TECHNA-X BERHAD *[Registration No. 200601012477 (Company No.: 732227-T)]*

(Formerly known as SINO HUA-AN INTERNATIONAL BERHAD)

Incorporated in Malaysia

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

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Fourth quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 31-Dec-20 RM'000	Preceding Period 31-Dec-19 RM'000 (Restated)	Current Period 31-Dec-20 RM'000	Preceding Period 31-Dec-19 RM'000 (Restated)
Continuing Operations				
Revenue	5,561	5,582	20,628	5,582
Cost of sales	(2,380)	(1,962)	(7,921)	(1,962)
Gross profit	3,181	3,620	12,707	3,620
Other income	27	971	57	971
Operating expenses	(15,713)	(6,261)	(30,625)	(6,261)
Finance cost	1,607	(175)	(2,604)	(175)
	(14,079)	(5,465)	(33,172)	(5,465)
Share of loss in associate company	(118)	(4)	(150)	(4)
Loss before tax from continuing operations	(11,016)	(1,849)	(20,615)	(1,849)
Taxation	(24)	62	(115)	62
Loss for the period from continuing operations	(11,040)	(1,787)	(20,730)	(1,787)
Discontinued Operations				
Loss for the period from discontinued operations	(64,045)	(142,968)	(162,852)	(181,963)
Total loss for the period	(75,085)	(144,754)	(183,582)	(183,749)
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	6,739	459	12,737	(7,974)
Total comprehensive expense for the period	(68,346)	(144,295)	(170,845)	(191,723)
Profit/(Loss) attributable to				
Equity holders of the Company	(80,847)	(144,295)	(189,344)	(191,723)
Minority interest	5,762	-	5,762	-
	(75,085)	(144,295)	(183,582)	(191,723)
Total comprehensive expenses attributable to				
Equity holders of the Company	(74,108)	(144,295)	(176,607)	(191,723)
Minority interest	5,762	-	5,762	-
	(68,346)	(144,295)	(170,845)	(191,723)
Loss per share (sen)				
- basic (sen)	(5.26)	(12.86)	(12.31)	(17.08)
- fully diluted (sen)	(5.26)	(12.86)	(12.31)	(17.08)

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.

TECHNA-X BERHAD *[Registration No. 200601012477 (Company No.: 732227-T)]*
(Formerly known as SINO HUA-AN INTERNATIONAL BERHAD)
Incorporated in Malaysia

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31-Dec-20	Audited as at 31-Dec-19
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	36,399	83,818
Land lease payment	-	26,794
Interest in associate company	-	150
Right of use assets	6,118	5,720
Intangible assets	171,146	88,187
Deferred tax asset	-	143
	213,663	204,812
Current Assets		
Inventories	630	56,149
Trade receivables	772	55,369
Other receivables, deposits and prepayments	5,686	21,962
Amount due from related parties	20	-
Tax recoverable	1,844	509
Bank balances and cash	6,975	14,984
	15,927	148,973
Assets held for sales	122,612	-
Total Assets	352,202	353,785
Shareholders' Fund		
Share capital	1,153,305	1,115,045
Reserves	(1,099,842)	(923,235)
	53,463	191,810
Non-controlling interest	113,113	-
	166,576	191,810
Current Liabilities		
Trade payables	2,941	43,573
Other payables and accrued expenses	53,090	82,121
Lease payable	3,491	2,047
Short term bank loan	1,987	2,308
Redeemable convertible note	-	3,771
Provision for taxation	158	99
	61,667	133,920
Liabilities held for sales	88,079	-
Non Current Liabilities		
Other payable	32,135	23,370
Lease payable	3,490	4,522
Deferred tax liabilities	255	163
	35,880	28,055
Total Equity and Liabilities	352,202	353,785
Net assets per share (RM)	0.03	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.

