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 30 JUNE 2020

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Second quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 30-Jun-20 RM'000	Preceding Period 30-Jun-19 RM'000	Current Period 30-Jun-20 RM'000	Preceding Period 30-Jun-19 RM'000
Revenue	93,157	235,071	199,993	472,698
Cost of sales	(109,285)	(239,845)	(234,821)	(476,324)
Gross loss	(16,128)	(4,774)	(34,828)	(3,626)
Other income	412	111	772	203
Operating expenses	(13,559)	(2,862)	(35,559)	(8,269)
Finance cost	(2,928)	-	(3,571)	(21)
	(16,075)	(2,751)	(38,358)	(8,087)
Share of loss in associate company	(12)	-	(25)	-
Loss before tax	(32,215)	(7,525)	(73,211)	(11,713)
Taxation	-	-	(91)	-
Loss for the period	(32,215)	(7,525)	(73,302)	(11,713)
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	(1,563)	(4,348)	4,999	1,062
Total comprehensive expense for the period	(33,778)	(11,873)	(68,303)	(10,651)
Loss attributable to equity holders of the Company	(32,215)	(7,525)	(73,302)	(11,713)
Total comprehensive expenses attributable to equity holders of the Company	(33,778)	(11,873)	(68,303)	(10,651)
Loss per share (sen)				
- basic (sen)	(2.82)	(0.67)	(6.42)	(1.04)
- fully diluted (sen)	(2.82)	(0.67)	(6.42)	(1.04)

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 30 JUNE 2020

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Jun-20 RM'000	Audited as at 31-Dec-19 RM'000
Non Current Assets		
Property, plant and equipment	80,038	83,818
Land lease payment	27,185	26,794
Interest in associate company	125	150
Right of use assets	4,691	5,720
Intangible assets	88,187	88,187
Deferred tax asset	-	143
	200,226	204,812
Current Assets		
Inventories	26,349	56,149
Trade receivables	39,302	55,369
Other receivables, deposits and prepayments	6,792	21,962
Tax recoverable	738	509
Bank balances and cash	10,241	14,984
	83,422	148,973
Total Assets	283,648	353,785
Shareholders' Fund		
Share capital	1,117,045	1,115,045
Reserves	(991,538)	(923,235)
	125,507	191,810
Current Liabilities		
Trade payables	40,262	43,573
Other payables and accrued expenses	84,956	82,122
Lease payable	2,072	2,047
Short term bank loan	2,413	2,308
Redeemable convertible note	1,000	3,771
Provision for taxation	348	99
	131,051	133,920
Non Current Liabilities		
Other payable	23,370	23,370
Lease payable	3,464	4,522
Deferred tax liabilities	256	163
	27,090	28,055
Total Equity and Liabilities	283,648	353,785
Net assets per share (RM)	0.11	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)]
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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**
6 months ended 30 June 2019							
Balance as of January 1, 2019	1,115,045	49,358	(799,823)	187,331	-	(171,018)	380,893
Loss for the period	-	-	-	-	-	(11,713)	(11,713)
Other comprehensive expense							
Exchange difference arising from translation of foreign operations	-	-	-	1,062	-	-	1,062
Balance as of June 30, 2019	1,115,045	49,358	(799,823)	188,393	-	(182,731)	370,242
6 months ended 30 June 2020							
Balance as of January 1, 2020	1,115,045	49,358	(799,823)	179,357	2,640	(354,767)	191,810
Issue of shares:							
Conversion of RCN	2,000	-	-	-	-	-	2,000
Loss for the period	-	-	-	-	-	(73,302)	(73,302)
Other comprehensive income							
Exchange difference arising from translation of foreign operations	-	-	-	4,999	-	-	4,999
Balance as of June 30, 2020	1,117,045	49,358	(799,823)	184,356	2,640	(428,069)	125,507

