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 SEPTEMBER 2021

- 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-21 RM'000	Preceding Period 30-Sep-20 RM'000 (Restated)	Current Period 30-Sep-21 RM'000	Preceding Period 30-Sep-20 RM'000 (Restated)
Continuing Operations				
Revenue	13,156	6,088	35,337	15,067
Cost of sales	(5,580)	(2,316)	(11,648)	(5,541)
Gross profit	7,576	3,772	23,689	9,526
Other income	192	9	1,997	30
Operating expenses	(7,615)	(5,778)	(22,391)	(14,913)
Finance cost	486	(1,031)	(307)	(4,211)
	(6,937)	(6,800)	(20,701)	(19,094)
Share of loss in associate company	0	(7)	0	(31)
Profit/(Loss) before tax from continuing operations	639	(3,035)	2,988	(9,599)
Taxation	(0)	-	(27)	(91)
Profit/(Loss) for the period from continuing operations	639	(3,035)	2,961	(9,690)
Discontinued Operations				
Loss for the period from discontinued operations	(30,342)	(32,164)	(89,411)	(98,807)
Total loss for the period	(29,703)	(35,199)	(86,450)	(108,497)
Other comprehensive (expense)/income:				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	1,340	999	7,238	5,998
Total comprehensive expense for the period	(28,363)	(34,200)	(79,212)	(102,499)
Profit/(Loss) attributable to				
Equity holders of the Company	(29,844)	(35,199)	(87,241)	(108,497)
Minority interest	141	-	791	-
	(29,703)	(35,199)	(86,450)	(108,497)
Total comprehensive expenses attributable to				
Equity holders of the Company	(29,087)	(34,200)	(83,753)	(102,499)
Minority interest	724	-	4,541	-
	(28,363)	(34,200)	(79,212)	(102,499)
Loss per share attributable to equity holders of the Company (sen)				
- basic (sen)	(1.60)	(3.06)	(4.66)	(9.42)
- fully diluted (sen)	(1.60)	(3.06)	(4.66)	(9.42)

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 SEPTEMBER 2021

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30-Sep-21	Audited as at 31-Dec-20
	RM'000	RM'000
Non Current Assets		
Property, plant and equipment	36,552	35,730
Right of use assets	3,546	6,118
Intangible assets	193,816	185,224
	233,914	227,072
Current Assets		
Inventories	2,689	311
Trade receivables	8,783	1,041
Other receivables, deposits and prepayments	76,716	71,956
Tax recoverable	810	549
Bank balances and cash	13,450	6,975
	102,448	80,832
Assets held for sales	123,645	128,920
Total Assets	460,007	436,824
Shareholders' Fund		
Share capital	1,210,763	1,153,305
Reserves	(1,175,599)	(1,091,846)
	35,164	61,459
Non-controlling interest	105,807	101,266
	140,971	162,725
Current Liabilities		
Trade payables	4,015	3,562
Other payables and accrued expenses	120,632	136,986
Lease payable	3,550	3,491
Short term bank loan	1,133	1,987
Redeemable convertible note	1,000	-
Provision for taxation	7	15
	130,337	146,041
Liabilities held for sales	176,147	94,388
Non Current Liabilities		
Other payable	11,421	30,161
Lease payable	876	3,490
Deferred tax liabilities	255	19
	12,552	33,670
Total Equity and Liabilities	460,007	436,824
Net assets per share (RM)	0.02	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 SEPTEMBER 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>9 months ended 30 September 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	19,000						19,000	-	19,000
Loss for the period	-	-	-	-	-	(108,497)	(108,497)	-	(108,497)
Other comprehensive expense									
Exchange difference arising from translation of foreign operations	-	-	-	5,998	-	-	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	-	108,311
<u>9 months ended 30 September 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	40,000	-	-	-	-	-	40,000	-	40,000
Private placement	17,458	-	-	-	-		17,458	-	17,458
Loss for the period	-	-	-	-	-	(87,241)	(87,241)	791	(86,450)
Other comprehensive income									
Exchange difference arising from translation of foreign operations	-	-	-	3,488	-	-	3,488	3,750	7,238
Balance as of September 30, 2021	1,210,763	49,358	(799,823)	196,241	2,640	(624,015)	35,164	105,807	140,971