TECHNA-X BERHAD *[Registration No. 200601012477 (Company No.: 732227-T)]*
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Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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**	**Sub-total RM'000**	**Non-controlling interest RM'000**	**Total RM'000**
<u>12 months ended 31 December 2019</u>									
Balance as of January 1, 2019	1,115,045	49,358	(799,823)	187,331	-	(171,018)	380,893	-	380,893
Acquisition of a subsidiary	-	-	-	-	2,640	-	2,640	-	2,640
Loss for the period	-	-	-	-	-	(183,749)	(183,749)	-	(183,749)
Other comprehensive expense									
Exchange difference arising from translation of foreign operations	-	-	-	(7,974)	-	-	(7,974)	-	(7,974)
Balance as of December 31, 2019	1,115,045	49,358	(799,823)	179,357	2,640	(354,767)	191,810	-	191,810
<u>12 months ended 31 December 2020</u>									
Balance as of January 1, 2020	1,115,045	49,358	(799,823)	179,357	2,640	(354,767)	191,810	-	191,810
Issue of shares:									
Conversion of RCN	26,000	-	-	-	-	-	26,000	-	26,000
Debt settlements	3,500	-	-	-	-	-	3,500	-	3,500
Private placement	8,760	-	-	-	-		8,760	-	8,760
Acquisition of a subsidiary	-	-	-	-		-	-	107,351	107,351
Loss for the period	-	-	-	-	-	(189,344)	(189,344)	5,762	(183,582)
Other comprehensive income									
Exchange difference arising from translation of foreign operations	-	-	-	12,737	-	-	12,737	-	12,737
Balance as of December 31, 2020	1,153,305	49,358	(799,823)	192,094	2,640	(544,111)	53,463	113,113	166,576

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.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the financial period ended	
	31-Dec-20 RM'000	**31-Dec-19 RM'000 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(183,467)	(177,577)
Adjustments for:		
Depreciation of property, plant and equipment	21,537	27,402
Depreciation of right of use assets	2,878	394
Amortisation of lease payments	1,050	1,027
Impairment of trade receivables	538	23,213
Impairment of property, plant and equipment		49,091
Fixed asets written off	57	20,492
Finance costs	3,001	195
Interest income	(53)	(97)
Share of associate's results	150	4
Operating loss before working capital changes	(154,309)	(55,856)
(Increase) / Decrease in:		
Inventories	31,691	41,254
Trade receivables	52,679	41,104
Other receivables, deposits and prepayments	14,380	20,477
Amount due by related parties	289	-
Increase / (Decrease) in:		
Trade payables	3,178	(14,347)
Other payables and accrued expenses	122,287	3,026
Cash generated from operations	70,186	35,658
Interest paid	(3,001)	(163)
Tax	(1,156)	98
Net cash generated from operating activities	66,030	35,593
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(43,454)	(12,285)
Acquisition of subsidiaries, net of cash acquired	(70,616)	(2,937)
Purchase of intangible assets	(3,577)	-
Interest received	53	97
Net cash used in investing activities	(117,595)	(15,125)
CASH FLOWS USED IN FINANCING ACTIVITY		
Issuance of shares		-
Repayment of bank loan	(321)	(23,694)
Finance costs paid	-	-
Recognition of right of use assets	-	-
Proceeds from Redeemable Convertible Note, net off transaction costs	34,489	3,771
Repayment of hire-purchase payables	-	-
Repayment of lease payables	(2,864)	(389)
Proceeds from Redeemable Convertible Note		-
Net cash used in financing activity	31,305	(20,312)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,259)	156
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,984	19,366
Effect of changes in exchange rates	15,326	(4,538)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,051	14,984

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. The other segments of the operations of the Group are subject to consumer spending preference and general market condition in the F&B and digital technology industry.

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:

On 8 December 2020, the Company had completed the proposed settlement of an aggregate amount of RM3.5 million debt owing to creditors namely, Chan Kok San ("CKS"), Jaleeludeen Bin Abu Baker ("JAB") and Ong Sing Eng ("OSE") via the issuance of 55,643,880 new ordinary shares.

On 22 December 2020, the Company had issued 100,000,000 Private Placement Shares amounted RM10,980,000 in accordance with the General Mandate obtained from its shareholders at its 14th AGM convened on 6 July 2020 which authorised the Board to allot and issue new ordinary shares not exceeding 20% of the total issued shares of the Company.

During the quarter under review, the Company had also issued redeemable convertible notes ("RCN") of RM7 million and all has been converted into 70 million ordinary shares at an issue price of RM0.10 per share.

The above issuances have thereby increased the Company's total issued share capital from RM1,134,045,000 to RM1,153,305,000 during 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

	Fourth quarter ended 31 December 2020		Financial period ended 31 December 2020	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	35,283	(64,045)	302,920	(162,852)
Others	5,561	(11,016)	20,628	(20,615)
	40,844	(75,061)	323,548	(183,467)

	Fourth quarter ended 31 December 2019		Financial period ended 31 December 2019	
	External Revenue RM'000	**Loss before tax RM'000**	**External Revenue RM'000**	**Loss before tax RM'000**
Manufacturing	109,754	(136,735)	782,203	(175,728)
Others	5,582	(1,849)	5,582	(1,849)
	115,336	(138,584)	787,785	(177,577)

* 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 2 February 2021, the Company announced the termination of the acquisition of HumanCapient Consulting Sdn Bhd due to non-fulfillment of the obligations as stipulated in Clause 7.5(a)(i) and Schedule 3 of the Share Purchase Agreement dated 23 April 2020 ("SPA") ("Termination"). Upon the Termination, the Company will reprioritize its resources in the energy storage and digital transformation space and in companies that own patents, technologies and licenses.

