SINO HUA-AN INTERNATIONAL BERHAD

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

Incorporated in Malaysia

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

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Third quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 30-Sep-20 RM'000	Preceding Period 30-Sep-19 RM'000	Current Period 30-Sep-20 RM'000	Preceding Period 30-Sep-19 RM'000
Revenue	82,711	199,751	282,703	672,449
Cost of sales	(100,919)	(212,000)	(335,740)	(688,324)
Gross loss	(18,208)	(12,249)	(53,037)	(15,875)
Other income	125	108	897	310
Operating expenses	(16,072)	(15,140)	(51,631)	(23,409)
Finance cost	(1,033)	-	(4,604)	(21)
	(16,980)	(15,032)	(55,338)	(23,120)
Share of loss in associate company	(7)	-	(31)	-
Loss before tax	(35,195)	(27,281)	(108,406)	(38,995)
Taxation	-	-	(91)	-
Loss for the period	(35,195)	(27,281)	(108,497)	(38,995)
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	999	(9,495)	5,998	(8,433)
Total comprehensive expense for the period	(34,196)	(36,776)	(102,499)	(47,428)
Loss attributable to equity holders of the Company	(35,195)	(27,281)	(108,497)	(38,995)
Total comprehensive expenses attributable to equity holders of the Company	(34,196)	(36,776)	(102,499)	(47,428)
Loss per share (sen)				
- basic (sen)	(2.68)	(2.43)	(8.27)	(3.47)
- fully diluted (sen)	(2.68)	(2.43)	(8.27)	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
[Registration No. 200601012477 (Company No.: 732227-T)]
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Sep-20	Audited as at 31-Dec-19
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	75,877	83,818
Land lease payment	27,132	26,794
Interest in associate company	118	150
Right of use assets	6,161	5,720
Intangible assets	88,187	88,187
Deferred tax asset	-	143
	197,475	204,812
Current Assets		
Inventories	47,312	56,149
Trade receivables	16,355	55,369
Other receivables, deposits and prepayments	14,434	21,962
Amount due from related parties	201	-
Tax recoverable	738	509
Bank balances and cash	10,039	14,984
	89,079	148,973
Total Assets	286,554	353,785
Shareholders' Fund		
Share capital	1,134,045	1,115,045
Reserves	(1,025,734)	(923,235)
	108,311	191,810
Current Liabilities		
Trade payables	76,584	43,573
Other payables and accrued expenses	68,448	82,122
Lease payable	3,052	2,047
Short term bank loan	2,281	2,308
Redeemable convertible note	-	3,771
Provision for taxation	246	99
	150,611	133,920
Non Current Liabilities		
Other payable	23,371	23,370
Lease payable	4,005	4,522
Deferred tax liabilities	256	163
	27,632	28,055
Total Equity and Liabilities	286,554	353,785
Net assets per share (RM)	0.10	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
[Registration No. 200601012477 (Company No.: 732227-T)]
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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**
9 months ended 30 September 2019							
Balance as of January 1, 2019	1,115,045	49,358	(799,823)	187,331	-	(171,018)	380,893
Loss for the period	-	-	-	-	-	(38,995)	(38,995)
Other comprehensive expense							
Exchange difference arising from translation of foreign operations	-	-	-	(8,433)	-	-	(8,433)
Balance as of September 30, 2019	1,115,045	49,358	(799,823)	178,898	-	(210,013)	333,465
9 months ended 30 September 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	19,000	-	-	-	-	-	19,000
Loss for the period	-	-	-	-	-	(108,497)	(108,497)
Other comprehensive income							
Exchange difference arising from translation of foreign operations	-	-	-	5,998	-	-	5,998
Balance as of September 30, 2020	1,134,045	49,358	(799,823)	185,355	2,640	(463,264)	108,311

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

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

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	30-Sep-20	30-Sep-19
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(108,406)	(38,995)
Adjustments for:		
Depreciation of property, plant and equipment	16,526	16,987
Depreciation of right of use assets	2,162	-
Amortisation of lease payments	780	786
Fixed asets written off	57	638
Finance costs	4,604	21
Interest income	(41)	(80)
Share of associate's results	31	-
Operating loss before working capital changes	(84,287)	(20,643)
(Increase) / Decrease in:		
Inventories	8,838	13,713
Trade receivables	39,014	38,942
Other receivables, deposits and prepayments	7,528	26,823
Amount due by related parties	(201)	-
Increase / (Decrease) in:		
Trade payables	33,011	(15,647)
Other payables and accrued expenses	(13,673)	(5,879)
Cash (used in)/generated from operations	(9,770)	37,309
Interest paid	(4,604)	(21)
Tax refund	62	-
Net cash (used in)/generated from operating activities	(14,312)	37,288
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,286)	(14,276)
Interest received	41	80
Net cash used in investing activities	(5,245)	(14,196)
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayment of bank loan	(27)	(24,055)
Proceeds from Redeemable Convertible Note, net off transaction costs	15,229	-
Repayment of lease payables	(2,115)	-
Net cash generated from/(used in) financing activity	13,087	(24,055)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,470)	(963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,984	19,366
Effect of changes in exchange rates	1,525	(4,337)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,039	14,066

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.