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.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the financial period ended	
	30-Sep-21 RM'000	**30-Sep-20 RM'000 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax from continuing operations	2,988	(9,599)
Loss before tax from discontinued operations	(89,411)	(98,807)
Loss for the period	(86,423)	(108,406)
Adjustments for:		
Depreciation of property, plant and equipment	25,879	16,526
Depreciation of right of use assets	2,572	2,162
Amortisation of lease payments	826	780
Amortisation of intangibles assets	626	-
Fixed asets written off	-	57
Finance costs	307	4,604
Interest income	(29)	(41)
Share of associate's results	-	31
Operating loss before working capital changes	(56,242)	(84,287)
(Increase) / Decrease in:		
Inventories	(12,753)	8,838
Trade receivables	(6,890)	39,014
Other receivables, deposits and prepayments	(2,069)	7,528
Amount due by related parties		(201)
Increase / (Decrease) in:		
Trade payables	90,238	33,011
Other payables and accrued expenses	(44,935)	(13,673)
Cash (used in)/generated from operations	(32,651)	(9,770)
Interest paid	(307)	(4,604)
Tax	-	62
Net cash used in operating activities	(32,958)	(14,312)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(9,834)	(5,286)
Interest received	29	41
Net cash used in investing activities	(9,805)	(5,245)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from Redeemable Convertible Note, net of transaction costs	41,000	15,229
Repayment of bank loan	(854)	(27)
Proceeds from Private Placement, net of transaction costs	17,458	-
Repayment of lease payables	(2,842)	(2,115)
Net cash generated from/(used in) financing activities	54,762	13,087
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,999	(6,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,048	14,984
Effect of changes in exchange rates	(8,025)	1,525
Changes in cash and cash equivalents classified as held for sales	(572)	(7,341)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	13,450	2,698

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 RM3 million and the entire amount was converted into 30 million ordinary shares at issued price of RM0.1 per share.

The above issuances have thereby increased the Company's total issued share capital from RM1,207,763,000 to RM1,210,763,000 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

	Third quarter ended 30 September 2021		Financial period ended 30 September 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	8,537	(420)	21,777	1,072
Technology and digital transformations enabler	4,619	1,694	13,560	5,729
Others*	-	(635)	-	(3,813)
	13,156	639	35,337	2,988

	Third quarter ended 30 September 2020		Financial period ended 30 September 2020	
	External revenue RM'000	Profit/(Loss) before tax RM'000	External revenue RM'000	Loss before tax RM'000
Technology driven food and beverage	6,047	130	14,533	(1,777)
Technology and digital transformations enabler	41	(1,526)	534	(4,982)
Others*	-	(1,639)	-	(2,840)
	6,088	(3,035)	15,067	(9,599)

** 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

Techna-X Berhad ("TXB") had implemented the Employee Stock Option Scheme ("ESOS") with effect from 1 October 2021.

The wholly-owned subsidiary of TXB, Touchpoint International Sdn. Bhd. ("TPI"), had on 11 October 2021, entered into an Exclusive Technology Partnership Agreement with Pesapass Limited to assist the latter to develop and provide platform and software as a service, cloud hosted high specification secure digital wallet and revenue management payments solutions to Kenya Wildlife Service.

On 14 October 2021, TXB proposed to undertake a private placement of up to 169,901,200 new ordinary shares in TXB ("TXB Share(s)" or "Share(s)"), representing approximately 8.36% of the existing issued Shares. On 3 November 2021, Bursa Securities approved the listing and quotation of up to 169,901,200 Placement Shares to be issued pursuant to the Private Placement.

On 26 October 2021, TXB entered into a Memorandum of Understanding ("MoU") with East Nest Borneo Sdn. Bhd. ("ENBSB") to collaborate on the development of technology-enabled Smart Bird Houses and Caves Project at ENBSB properties.

On 24 November 2021, TXB also entered into a Term Sheet with Chaswood Resources Holdings Ltd. ("Purchaser") for the purpose of disposing its 50% equity interest in HK Aerospace Beidou New Energy Industry Technology Co., Ltd. to the Purchaser, for a total consideration of USD250,000,000, to be satisfied in full by the allotment and issuance of such number of new shares of the Purchaser at a pre-consolidation issue price of S$0.038 per share on a pre-proposed share consolidation basis.

A11. Changes in the composition of the Group

On 28 September 2021, the Company entered into a Novation Agreement with HK Aerospace Beidou New Energy Industry Technology Co Ltd ("HKAB"), Monika Mikac, Igor Pongrac, Nordin Catic and Benjamin Bozic, to assign and transfer all HKAB's rights, duties and obligations under the Shareholders Agreement to TXB, subject to the terms and conditions stipulated in the Novation Agreement.

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

With the gradual opening up of the economy and dining-in for F&B establishments being allowed after a long period of lockdown, the financial performance of the technology driven food & beverage business showed signs of improvement towards end of the third quarter, a welcome reprieve from the languished business performance in the early part of the said quarter. As such, this business segment managed to contribute approximately RM8.5 million of revenue to the Group compared to approximately RM6.0 million for the same quarter last year, the period of which was also significantly affected by the pandemic lockdown. For the digital & technology businesses which saw a successful bid of a project to design and deliver an Analytics-enabled Public Safety and Security Command System during the quarter under review, despite still facing delays in securing other projects/contracts, managed to generate approximately RM4.6 million to the consolidated revenue of the Group for the continuing operations.

