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 30 JUNE 2021
- 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-21 RM'000	Preceding Period 30-Jun-20 RM'000 (Restated)	Current Period 30-Jun-21 RM'000	Preceding Period 30-Jun-20 RM'000 (Restated)
Continuing Operations				
Revenue	12,563	3,453	22,181	8,979
Cost of sales	(3,793)	(1,170)	(6,068)	(3,226)
Gross profit	8,770	2,283	16,113	5,753
Other income	1,465	10	1,805	21
Operating expenses	(9,884)	(4,029)	(14,775)	(9,135)
Finance cost	(100)	(2,924)	(793)	(3,181)
	(8,519)	(6,943)	(13,763)	(12,295)
Share of loss in associate company	-	(12)	-	(25)
Profit/(Loss) before tax from continuing operations	251	(4,672)	2,350	(6,567)
Taxation	(16)	-	(27)	(91)
Profit/(Loss) for the period from continuing operations	235	(4,672)	2,323	(6,658)
Discontinued Operations				
Loss for the period from discontinued operations	(33,458)	(27,543)	(59,068)	(66,644)
Total loss for the period	(33,223)	(32,215)	(56,745)	(73,302)
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	2,916	(1,563)	5,898	4,999
Total comprehensive expense for the period	(30,307)	(33,778)	(50,847)	(68,303)
Profit/(Loss) attributable to				
Equity holders of the Company	(33,465)	(32,215)	(57,394)	(73,302)
Minority interest	242	-	649	-
	(33,223)	(32,215)	(56,745)	(73,302)
Total comprehensive expenses attributable to				
Equity holders of the Company	(32,291)	(33,778)	(54,664)	(68,303)
Minority interest	1,984	-	3,817	-
	(30,307)	(33,778)	(50,847)	(68,303)
Loss per share attributable to equity holders of the Company (sen)				
- basic (sen)	(1.86)	(2.86)	(3.19)	(6.51)
- fully diluted (sen)	(1.86)	(2.86)	(3.19)	(6.51)

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 2020.

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 30 JUNE 2021
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Jun-21	Audited as at 31-Dec-20
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	36,725	35,730
Right of use assets	4,334	6,118
Intangible assets	193,423	185,224
	234,482	227,072
Current Assets		
Inventories	2,088	311
Trade receivables	5,405	1,041
Other receivables, deposits and prepayments	71,271	71,956
Tax recoverable	1,069	549
Bank balances and cash	16,033	6,975
	95,866	80,832
Assets held for sales	128,734	128,920
Total Assets	459,082	436,824
Shareholders' Fund		
Share capital	1,207,763	1,153,305
Reserves	(1,146,510)	(1,091,846)
	61,253	61,459
Non-controlling interest	105,083	101,266
	166,336	162,725
Current Liabilities		
Trade payables	4,015	3,562
Other payables and accrued expenses	117,016	136,986
Lease payable	3,611	3,491
Short term bank loan	1,133	1,987
Redeemable convertible note	1,000	-
Provision for taxation	7	15
	126,782	146,041
Liabilities held for sales	152,018	94,388
Non Current Liabilities		
Other payable	12,007	30,161
Lease payable	1,684	3,490
Deferred tax liabilities	255	19
	13,946	33,670
Total Equity and Liabilities	459,082	436,824
Net assets per share (RM)	0.03	0.04

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 2020.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
- 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**	**Shares Option reserve RM'000**	**Accumulated losses RM'000**	**Sub-total RM'000**	**Non-controlling interest RM'000**	**Total RM'000**
<u>6 months ended 30 June 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	2,000						2,000	-	2,000
Loss for the period	-	-	-	-	-	(73,302)	(73,302)	-	(73,302)
Other comprehensive expense									
Exchange difference arising from translation of foreign operations	-	-	-	4,999	-	-	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	-	125,507
<u>6 months ended 30 June 2021</u>									
Balance as of January 1, 2021	1,153,305	49,358	(799,823)	192,753	2,640	(536,774)	61,459	101,266	162,725
Issue of shares:									
Conversion of RCN	37,000	-	-	-	-	-	37,000	-	37,000
Private placement	17,458	-	-	-	-		17,458	-	17,458
Loss for the period	-	-	-	-	-	(57,394)	(57,394)	649	(56,745)
Other comprehensive income									
Exchange difference arising from translation of foreign operations	-	-	-	2,730	-	-	2,730	3,168	5,898
Balance as of June 30, 2021	1,207,763	49,358	(799,823)	195,483	2,640	(594,168)	61,253	105,083	166,336