The Group early adopted amendment to MFRS 16, "COVID-19-Related Rent Concessions" which exempts lessees from having to determine whether rent concessions on individual lease contracts as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

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 January 2021

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform – Phase 2:
    - Amendments to MFRS 4, "Insurance Contracts"
    - Amendments to MFRS 7, "Financial Instruments: Disclosures"
    - Amendments to MFRS 9, "Financial Instruments"
    - Amendments to MFRS 16, "Leases"
    - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 – 2020:
    - Amendment to MFRS 101, "First-time Adoption of Malaysian Financial Reporting Standards"
    - Amendment to MFRS 9, "Financial Instruments"
    - Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
    - Amendment to MFRS 141, "Agriculture"

Annual periods beginning on/after 1 January 2023

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts"
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)

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 and of the Company.

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

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.

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:

During the quarter under review, the Company had issued redeemable convertible notes ("RCN") of RM17 million and all has been converted into 170 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 RM1,117,045,000 to RM1,134,045,000.

A7. Dividends paid

There was no dividend paid during the quarter under review.

A8. Segmental information

Segment results by business activities

	Third quarter ended 30 September 2020		Financial period ended 30 September 2020	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	76,623	(32,161)	267,636	(98,806)
Others	6,088	(3,034)	15,067	(9,600)
	82,711	(35,195)	282,703	(108,406)

	Third quarter ended 30 September 2019		Financial period ended 30 September 2019	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	199,751	(26,391)	672,449	(36,947)
Others	-	(890)	-	(2,048)
	199,751	(27,281)	672,449	(38,995)

* 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 6 October 2020, the Company and the Vendors had entered into a Deed of Revocation to revoke and rescind the Share Purchase Agreement dated 7 August 2020 in relation to the proposed acquisition of 20,000 ordinary shares, representing the entire equity interest in HK Aerospace, for a total purchase consideration of USD25.0 million, subject to the terms and conditions as stipulated in the Deed of Revocation;

The Company and the Vendors had re-entered into a new Share Purchase Agreement for the proposed acquisition of 10,000 ordinary shares in HK Aerospace, representing 50% of the total issued and paid up share capital in HK Aerospace, for a total purchase consideration of USD11.25 million;

(b) On 26 October 2020, Touchpoint International Sdn. Bhd. ("TPI"), a wholly-owned subsidiary of Hua-An had entered into a Memorandum of Understanding ("MoU") with Country Heights Holdings Berhad ("CHHB") with the intention to explore a smart city partnership arrangement to collaborate, develop and position the Mines Wellness City to be the first township in Malaysia to use smart city app, to be called M Smart City App, with cryptocurrency enablement.

(c) On 30 October and 19 November 2020, the Company further issued RM4 million RCNs in total and out of which RM1 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 RM1,134,045,000 to RM1,135,045,000.

(d) On 11 November 2020, the Company entered into a conditional share purchase agreement with Hua Fei Investment Limited for the proposed disposal of 50,000 ordinary shares in PIPO Overseas Limited ("PIPO" or "Disposal Subsidiary") (a wholly-owned subsidiary of the Company) ("Sale Shares") for a total cash consideration of Chinese Renminbi ("RMB") 88,000,000 (equivalent to approximately RM54,947,200) ("Proposed Disposal").

(e) On 25 November 2020, the Company entered into a tripartite shareholders' agreement with Dr Wan Muhamad Hasni bin Wan Sulaiman ("DWMH") and HK Aerospace Beidou New Energy Industry Technology Co Ltd ("HK AEROSPACE") to regulate the respective equity participation, rights, obligations and other arrangements of the Company and DWMH in respect of HK Aerospace.

A11. Changes in the composition of the Group

On 24 September 2020, the Group has completed the acquisition of the entire equity interest in MD Labs Sdn Bhd (“MD Labs”). The Group has also completed the acquisition of 70% equity interest in Human Capient Consulting Sdn Bhd (“HCSB”) on the same day.