Pursuant to the Termination, the SPA shall have no further binding force and effect on the parties and no party shall have any claim in respect of the other under the SPA. The parties have released and discharged each other, their officers, directors, past directors, shareholders, successors and assigns from all rights, demands, expenses, causes of action and claims whatsoever arising from or connected to, whether directly or indirectly, the SPA. Accordingly, the Company does not anticipate any financial losses to be incurred from the Termination.

(b) On 8 February 2021, the Company had entered into a Share Purchase Agreement with Saraleana Nattaya binti Azmi for the proposed acquisition of 10,000,000 ordinary shares, equivalent to 25% of the total issued and paid-up share capital of MBits Digital Sdn. Bhd. for a total purchase consideration of RM12.5 million subject to the terms and conditions as stipulated in the Share Purchase Agreement.

(c) 24 February 2021, the Company announced that the Private Placement has been completed following the listing of and quotation for a total of 236,461,500 Placement Shares on the Main Market of Bursa Securities on 22 December 2020 and 24 February 2021 respectively.

(d) On 25 February, TouchPoint International Sdn Bhd, a wholly-owned subsidiary of the Company had entered into a Master Smart City Technology Partnership Agreement with Country Heights Holdings Berhad to cooperate in developing, implementing, managing and providing the M Smart City App with integrated digital services, community engagement and smart management functions with a view to positioning Mines Wellness City as a leading smart city in Malaysia.

(e) On 26 February, the Company announced that the proposed acquisition of the entire equity interest in Chaswood Restaurant Management (Beijing) Co., Ltd. ("Target Company") via the transfer of shares in the Target Company by the Vendor to the Company has been completed on in accordance with the terms and conditions stipulated in the Share Transfer Agreement dated 23 December 2020.

(f) Subsequent to the end of the reporting period, the Company further issued RM27 million RCNs in total which have been converted into ordinary shares at issue prices ranging from RM0.1133 to RM0.1203 per share, thereby increasing the Company's issued ordinary share capital from RM1,153,305,000 to RM1,180,305,000.

A11. Changes in the composition of the Group

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

Pursuant to the conditional share sale agreement entered into by the Company with Hua Fei Investment Limited ("Purchaser") 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) ("Disposal Consideration") ("Disposal SPA") ("Proposed Disposal"), the revenue and expenses in relation to the Group's metallurgical coke business operations have been separately classified as "discontinued operations" on the face of Consolidated Statement of Profit or Loss and Other Comprehensive Income.

In the current quarter under review, the food & beverage business was yet again beset with significant challenges given the reintroduction of the movement control order following the persistently high number of daily COVID-19 cases being recorded, thus forcing the government to re-implement stringent policies in attempt to address the prevailing situation. The food & beverage business contributed approximately RM3.7 million in its revenue, whilst the digital technology business, in which majority of its projects were deferred and/or interrupted due to the pandemic, together with the energy storage business, had collectively managed to contribute approximately RM1.9 million to the consolidated revenue of the Group. The food & beverage business recorded a cost of sales of approximately RM1.3 million whilst the digital technology business recorded about RM1.1 million during the quarter under review.

The operating expenses contributed by the food & beverage business and digital technology business was approximately RM15.7 million during the quarter under review, which included amongst others, professional fees, rental, entertainment, staff salary, depreciation, office expenses, water and electricity charges.

After taking into consideration all of the above components in the financial statement, the Group turned in a net loss for the period (for its continued operations) of approximately RM11.0 million in the current quarter under review compared to approximately RM1.8 million in the preceding year corresponding quarter. The results of the discontinued operations included in the consolidated statement of comprehensive income are set out below: -