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 2020.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	30-Jun-21	30-Jun-20
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		(Restated)
Profit/(Loss) before tax from continuing operations	2,350	(6,567)
Loss before tax from discontinued operations	(59,068)	(66,644)
Loss for the period	(56,718)	(73,211)
Adjustments for:		
Depreciation of property, plant and equipment	19,378	11,597
Depreciation of right of use assets	1,784	1,029
Amortisation of lease payments	541	517
Amortisation of intangibles assets	405	-
Finance costs	793	3,571
Interest income	(21)	(26)
Share of associate's results	-	25
Operating loss before working capital changes	(33,838)	(56,498)
(Increase) / Decrease in:		
Inventories	(6,066)	29,801
Trade receivables	(4,179)	16,066
Other receivables, deposits and prepayments	(3,612)	15,170
Increase / (Decrease) in:		
Trade payables	65,500	(3,312)
Other payables and accrued expenses	(47,443)	2,169
Cash (used in)/generated from operations	(29,638)	3,396
Interest paid	(793)	(3,571)
Tax	-	165
Net cash used in operating activities	(30,431)	(10)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,680)	(5,090)
Interest received	21	26
Net cash used in investing activities	(8,659)	(5,064)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from Redeemable Convertible Note, net of transaction costs	38,000	-
Repayment of bank loan	(854)	-
Proceeds from Private Placement, net of transaction costs	17,458	-
Repayment of lease payables	(1,892)	(1,033)
Net cash generated from/(used in) financing activities	52,712	(1,033)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,622	(6,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,048	14,984
Effect of changes in exchange rates	(6,550)	1,364
Changes in cash and cash equivalents classified as held for sales	(1,087)	(8,441)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16,033	1,800

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 2020.

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 2020. 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 2020.

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 2020, 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 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"

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 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 2020 was not qualified.

A3. Seasonal or cyclical factors

The coke segment, being the major operations of the Group, which is classified under operations held for sale, 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:

The Company has issued redeemable convertible notes ("RCN") of RM11 million and RM10 million was converted into approximately 92 million ordinary shares at issued prices ranging from RM0.1 to RM0.1173 per share.

The above issuances have thereby increased the Company's total issued share capital from RM1,197,763,000 to RM1,207,763,000 during the quarter under review.

A7. Dividends paid

There were no dividends paid during the quarter under review.

A8. Segmental information

Segment results by business activities

	Second quarter ended 30 June 2021		Financial period ended 30 June 2021	
	External Revenue RM'000	Profit/(Loss) before tax RM'000	External Revenue RM'000	Profit/(Loss) before tax RM'000
Technology driven food and beverage	7,942	(305)	13,241	1,492
Technology and digital transformations enabler	4,621	1,476	8,940	4,037
Others*	-	(920)	-	(3,179)
	12,563	251	22,181	2,350

	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
Technology driven food and beverage	3,180	(1,088)	8,486	(1,907)
Technology and digital transformations enabler	273	(2,923)	493	(3,456)
Others*	-	(661)	-	(1,204)
	3,453	(4,672)	8,979	(6,567)

** This refers to the expenses incurred by TXB, majority of which are attributable to the capital raising and corporate exercises of the Group*

A9. Valuation of Property, Plant and Equipment

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

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

On 3 August 2021, the acquisition of 49% of the total issued and paid-up share capital of NHK Energy Construction Sdn. Bhd was terminated due to non-fulfilment of the obligations as stipulated in Clause 4.1(a) and Clause 4.3(c) of the Share Purchase Agreement dated 16 June 2021.

A11. Changes in the composition of the Group

There were no 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

Due to the re-introduction of movement control order and lockdown following the persistently high number of daily COVID-19 cases being recorded in Malaysia during the current quarter under review, the technology driven food & beverage business once again faced significant operational disruptions. As on result, this business segment managed to only contribute approximately RM7.9 million in revenue to the Group. Similarly, the digital & technology businesses which also faced delays in securing several projects/contracts, generated approximately RM4.6 million to the consolidated revenue of the Group for the continuing operations.

The technology driven food & beverage business recorded a cost of sales of approximately RM2.5 million whilst the digital & technology business recorded about RM1.3 million during the quarter under review.

