary, the Group has recently been pursuing ventures into alternative business, particularly those in the digital business transformation solution space. The Group has been undergoing transformational changes and corporate reorganization exercises since 2019 via a multitude of acquisitions in technology related fields to solidify its digital transformation enabling solutions. The Group has been layering digital technology interests into its business to allow its shift from conventional coke production to transforming economies in the region as a digital transformation enabler. Towards this end, the Group now have the capacity, capability and technical expertise in areas of Smart City and Software Solutions, IoT Systems and AI Solutions as well as Business Intelligence and Big Data Analytics. These technology related businesses have already started to gain traction and are expected to contribute significantly towards the Group's bottom line in the very near future.

B4. Variation on forecast profit / Profit guarantee

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

B5. Current year taxation

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	First quarter ended		Financial period ended	
	31 Mar 2020 RM'000	**31 Mar 2019 RM'000**	**31 Mar 2020 RM'000**	**31 Mar 2019 RM'000**
Loss before taxation	(40,996)	(4,187)	(40,996)	(4,187)
Taxation at statutory tax rate of 24%	(9,839)	(1,005)	(9,839)	(1,005)
Different tax rates in other countries	(391)	(36)	(391)	(36)
Expenses not deductible for tax purposes	548	1,045	548	1,045
Income not subject to tax	(3)	(4)	(3)	(4)
Deferred tax asset not recognised	9,776	-	9,776	-
Taxation for the financial year	91	-	91	-

B6. Corporate proposals

The Group has on 4 March 2020, entered into a Memorandum of Understanding ("MOU") with Top Fruits Sdn Bhd ("TFSB") and Mybeecop Sdn Bhd via its wholly-owned subsidiary, Wavetree Technologies Sdn. Bhd. (formerly known as Fancy Celebrations Sdn. Bhd.) to collaborate and develop the Smart Modelling Farming project via a digitised model for agriculture markets, riding on A.I.-enabled operating models, data analytics and IoT to drive efficiency.

B7. Lease payable

	31 Mar 2020 RM'000	**31 Dec 2019 RM'000**
Secured		
Lease liabilities	6,066	6,569
Analysed as		
Repayable within twelve months	2,074	2,047
Repayable after twelve months	3,992	4,522

B8. Borrowings

	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Secured		
Term loan	2,356	2,308
Analysed as		
Repayable within twelve months	2,356	2,308

B9. 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.

B10. Dividends

No dividends had been declared in respect of the current quarter under review.

B11. Loss per share

(a) Basic loss per share

The loss per share has been calculated based on the consolidated loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the current quarter.

	First quarter ended		Financial period ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Basic loss per share				
Loss for the period attributable to equity holders (RM'000)	(41,087)	(4,187)	(41,087)	(4,187)
Number / Weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Basic loss per share (sen)	(3.66)	(0.37)	(3.66)	(0.37)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, consolidated loss attributable to owners of the Company, adjusted for dilutive adjustments is divided by weighted average number of ordinary shares in issue during the financial year, adjusted for the dilutive effects of all potential ordinary shares.

	First quarter ended		Financial period ended	
	31 Mar 2020	**31 Mar 2019**	**31 Mar 2020**	**31 Mar 2019**
Diluted loss per share				
Loss for the period attributable to equity holders (RM'000)	(41,087)	(4,187)	(41,087)	(4,187)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(41,087)	(4,187)	(41,087)	(4,187)
Number / Weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Adjustment in respect of redeemable convertible notes ('000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Diluted loss per share (sen)	(3.66)	(0.37)	(3.66)	(0.37)

* The potential conversion of redeemable convertible notes ("RCN") is anti-dilutive as the conversion of the RCN results in a reduction in diluted loss per share upon conversion.

B12. Loss before tax

Loss before tax is derived after charging/(crediting):

	First quarter ended		Financial period ended	
	31 Mar 2020 RM'000	**31 Mar 2019 RM'000**	**31 Mar 2020 RM'000**	**31 Mar 2019 RM'000**
Interest income	(13)	(29)	(13)	(29)
Other income	(347)	(62)	(347)	(62)
Finance cost	643	21	643	21
Depreciation of property, plant and equipment	6,771	4,803	6,771	4,803
Amortisation of lease payments	256	265	256	265
Depreciation of right-of-use-asset	505	-	505	-
Share of associate's results	13	-	13	-
PPE written off	-	638	-	638

By Order of the Board
Chua Siew Chuan
Secretary
22 June 2020