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

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

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	30-Jun-20	30-Jun-19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(73,211)	(11,713)
Adjustments for:		
Depreciation of property, plant and equipment	11,597	9,176
Depreciation of right of use assets	1,029	-
Amortisation of lease payments	517	530
Fixed asets written off	-	638
Finance costs	3,571	21
Interest income	(26)	(58)
Share of associate's results	25	-
Operating loss before working capital changes	(56,498)	(1,406)
(Increase) / Decrease in:		
Inventories	29,801	2,829
Trade receivables	16,066	39,532
Other receivables, deposits and prepayments	15,170	16,814
Amount due by related parties	-	(1,077)
Increase / (Decrease) in:		
Trade payables	(3,312)	(23,911)
Other payables and accrued expenses	2,169	(2,564)
Cash generated from operations	3,396	30,217
Interest paid	(3,571)	(21)
Tax refund	165	-
Net cash (used in)/generated from operating activities	(10)	30,196
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,090)	(6,884)
Interest received	26	58
Net cash used in investing activities	(5,064)	(6,826)
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayment of bank loan	-	(24,055)
Repayment of lease payables	(1,033)	-
Net cash used in financing activity	(1,033)	(24,055)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,107)	(685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,984	19,366
Effect of changes in exchange rates	1,364	272
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,241	18,953

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:-

- 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"
- 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

Save as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current quarter:

The Company issued redeemable convertible notes ("RCN") of RM5 million and out of these RCNs, RM2 million has been repurchased on 21 April 2020 via a debt settlement agreement, RM2 million has been converted into 20 million ordinary shares at an issue price of RM0.10 per share during the current quarter, thereby increasing the Company's issued share capital from RM1,115,045,000 to RM1,117,045,000.

A7. Dividends paid

There was no dividend paid during the quarter under review.

A8. Segmental information

Segment results by business activities

	Second quarter ended 30 June 2020		Financial period ended 30 June 2020	
	External Revenue RM'000	Loss before tax RM'000	External Revenue RM'000	Loss before tax RM'000
Manufacturing	89,704	(27,544)	191,014	(66,646)
Others	3,453	(4,671)	8,979	(6,565)
	93,157	(32,215)	199,993	(73,211)

	Second quarter ended 30 June 2019		Financial period ended 30 June 2019	
	External Revenue RM'000	Loss before tax RM'000	External Revenue RM'000	Loss before tax RM'000
Manufacturing	235,071	(6,882)	472,698	(10,555)
Others	-	(643)	-	(1,158)
	235,071	(7,525)	472,698	(11,713)

* 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

(a) On 3 July 2020, the Group has entered into a Share Purchase Agreement ("SPA") with Dr. Wan Muhamad Hasni Bin Wan Sulaiman, Nong You Hua and Satriya Bin Suetoh for the proposed acquisition of 20,000 ordinary shares in HK Aerospace Beidou New Energy Industry Technology Co Ltd ("ABNEIT"), representing 100% of the total issued share capital in ABNEIT, for a total purchase consideration of USD25 million.

The Group also entered into a Subscription Agreement ("SA") with the Promoters and HK Aerospace for the proposed subscription of 8,000 ordinary shares representing 28.6% of the enlarged issued, fully diluted and paid up share capital of HK Aerospace (after the enlargement of the share capital of HK Aerospace pursuant to the SA) for a total purchase consideration of USD10.0 million.

On 7 August 2020, the Group has entered into a Deed of Revocation and rescind the above SA and SPA. Then the Group entered into a New Share Purchase Agreement ("New SPA") for the proposed acquisition of 20,000 ordinary shares in HK Aerospace Beidou New Energy Industry Technology Co Ltd ("ABNEIT"), representing 100% of the total issued share capital in ABNEIT, for a total purchase consideration of USD25 million.

(b) On 9 July 2020, a RM1 million worth of RCN has been converted into ordinary shares at an issue price of RM0.10 per share, thereby increasing the Company's issued ordinary share capital from RM1,117,045,000 to RM1,118,045,000.

(c) On 28 July 2020, 5 August 2020, 12 August 2020 and 26 August 2020, the Company further issued RM7 million RCNs in total, out of which RM6 million have been converted into ordinary shares at an issue price of RM0.10 per share, thereby increasing the Company's issued ordinary share capital from RM1,118,045,000 to RM1,124,045,000.