The total operating expenses incurred by the technology driven food & beverage and the digital & technology businesses of the Group for the quarter under review accounted to approximately RM8.9 million. These operating expenses included, amongst others, staff salary, professional fees, rental, entertainment, depreciation, office expenses, water and electricity charges and etc.

Premised on the above, the technology driven food & beverage business and digital & technology business recorded a net profit for the period of approximately RM1.2 million in the current quarter under review compared to a net loss of approximately RM4.0 million in the preceding year corresponding quarter.

Notwithstanding the above however, after taking into consideration the expenses/costs incurred by the corporate holding company level relating to the capital raising and corporate exercises which amounted to approximately RM1 million, the Group's net profit of RM1.2 million (as mentioned above) from its continuing operations was reduced to approximately RM0.2 million in the current quarter under review compared to a net loss of approximately RM4.7 million in the preceding year corresponding quarter.

On the other hand, 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 ("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.

The results of the discontinued operations included in the consolidated statement of comprehensive income are set out below: -

	Second quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 30-Jun-21 RM'000	Preceding Period 30-Jun-20 RM'000	Current Period 30-Jun-21 RM'000	Preceding Period 30-Jun-20 RM'000
Revenue	35,087	89,704	76,863	191,017
Cost of sales	(67,141)	(108,116)	(132,486)	(231,596)
Gross loss	(32,054)	(18,412)	(55,623)	(40,579)
Other income	830	402	884	750
Operating expenses	(2,234)	(9,529)	(4,329)	(26,424)
Finance cost	-	(4)	-	(391)
	(1,404)	(9,131)	(3,445)	(26,065)
Loss before tax	(33,458)	(27,543)	(59,068)	(66,644)
Taxation	-	-	-	-
Loss for the period	(33,458)	(27,543)	(59,068)	(66,644)

The coke business continued to suffer even larger losses during the quarter under review compared to the same quarter last year. This stemmed from the legacies arising from the enforcement of policy reforms and structural changes in the economy of China which has resulted in continuous negative impact on the coke business. As a result, the coke business dismal performance weighted down the Group's entire financial results for the quarter under review with a significant loss of approximately RM33.5 million compared to approximately RM27.5 million in the preceding year corresponding quarter. This represented the 10th consecutive loss-making quarters for coke business since the first quarter of 2019.

The Group's coke business recorded a revenue of approximately RM35.1 million in the current quarter compared to the preceding year corresponding quarter of approximately RM89.7 million. Such significant reduction in revenue was primarily attributed to a 74% drop in sales volume compared to that achieved in the corresponding quarter of 2020 as a result of lower demand for coke in the midst of the economic debilitating pandemic affecting the world. Continuous curbing of the production capacities by the Chinese Government on those highly polluting industry especially in the urbanised areas, like our current coke manufacturing plant in Linyi City, Shandong Province, also affected the Group's coke production and business operations.

With a lower level of coke production following the curbing by the government, the average selling price of metallurgical coke saw an increase of approximately 55% to RMB2,389 per tonne in the current quarter compared to approximately RMB1,545 per tonne recorded in the preceding year corresponding quarter. Notwithstanding the above, with the significantly lower sales volume of coke and the lower contribution from its by-products by approximately 76% during the current quarter, the total revenue recorded by the coke business during the current quarter under review was approximately 61% lower compared to the preceding year corresponding quarter.

Correspondingly, the total cost of sales in coke business saw a significant decrease of approximately 38% to about RM67.1 million in the current quarter under review from about RM108.1 million in the previous year corresponding quarter. Such a reduction was predisposed in tandem with the abovementioned reduction in sales volume generated by the coke business despite the increase in the average coal price by approximately 36%

from RMB1,019 per tonne in the previous year corresponding quarter to RMB1,384 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 RM2.2 million in the current quarter compared to RM9.5 million in the preceding year corresponding quarter. This was mainly due to the expenses incurred in relation to the dry quenching facility being included in the preceding year corresponding quarter. Other operating expenses included staff salary, depreciation, minor repair and maintenance, electricity charges, etc.