	Fourth quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 31-Dec-20 RM'000	Preceding Period 31-Dec-19 RM'000	Current Period 31-Dec-20 RM'000	Preceding Period 31-Dec-19 RM'000
Revenue	35,283	109,754	302,920	782,203
Cost of sales	(66,671)	(143,830)	(396,870)	(832,155)
Gross loss	(31,387)	(34,076)	(93,950)	(49,952)
Other income	73	16	940	327
Operating expenses	(32,726)	(102,674)	(69,445)	(126,083)
Finance cost	(4)	0	(397)	(21)
	(32,659)	(102,658)	(68,902)	(125,777)
Loss before tax	(64,045)	(136,734)	(162,852)	(175,728)
Taxation	-	(6,234)	-	(6,234)
Loss for the period	(64,045)	(142,968)	(162,852)	(181,963)

The Group continued to suffer a considerably large consolidated loss for the period as the results of the peremptory policy reforms and structural changes in the economy of China which had largely resulted in continuous waning of the coke business, particularly that of independent coke manufacturers, during the quarter under review. In consequence thereof, the coke business weighted down the Group's financials with a significant loss of RM64.0 million in the current quarter.

The Group's coke business classified as "discontinuing operation" recorded a revenue of approximately RM35.3 million in the current quarter compared to the preceding year corresponding quarter of approximately RM109.8 million. Such significant reduction in revenue was primarily attributed to a 73% 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 affecting the world as well as the China government exertion in curbing production capacities of highly polluting industry especially those located in the urbanised areas, like that of the Group's current coke manufacturing plant.

Despite the weakened demand from steel manufacturing customers, the average selling price of metallurgical coke saw an approximate 12% increase to RMB1,917 per tonne in the current quarter from RMB1,712 per tonne recorded in the preceding year corresponding quarter. Notwithstanding the above, with the significantly lower sales volume of coke and the contribution from its by-products by approximately 95% during the current quarter, the total revenue recorded by the coke business during the current quarter under review was approximately 68% lower compared to the preceding year corresponding quarter.

Correspondingly, the total cost of sales in coke business saw a significant decrease of approximately 54% from about RM143.8 million in the previous year corresponding quarter to about RM66.7 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 3% from RMB1,189 per tonne in the previous year corresponding quarter to RMB1,154 per tonne in the current quarter under review.

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

Operating expenses incurred were much lower at approximately RM32.7 million in the current quarter compared to RM102.7 million in the preceding year corresponding quarter. This was mainly due to the higher expenses incurred relation to the dry quenching facility, idle assets written-off, impairment of fixed assets and impairment of trade receivables recognised during the fourth quarter last year, all of which were attributable to the notably weakened coke business. Other operating expense includes 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 net loss for the period of approximately RM64.0 million in the current quarter under review compared to approximately RM143.0 million in the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

The revenue recorded by the food & beverage business had contracted to approximately RM3.7 million in the current quarter compared to RM6.1 million during the immediate preceding quarter ended 30 September 2020. This was mainly due to a reintroduction of the movement control order which disallowed dining-in for all restaurants during the significant part in the current quarter under review. The revenue from the digital technology businesses, however, improved to approximately RM1.9 million during the quarter under review due to the inclusion of the sales revenue contributed by the energy storage business, as compared to RM41 thousand recorded in the last quarter ended 30 September 2020.

The gross profit contribution generated from the food & beverages and digital technology segment had helped to narrow the gross loss for the Group as a whole by approximately RM2.4 million and RM0.8 million respectively in current quarter under review relative to that of the immediate preceding quarter ended 30 September 2020. After taking into consideration of the other income and operating expenses, food & beverages and digital technology segment recorded a net loss of approximately RM11.0 million during the quarter under review.

On the other hand, the consolidated revenue registered by the Group from the coke business during the quarter under review was also lower at approximately RM35.3 million compared to RM76.6 million recorded during the immediate preceding quarter ended 30 September 2020. This was primarily attributed to the significantly lower sales volume despite some upward adjustment to the average coke price during the quarter under review. The sales volume decreased by approximately 59% in comparison between the two quarters in question. The coke price, on the other hand, saw an increase by 16% from approximately RMB1,647 per tonne during the last quarter ended 30 September 2020 to approximately RMB1,917 per tonne in the current quarter under review.

The cost of sales recorded by the Group during the quarter under review from the coke business was approximately RM66.7 million as compared to RM98.6 million during the immediate preceding quarter ended 30 September 2020. The reduction was mainly attributed to the corresponding lower sales volume as well as an approximately 2% reduction in average coal price. The average coal price was lower at approximately RMB1,154 per tonne during the quarter under review compared to approximately RMB1,172 per tonne during the immediate preceding quarter. With the continued unfavourable pricing dynamics of coke and coal besetting the coke industry and that of its by-products, the coke segment recorded a total gross loss of approximately RM31.4 million in the current quarter under review compared to a gross loss of approximately RM22.0 million in the immediate preceding quarter ended 30 September 2020.