(d) On 28 July 2020, the Group announced its proposal to undertake the following, subject to obtaining shareholders' approval in an EGM to be convened as soon as practicable:

(i) diversification of the Group's existing core business to include the following:

- technology solutions business ("Technology Business") comprising:-
  - information and communications technology ("ICT") solutions business and related businesses ("ICT Business"); and
  - electrical and electronics ("E&E") solutions business and related businesses ("E&E Business");
- the food and beverage ("F&B") services business and related businesses ("F&B Business").

(ii) change of name from "Sino Hua-an International Berhad" to "Techna-X Berhad".

(e) On 17 August 2020, the Group entered into an Exclusive Master Distribution Agreement with Guangxi Aerospace Beidou New Energy Industry Technology Co

Ltd (“GABNEIT”) as the Exclusive Master Distributor of any and all of GABNEIT’s current or future products, in all countries globally, except for the People’s Republic of China, based on the salient terms and conditions agreed.

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 RM32.2 million, compared to RM7.5 million in the preceding year corresponding quarter. The abovementioned loss represented the results of the devastating COVID-19 pandemic which swept across the entire world, in addition to the waning coke business during the quarter under review. While the coke business weighted down the Group's financials with a loss of RM27.5 million in the current quarter, its casual dining food & beverage businesses and Internet of Things ("IoT") business also further accentuated the losses to the tune of RM4.7 million to the Group as a whole.

The Group's major operation in coke business recorded a revenue of approximately RM89.7 million in the current quarter compared to the preceding year corresponding quarter of approximately RM235.1 million. Such significant reduction in revenue was primarily attributed to a 52% drop in sales volume compared to that achieved in the corresponding quarter of 2019 as a result of lower demand of coke in the midst of the pandemic as well as the government policy of curbing production of highly polluting industry especially those located in the populated areas. The average selling price of metallurgical coke also saw an approximate 18% decline to RMB1,545 per tonne in the current quarter from RMB1,886 per tonne recorded in the preceding year corresponding quarter. Coupled with significantly lower contribution from its by-products by approximately 69% during the current quarter, the total revenue recorded by the coke business in the current quarter under review was approximately 62% lower compared to the preceding year corresponding quarter. The food & beverage business, seriously affected by the movement control order implemented on 18 March 2020, the country is still under the recovery movement control order until 31 August 2020 despite several relaxation measures have been implement. The food & beverage was largely dependent on the delivery service during such unprecedented period and was only able to contribute approximately RM3.2 million in its revenue, whilst the IoT business had contributed approximately RM272 thousand to the consolidated revenue of the Group, both of which accounted for approximately 3.4% and 0.3% 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 54% from about RM239.8 million in the previous year corresponding quarter to about RM109.3 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 26% from RMB1,371 per tonne in the previous year corresponding quarter to RMB1,019 per tonne in the current quarter under review. The food & beverage business on the other hand recorded a cost of sales of approximately RM3.1 million whilst the IoT business recorded about RM19 thousand during the quarter under review.

Other income included interest from the banks and sales of scraps during the quarter under review.

Operating expenses incurred by the Group were much higher at approximately RM13.6 million in the current quarter under review compared to approximately RM2.9 million in the same quarter last year. This was mainly due to the additional expenses incurred in relation to the dry quenching facility of the coke business. The food & beverage business and IoT business on the other hand have collectively chipped in approximately RM3.7 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 RM32.2 million in the current quarter under review compared to approximately RM7.5 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 RM89.7 million compared to RM101.3 million recorded during the immediate preceding quarter ended 31 March 2020. This was primarily attributed to the lower average coke price and sales volume. The Group saw a reduction of coke price from approximately RMB1,697 per tonne during the last quarter ended 31 March 2020 to approximately RMB1,545 per tonne in the current quarter under review. The sales volume also decreased by approximately 6% in comparison between the two quarters in question. The revenue recorded by the food & beverage business had contracted slightly to RM3.2 million in the current quarter compared to RM5.3 million during the immediate preceding quarter ended 31 March 2020. The revenue from the IoT businesses, however, increased to approximately RM272 thousand during the quarter under review as compared to RM221 thousand recorded in the last quarter ended 31 March 2020.