HCSB is principally engaged in the provision of services in the field of design, planning and implementation of Change Management programs specialising in system integration implementation projects. MD Labs is principally engaged in data analytics and business intelligence solutions provider.

On 14 October 2020, the Group has completed the acquisition of 50% equity interest in HK Aerospace Beidou New Energy Industry Technology Co Ltd (“HK Aerospace Group”).

HK Aerospace Group is principally engaged in the IoT and technical internet research. It holds the intellectual property and global marketing rights of the ultra-capacitor technology and owns a manufacturing facility in China.

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 as the results of the continuous 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 RM32.2 million in the current quarter, the poor showings of its casual dining food & beverage businesses and Internet of Things ("IoT") businesses accentuated the losses by a further RM3.0 million.

The Group's major operation in coke business recorded a revenue of approximately RM76.6 million in the current quarter compared to the preceding year corresponding quarter of approximately RM199.6 million. Such significant reduction in revenue was primarily attributed to a 59% drop in sales volume compared to that achieved in the corresponding quarter of 2019 as a result of lower demand for coke in the midst of the economic debilitating pandemic as well as the government exertion in curbing production capacities of highly polluting industry especially those located in the urbanised areas.

Following the weakened demand from steel manufacturing customers, the average selling price of metallurgical coke saw an approximate 11% decline to RMB1,648 per tonne in the current quarter from RMB1,858 per tonne recorded in the preceding year corresponding quarter. Coupled with significantly lower contribution from its by-products by approximately 65% 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, saw some relaxation measures being implemented during the second quarter for the year which has provided some breathing space for the Group. The food & beverage contributed approximately RM6.0 million in its revenue, whilst the IoT business, in which majority of its projects were deferred and/or interrupted due to the pandemic, had only managed to contribute approximately RM41 thousand to the consolidated revenue of the Group.

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 53% from about RM212.0 million in the previous year corresponding quarter to about RM98.6 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 12% from RMB1,331 per tonne in the previous year corresponding quarter to RMB1,172 per tonne in the current quarter under review. The food & beverage business on the other hand recorded a cost of sales of approximately RM2.2 million whilst the IoT business recorded about RM79 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, mainly contributed by the coke business which included rental, staff salary, depreciation, minor repair and maintenance, electricity charges, etc., were slightly higher at approximately RM16.1 million in the current quarter under review compared to approximately RM15.4 million in the same quarter last year. These were shared by the food & beverage business and IoT business of approximately RM5.2 million during the quarter under review, which included amongst others, rental, entertainment, staff salary, depreciation, office expenses, water and electricity charges.

After taking into consideration all of the above financial components, the Group turned in a net loss for the period of approximately RM35.2 million in the current quarter under review compared to approximately RM27.3 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 RM76.6 million compared to RM89.7 million recorded during the immediate preceding quarter ended 30 June 2020. This was primarily attributed to the lower sales volume despite some upward adjustment to the average coke price during the quarter under review. The sales volume decreased by approximately 20% in comparison between the two quarters in question. The coke price was, on the other hand, increased by 7% from approximately RMB1,545 per tonne during the last quarter ended 30 June 2020 to approximately RMB1,647 per tonne in the current quarter under review. The revenue recorded by the food & beverage business had improved to RM6.0 million in the current quarter compared to RM3.2 million during the immediate preceding quarter ended 30 June 2020. This was mainly due to a short period of improved business environment following the relaxation of the measures implemented under the movement control order during the third quarter under review. The revenue from the IoT businesses, however, contracted to approximately RM41 thousand during the quarter under review given the continued deferment of projects due to the unrelenting pandemic, as compared to RM272 thousand recorded in the last quarter ended 30 June 2020.

The cost of sales recorded by the Group during the quarter under review from the coke business was approximately RM98.6 million as compared to RM108.1 million during the immediate preceding quarter ended 30 June 2020. The reduction was mainly attributed to lower sales volume despite an increase in average coal price. The average coal price was higher at approximately RMB1,172 per tonne during the quarter under review compared to approximately RMB1,019 per tonne during the immediate preceding quarter. With the continuous unfavourable pricing dynamics of coke and coal besetting the coke industry, the Group registered a larger gross loss of approximately RM18.2 million in the current quarter under review compared to a gross loss of approximately RM16.1 million in the immediate preceding quarter ended 30 June 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 RM3.8 million for the current quarter under review.

The Group recorded higher operating expenses of approximately RM16.1 million during the quarter under review compared to RM13.6 million in the immediate preceding quarter ended 30 June 2020. The higher operating expenses in the current quarter under review was mainly attributed to the payment of land use tax, property tax, environment protection tax incurred in the coke business.