After taking into consideration of the other income and operating expenses, the Group recorded a net loss of approximately RM64.0 million during the quarter under review as compared to approximately RM34.2 million in the immediate preceding quarter ended 30 September 2020.

B3. Current year prospects

The prospects of the coke industry in China is expected to be mired with challenges moving forward as demand for coke from international markets is expected to be adversely affected by the unresolved US-China trade tensions, economic and geopolitical risks and the global COVID-19 pandemic. As a result of that, the Group has announced a potential disposal of the coke business, to be completed as soon as practicable in order to address the abovementioned concerns and perceivably dim future prospects of the coke business.

The Board believes that the proposed disposal will allow the Group to stem the financial hemorrhage and allocate more resources to expand its remaining businesses i.e. in food and beverage and digital technology business segments, as well as the recently announced proposed acquisition of a 25% stake in an entity with Contend Application Service Provider (full broadcasting license), Network Facilities Provider, Network Service Provider, Application Service Provider and Mobile Virtue Network Operator (full telco spectrums) licenses. The abovementioned remaining businesses post disposal of the dire coke business are expected to rehabilitate and enhance the earnings for TXB Group in the immediate 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:

	Fourth quarter ended		**Financial period ended**	
	31 Dec 2020 RM'000	**31 Dec 2019 RM'000**	**31 Dec 2020 RM'000**	**31 Dec 2019 RM'000**
Loss before taxation	(11,016)	(1,849)	(20,615)	(1,849)
Taxation at statutory tax rate of 24%	(2,644)	(444)	(4,948)	(444)
Different tax rates in other countries	48	-	48	-
Expenses not deductible for tax purposes	600	928	3,002	928
Income not subject to tax	(2)	(843)	(9)	(843)
Deferred tax asset not recognised	2,022	421	2,022	421
Taxation for the financial year	24	62	115	62

B6. Corporate proposals

On the issuance of RCN with an aggregate principal amount of up to RM150 million, as at the current quarter ended 31 December 2020, RCN with an aggregate principal amount of RM26 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	1.5	25.5	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	3.0	37.0	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	18.9	7.3	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	1.5	6.7	Within two (2) year
	Total	**150.0**	**26.0**	**124.0**	

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

B7. Lease payable

	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Secured		
Lease liabilities	6,981	6,569
Analysed as		
Repayable within twelve months	3,491	2,047
Repayable after twelve months	3,490	4,522

B8. Borrowings

	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Secured		
Term loan	1,987	2,308
Analysed as		
Repayable within twelve months	1,987	2,308

B9. Material litigation

As at the date of this report, save and except for the liabilities that have already been recongised in the financial statements, 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.

	Fourth quarter ended		Financial period ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Basic loss per share				
Loss for the period attributable to equity holders (RM'000)	(80,847)	(144,295)	(189,344)	(191,723)

Number / Weighted average number of shares in issue ('000)	1,537,952	1,122,308	1,537,952	1,122,308
Basic loss per share (sen)	(5.26)	(12.86)	(12.31)	(17.08)

(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.

	Fourth quarter ended		Financial period ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Diluted loss per share				
Loss for the period attributable to equity holders (RM'000)	(80,847)	(144,295)	(189,344)	(191,723)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(74,108)	(144,295)	(176,607)	(191,723)
Number / Weighted average number of shares in issue ('000)	1,537,952	1,122,308	1,537,952	1,122,308
Adjustment in respect of redeemable convertible notes ('000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,537,952	1,122,308	1,537,952	1,122,308
Diluted loss per share (sen)	(5.26)	(12.86)	(12.31)	(17.08)

* 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):

	Fourth quarter ended		**Financial period ended**	
	31 Dec 2020 RM'000	**31 Dec 2019 RM'000**	**31 Dec 2020 RM'000**	**31 Dec 2019 RM'000**
Interest income	(12)	(17)	(53)	(97)
Other income	(130)	(971)	(986)	(1,201)
Finance cost	(1,145)	216	3,001	195
Depreciation of property, plant and equipment	5,011	10,415	21,537	27,402
Amortisation of lease payments	270	241	1,050	1,027
Impairment of trade receivables	-	23,213	-	23,213
Impairment of PPE	-	49,091	-	49,091
Depreciation of right-of-use-asset	716	394	2,878	394
Share of associate's results	119	4	150	4
PPE written off	-	19,854	57	20,492

By Order of the Board
Chua Siew Chuan
Secretary
30 March 2021