After taking into consideration all of the above financial components, the coke business registered a higher loss of RM33.5 million in the current quarter under review compared to approximately RM27.5 million in the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

The revenue recorded by the technology driven food & beverage business had improved to approximately RM7.9 million in the current quarter compared to RM5.3 million during the immediate preceding quarter ended 31 March 2021. This was mainly due to the contribution from the additional revenue source from operations in China which started towards end of the first quarter of 2021. The revenue from the digital & technology businesses also showed slight improvement to approximately RM4.6 million during the quarter under review following improvements in the revenue derived from the various digital technology projects as well as the inclusion of contribution from the energy storage business, as compared to RM4.3 million recorded in the previous quarter ended 31 March 2021.

The gross profit contribution generated from the technology driven food & beverages business and digital & technology businesses also improved from approximately RM7.3 million in the immediate preceding quarter ended 31 March 2021 to approximately RM8.8 million for the current quarter under review.

After taking into consideration other income and operating expenses, (excluding expenses/costs incurred by the corporate holding company level relating to the capital raising and corporate exercises which amounted to approximately RM1.0 million as described in section B1 above), the technology driven food & beverages business and digital & technology businesses registered a net profit of approximately RM1.2 million in the current quarter. This brings the total cumulative net profit generated by the Group's technology driven food & beverages business and digital & technology businesses for the 6-months period ending 30 June 2021 to approximately RM5.5 million.

However, with the inclusion of the non-operational expenses/costs relating to capital raising and corporate exercises, the abovementioned net profit for the current quarter and cumulative 6-month period were reduced to RM0.2 million and RM2.3 million, respectively.

Despite the challenges besetting the Group during the current quarter under review which landed it with a relatively smaller net profit of RM0.2 million compared to RM2.1 million recorded in the immediate preceding quarter ended 31 March 2021, this however was still an improvement over the net loss position of approximately RM4.7 million incurred in the preceding year corresponding quarter ended 30 June 2020. Such improving financial performance the Group's continuing operations (sans the coke business) can be seen as a validation to the Group's strategy of transforming itself into a digital and technology-based conglomerate. Positive momentum is being gained, albeit gradual, from these businesses despite the negative impact stemming from the prevailing pandemic.

On the other hand, the coke business continued to drag down the performance of the Group with lower consolidated revenue at approximately RM35.1 million during the quarter under review compared to RM41.8 million recorded in the immediate preceding quarter ended 31 March 2021. This was primarily due to the lower sales volume by 16% in the current quarter under review. The slight upward adjustment to the average coke price (from RMB2,385/tonne during the last quarter ended 31 March 2021 to RMB2,389/tonne in the current quarter under review) was not adequate to avert the overall fall in coke revenue.

The cost of sales of the coke business recorded by the Group during the quarter under review was approximately RM67.1 million as compared to RM65.3 million in the immediate preceding quarter ended 31 March 2021. The increase was mainly attributed to higher average coal price despite of lower sales volume. The average coal price was higher at approximately RMB1,384 per tonne during the quarter under review compared to approximately RMB1,341 per tonne in 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 business segment widened its total gross loss to approximately RM32.1 million in the current quarter under review compared to approximately RM23.6 million in the immediate preceding quarter ended 31 March 2021.

After taking into consideration of the other income and operating expenses directly attributed to the coke business, the coke business segment recorded a wider net loss of approximately RM33.5 million during the quarter under review as compared to approximately RM25.6 million in the immediate preceding quarter ended 31 March 2021.

B3. Current year prospects

Smart City

The Smart City space is a US$100bn market while data analytics is a US$24bn industry. Due to Covid-19 pandemic, there has been even higher demand for digital services in the public and private sectors. In particular, the Malaysian government has initiated a number of Smart City initiatives including integrated command centers, data exchange platforms, smart lighting, 5G roll out and many others. Currently, the Group is actively pursuing a number of grants, tenders and contracts for these Smart City verticals. This includes collaborations, joint ventures and acquisitions for the above projects.

Agritech

There has been growing demand for IOT services in the agricultural sector. The IOT space in Agriculture is a US$32bn market by 2027 with a CAGR of 15%. The Group is engaging with key players for palm oil, durian and vertical farming. The Group is particularly well placed for strong growth in palm oil IOT, given its track record as one of the leading agri-IOT providers in the region.

Electrical Mobility
Smart mobility deals with the Electric Vehicle ecosystem, covering the production of the powertrain, motor, charger, charging station and battery management system. A joint venture company called E-Rex has been set up in Croatia to take charge on this segment. This team targets to have a working electric vehicle prototype by the end of 2021.