The cost of sales recorded by the Group during the quarter under review for the coke business was approximately RM108.1 million as compared to RM123.5 million during the immediate preceding quarter ended 31 March 2020. The reduction was mainly attributed to lower sales volume and average coal price. The average coal price was lower at approximately RMB1,019 per tonne during the quarter under review compared to approximately RMB1,108 per tonne during the immediate preceding quarter. With the 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 RM16.1 million in the current quarter under review compared to a gross loss of approximately RM18.7 million in the immediate preceding quarter ended 31 March 2020. 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 RM2.3 million for the current quarter under review.

The Group recorded lower operating expenses of approximately RM13.6 million during the quarter under review compared to RM22.0 million in the immediate preceding quarter ended 31 March 2020. The much higher operating expenses in the immediate preceding quarter was mainly attributed to higher staff cost and expenses incurred in relation to the dry quenching facility of the coke business recorded in the last quarter ended 31 March 2020.

After taking into consideration of the other income and operating expenses, the Group recorded a net loss of approximately RM32.2 million during the quarter under review as compared to a net loss of approximately RM41.1 million in the immediate preceding quarter ended 31 March 2020.

B3. Current year prospects

As a result of the Chinese Government policies on its intervention on polluting industries, the management is less upbeat on the future prospects of the coke industry. On the other hand, the management is now more focused on shifting the direction of the Group towards becoming a technology enabler in the region. The poor showing of the financial results of the Group in the recent past periods, which are largely contributed by the coke segment, are testimonies of the challenges faced by the Group. Consequently, the Group is exploring options in an effort to solve the current losses of the coke business.

Following the establishment of a technology division called "Techna-X" to spearhead the Group's digital transformation enabling businesses, the Group's various businesses in the digital transformation space could now be concatenated towards a common strategic goal and business direction for the Group.

The digital transformation market in Asia Pacific is expected to grow at a CAGR of 26.9% for the period 2018-2025 and reach US$850 billion by 2025. As such, there is a clear need for digital solutions and advanced analytics for businesses to remain competitive. Moving to this direction, the Group is expected to bring in more value to the shareholders who have been going through the ups and down with the Group over the years while the Group was solely dependent on the coke business.

With the acquisitions of MD Labs Sdn Bhd, Human Capient Consulting Sdn Bhd and Hong Kong Aerospace Beidou New Energy Industry Technology Co Ltd expected to be completed by end of the year, the Group is confident that this will bring about positive impact to the financial performance of the Group in the coming financial years.

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:

	Second quarter ended		**Financial period ended**	
	30 Jun 2020 RM'000	**30 Jun 2019 RM'000**	**30 Jun 2020 RM'000**	**30 Jun 2019 RM'000**
Loss before taxation	(32,215)	(7,525)	(73,211)	(11,713)
Taxation at statutory tax rate of 24%	(7,732)	(1,806)	(17,571)	(2,811)
Different tax rates in other	(275)	(69)	(666)	(105)

countries				
Expenses not deductible for tax purposes	1,124	1,879	1,671	2,924
Income not subject to tax	(2)	(4)	(5)	(8)
Deferred tax asset not recognised	6,885	-	16,662	-
Taxation for the financial year	-	-	91	-

B6. Corporate proposals

(a) Subsequent to the end of the Reporting Period, the Group has revised the below Proposed Debt Settlement and Proposed Private Placement as follows:

No	Proposals	Revised Proposals
(i)	Proposed Creditors Debt Settlement	▪ Remains unchanged. ▪ Shareholders' approval for the Proposed Creditors Debt Settlement will be sought after at an extraordinary general meeting to be convened.
(ii)	Proposed AOF and AOF I Settlement	▪ Aborted
(iii)	Proposed private placement of up to 172,817,600 new Shares, representing approximately 15.13% of the Company's total number of issued Shares (excluding treasury shares, if any)	Proposed private placement of up to 236,461,500 new Shares ("**Placement Shares**"), representing approximately 20.00% of the Company's total number of issued Shares (excluding treasury shares, if any) ("**Proposed Private Placement**").

(b) On 23 July 2020, the Group entered into a Supplemental Letter with AOF and AOF I for the purpose of amending the settlement terms for the outstanding amount under the Settlement Agreements dated 21 April 2020 following the revision of the above proposals.