After taking into consideration of the other income and operating expenses, the Group recorded a net loss of approximately RM35.2 million during the quarter under review as compared to approximately RM32.2 million in the immediate preceding quarter ended 30 June 2020.

B3. Current year prospects

With the completion of the acquisition of Hong Kong Aerospace New Energy Industry Technology Co., Ltd ("HKAB Group"), the final piece of the puzzle for Hua-An to transform itself into a technology company in the digital transformation space has finally been completed. Such transaction will allow the Group to become the first Malaysian company to penetrate into the super-capacitor market with an existing order book of about US$300 million, which is expected to be recognised over a period of three years.

According to the Global and China Super-Capacitor Industry Report 2019-2025, with a higher penetration in transportation and consumer electronics, the global market size of super-capacitors has mushroomed, especially Asia- Pacific Region sees the highest growth rate. The global Super-Capacitor market valued USD1.01 billion in 2018, and it is expected to garner USD4.09 billion by 2025, with a CAGR of 22.1%. In the upcoming five years, super-capacitors will be largely utilized in transportation and consumer electronics.

Based on the increasing challenging as well as the deteriorating financial performance of the coke business, eroding profit margin, adverse governmental policies and difficult business environment besetting the coke business, the Group is contemplating to dispose its coke business in order to allocate more resources to expand its technology and digital transformation solutions businesses, moving forward. Towards this end, the Group is confident that this strategic business repositioning 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:

	Third quarter ended		Financial period ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Loss before taxation	(35,195)	(27,281)	(108,406)	(38,995)
Taxation at statutory tax rate of 24%	(8,447)	(6,547)	(26,017)	(9,359)
Different tax rates in other countries	(322)	(264)	(988)	(369)
Expenses not deductible for tax purposes	730	6,814	2,402	9,740

Income not subject to tax	(2)	(3)	(7)	(12)
Deferred tax asset not recognised	8,041	-	24,701	-
Taxation for the financial year	-	-	91	-

B6. Corporate proposals

On the issuance of RCN with an aggregate principal amount of up to RM150 million, as at the current quarter ended 30 September 2020, RCN with an aggregate principal amount of RM19 million were issued and subsequently 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	1.3	25.7	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT ("**Wavetree**")	25.0	0.1	24.9	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	15.7	10.5	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	0.9	7.3	Within two (2) year
	Total	**150.0**	**19.0**	**131.0**	

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

B7. Lease payable

	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Secured		
Lease liabilities	7,057	6,569
Analysed as		
Repayable within twelve months	3,052	2,047
Repayable after twelve months	4,005	4,522

B8. Borrowings

	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Secured		
Term loan	2,281	2,308
Analysed as		
Repayable within twelve months	2,281	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.

	Third quarter ended		**Financial period ended**	
	30 Sep 2020	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
Basic loss per share				
Loss for the period attributable to equity holders (RM'000)	(35,195)	(27,281)	(108,496)	(38,995)
Number / Weighted average number of shares in issue ('000)	1,312,308	1,122,308	1,312,308	1,122,308
Basic loss per share (sen)	(2.68)	(2.43)	(8.27)	(3.47)

(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.

	Third quarter ended		**Financial period ended**	
	30 Sep 2020	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**
Diluted loss per share				
Loss for the period attributable to equity holders (RM'000)	(35,195)	(27,281)	(108,496)	(38,995)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(35,195)	(27,281)	(108,496)	(38,995)
Number / Weighted average number of shares in issue ('000)	1,312,308	1,122,308	1,312,308	1,122,308
Adjustment in respect of redeemable convertible notes ('000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,312,308	1,122,308	1,312,308	1,122,308
Diluted loss per share (sen)	(2.68)	(2.43)	(8.27)	(3.47)

* 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):

	Third quarter ended		**Financial period ended**	
	30 Sep 2020 RM'000	**30 Sep 2019 RM'000**	**30 Sep 2020 RM'000**	**30 Sep 2019 RM'000**
Interest income	(15)	(22)	(41)	(80)
Other income	(110)	(85)	(856)	(230)
Finance cost	1,033	-	4,604	21
Depreciation of property, plant and equipment	4,929	7,811	16,526	16,987
Amortisation of lease payments	263	256	780	786
Depreciation of right-of-use-asset	1,133	-	2,162	-
Share of associate's results	6	-	31	-
PPE written off	57	-	57	638

By Order of the Board
Chua Siew Chuan
Secretary
30 November 2020