Energy Storage
Energy Storage is a US$550bn industry by 2035 and Wood Mackenzie states that the market in China alone will grow 25x in the next 7 years. However, Covid restrictions have severely restricted some key projects that the Group are working on. Not being able to travel to China has limited our access to market and the Group is not able to fully activate the order books. Therefore, the team has to reallocate resources to some opportunistic verticals that have arisen from the pandemic.

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 2021 RM'000	**30 Jun 2020 RM'000**	**30 Jun 2021 RM'000**	**30 Jun 2020 RM'000**
Loss before taxation	(33,207)	(32,215)	(56,718)	(73,211)
Less: Loss from discontinued operations	33,458	27,543	59,068	66,644
Profit from continuing operations	251	(4,672)	2,350	(6,567)
Taxation at statutory tax rate of 24%	60	(1,121)	564	(1,576)
Different tax rates in other countries	(37)	-	(97)	-
Expenses not deductible for tax purposes	248	1,124	817	1,672
Income not subject to tax	(6)	(3)	(12)	(5)
Utilisation of tax losses not previously recognized	(249)	-	(1,245)	-
Taxation for the financial year	16	-	27	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 June 2021, RCN with an aggregate principal amount of RM11 million were issued and subsequently RM10 million was converted into new ordinary shares of the Company at issued prices ranging from RM0.1 to RM0.1173 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	7.4	19.6	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	32.8	7.2	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	19.1	7.1	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	3.6	4.6	Within two (2) year
	Total	**150.0**	**64.0**	**86.0**	

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

B7. Lease payable

	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Secured		
Lease liabilities	5,295	6,981
Analysed as		
Repayable within twelve months	3,611	3,491
Repayable after twelve months	1,684	3,490

B8. Borrowings

	30 Jun 2021 RM'000	31 Dec 2020 RM'000
Secured		
Term loan	1,133	1,987
Analysed as		
Repayable within twelve months	1,133	1,987

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. Profit/(Loss) per share

(a) Basic profit/(loss) per share

The profit/(loss) per share has been calculated based on the consolidated profit/(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 21	**30 Jun 20**	**30 Jun 21**	**30 Jun 20**
Basic profit/(loss) per share				
Profit/(Loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	(7)	(4,672)	1,674	(6,658)
- discontinued operations	(33,458)	(27,543)	(59,068)	(66,644)
	(33,465)	(32,215)	(57,394)	(73,302)
Number / Weighted average number of shares in issue ('000)	1,800,749	1,126,713	1,800,749	1,126,713
Basic profit/(loss) per share (sen)				
- continuing operations	0.00	(0.41)	0.09	(0.59)
- discontinued operations	(1.86)	(2.45)	(3.28)	(5.92)
	(1.86)	(2.86)	(3.19)	(6.51)

(b) Diluted profit/(loss) per share

For the purpose of calculating diluted profit/(loss) per share, consolidated profit/(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 21	**30 Jun 20**	**30 Jun 21**	**30 Jun 20**
Diluted profit/(loss) per share				
Profit/(Loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	(7)	(4,672)	1,674	(6,658)
- discontinued operations	(33,458)	(27,543)	(59,068)	(66,644)
	(33,465)	(32,215)	(57,394)	(73,302)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(33,465)	(32,215)	(57,394)	(73,302)
Number / Weighted average number of shares in issue ('000)	1,800,749	1,126,713	1,800,749	1,126,713
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,800,749	1,126,713	1,800,749	1,126,713
Diluted profit/(loss) per share (sen)				
- continuing operations	0.00	(0.41)	0.09	(0.59)
- discontinued operations	(1.86)	(2.45)	(3.28)	(5.92)
	(1.86)	(2.86)	(3.19)	(6.51)

* 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 2021 RM'000	**30 Jun 2020 RM'000**	**30 Jun 2021 RM'000**	**30 Jun 2020 RM'000**
Interest income	(10)	(13)	(21)	(26)
Other income	(2,280)	(398)	(2,668)	(745)
Finance cost	100	2,924	793	3,571
Depreciation of property, plant and equipment	15,547	4,826	19,378	11,597
Amortisation of lease payments	273	261	541	517
Depreciation of right-of-use-asset	924	524	1,784	1,029
Share of associate's results	-	12	-	25

By Order of the Board
Chua Siew Chuan
Secretary
10 September 2021