(c) On 28 July 2020, the Group announced to undertake the following:

(i) diversification of the Group's existing core business to include the following:

- technology solutions business ("Technology Business") comprising:-
  - information and communications technology ("ICT") solutions business and related businesses ("ICT Business"); and
  - electrical and electronics ("E&E") solutions business and related businesses ("E&E Business");
- the food and beverage ("F&B") services business and related businesses ("F&B Business").

(ii) proposed change of name from "Sino Hua-an International Berhad" to "Techna-X Berhad".

(d) On the issuance of RCN with an aggregate principal amount of up to RM150 million, as at the current quarter ended 30 June 2020, RCN with an aggregate principal amount of RM5 million were issued and of out which, RM2 million was converted into new ordinary shares of the Company at a conversion price of RM0.10 per share. The utilisation of proceeds raised is as follows:

No.	Purposes	Proposed Utilisation RM million	Actual utilised RM million	Balance unutilised RM million	Expected timeframe for utilisation of proceeds (i)
(a)	Business expansion and working capital of TouchPoint International Sdn Bhd ("**TouchPoint**")	27.0	-	27.0	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT ("**Wavetree**")	25.0	-	25.0	Within 18 months
(c)	Business expansion and working capital of Craveat International Sdn. Bhd. (formerly known as Bistromalones (PJ) Sdn. Bhd.), its subsidiaries and associated companies ("**Craveat Group**") within Malaysia	40.0	-	40.0	Within 18 months
(d)	Business expansion and working capital of Craveat Group in China	22.0	-	22.0	Within one (1) year
(e)	Working capital for SHIB's core business	26.2	4.0	22.2	Within one (1) year
(f)	Estimated expenses in relation to the SHIB RCN				
	(i) Professional fees, regulatory fees, printing and advertising costs	1.6	1.0	0.6	Within one (1) month
	(ii) Upon issuance redemption and/or implementation of the SHIB RCN which includes, inter-alia, the administrative fees and the annual fee	8.2	-	8.2	Within two (2) year
	Total	**150.0**	**5.0**	**145.0**	

Note:-
(i) From the date of drawdown.

B7. Lease payable

	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Secured		
Lease liabilities	5,536	6,569
Analysed as		
Repayable within twelve months	2,072	2,047
Repayable after twelve months	3,464	4,522

B8. Borrowings

	30 Jun 2020 RM'000	31 Dec 2019 RM'000
Secured		
Term loan	2,413	2,308
Analysed as		
Repayable within twelve months	2,413	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.

	Second quarter ended		Financial period ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Basic loss per share				
Loss for the period attributable to equity holders (RM'000)	(32,215)	(7,525)	(73,302)	(11,713)

Number / Weighted average number of shares in issue ('000)	1,142,308	1,122,308	1,142,308	1,122,308
Basic loss per share (sen)	(2.82)	(0.67)	(6.42)	(1.04)

(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.

	Second quarter ended		Financial period ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Diluted loss per share				
Loss for the period attributable to equity holders (RM'000)	(32,215)	(7,525)	(73,302)	(11,713)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(32,215)	(7,525)	(73,302)	(11,713)
Number / Weighted average number of shares in issue ('000)	1,142,308	1,122,308	1,142,308	1,122,308
Adjustment in respect of redeemable convertible notes ('000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,142,308	1,122,308	1,142,308	1,122,308
Diluted loss per share (sen)	(2.82)	(0.67)	(6.42)	(1.04)

* 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):

	Second quarter ended		Financial period ended	
	30 Jun 2020 RM'000	**30 Jun 2019 RM'000**	**30 Jun 2020 RM'000**	**30 Jun 2019 RM'000**
Interest income	(13)	(29)	(26)	(58)
Other income	(398)	(82)	(745)	(145)
Finance cost	2,928	-	3,571	21
Depreciation of property, plant and equipment	4,826	4,373	11,597	9,176
Amortisation of lease payments	261	265	517	530
Depreciation of right-of-use-asset	524	-	1,029	-
Share of associate's results	12	-	25	-
PPE written off	-	-	-	638

By Order of the Board
Chua Siew Chuan
Secretary
28 August 2020