The technology driven food & beverage business and digital & technology business, in total, recorded a cost of sales of approximately RM5.6 million during the quarter under review compared to approximately RM2.3 million in the same quarter last year on the back of a consolidated revenue of approximately RM13.2 million and RM6.1 million respectively.

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 RM7.0 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 reported a net profit for the period of approximately RM1.3 million in the current quarter under review, a notable turnaround of financial performance compared to a net loss of approximately RM1.4 million in the preceding year corresponding quarter.

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 RM0.6 million, the Group's abovementioned net profit of RM1.3 million receded to approximately RM0.6 million from its continuing operations in the current quarter under review compared to a net loss of approximately RM3.0 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: -

	Third quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 30-Sep-21 RM'000	Preceding Period 30-Sep-20 RM'000	Current Period 30-Sep-21 RM'000	Preceding Period 30-Sep-20 RM'000
Revenue	40,820	76,620	117,682	267,637
Cost of sales	(65,883)	(98,603)	(198,369)	(330,199)
Gross loss	(25,063)	(21,983)	(80,687)	(62,562)
Other income	136	117	1,020	867
Operating expenses	(5,415)	(10,296)	(9,744)	(36,719)
Finance cost	-	(2)	-	(393)
	(5,279)	(10,181)	(8,724)	(36,245)
Loss before tax	(30,342)	(32,164)	(89,411)	(98,807)
Taxation	-	-	-	-
Loss for the period	(30,342)	(32,164)	(89,411)	(98,807)

As expected, the coke business continued to be beset by substantial losses during the quarter under review, similar to that in the same quarter last year. This represented the 11th consecutive loss-making quarters for the coke business since the first quarter of 2019. The losses essentially 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. Given the above, the continued dismal showings of the coke business had inherently dragged down the Group's overall financial results for the quarter under review resulting in it registering a significant loss of approximately RM30.3 million. Albeit an "improvement" over the RM32.2 million loss registered in the preceding year corresponding quarter it is still a significant loss suffered by the Group nevertheless.

The Group's coke business recorded a revenue of approximately RM40.8 million in the current quarter compared to the preceding year corresponding quarter of approximately RM76.6 million. Such significant reduction in revenue was primarily attributed to a 70% drop in sales volume compared to that achieved in the corresponding quarter of 2020 as a result of lower demand for coke amidst the economic debilitating pandemic affecting the world as well as the economic reform and stringent environmental pollution policies instituted by the China government which had to a large extent curbed production levels of industries that are perceived to be polluting.

With a lower level of coke production stemming from the circumstances mentioned above, the average selling price of metallurgical coke inherently saw an increase of approximately 78% to RMB2,927 per tonne in the current quarter compared to approximately RMB1,648 per tonne recorded in the preceding year corresponding quarter. Notwithstanding that, with the significantly lower sales volume of coke coupled with the significantly lower contribution from its by-products by approximately 80% during the current quarter, the total revenue recorded by the coke business during the current quarter under review had therefore dipped approximately 47% compared to that of the preceding year corresponding quarter.

Correspondingly, the total cost of sales in coke business saw a decrease of approximately 33% to about RM65.9 million in the current quarter under review from about RM98.6 million in the previous year corresponding quarter. Such a reduction was predisposed in tandem with the abovementioned reduction in sales volume. The increase in the average coal price of approximately 91% from RMB1,172 per tonne in the previous year corresponding quarter to RMB2,240 per tonne in the current quarter under review mitigated the full impact of the reciprocal reduction in the cost of sales of the coke business.

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

Operating expenses incurred were much lower at approximately RM5.4 million in the current quarter compared to RM10.3 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, the charge of which in the current quarter was reclassified under Cost of Sales. 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 net loss of RM30.3 million in the current quarter under review compared to approximately RM32.2 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 RM8.5 million in the current quarter compared to RM7.9 million during the immediate preceding quarter ended 30 June 2021. This was mainly due to the opening up of the economy in Malaysia and the gradual easing of restrictions which ultimately allowed dining-in for F&B establishments towards end of the third quarter of 2021. The revenue from the digital & technology businesses, which included the contribution from the energy storage business, contributed approximately RM4.6 million in both second and third quarters of 2021.

The gross profit contribution from the technology-driven food & beverages business and digital & technology businesses however saw a slight reduction from approximately RM8.8 million in the immediate preceding quarter ended 30 June 2021 to approximately RM7.6 million for the current quarter under review.

After taking into consideration other income and operating expenses, (excluding expenses incurred by the corporate holding company level relating to the capital raising and corporate exercises which amounted to approximately RM0.6 million as described in section B1 above), the technology driven food & beverages business and digital & technology businesses registered a net profit of approximately RM1.3 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 9-months period ending 30 September 2021 to approximately RM6.8 million.

However, with the inclusion of the non-operational expenses relating to capital raising and corporate exercises, the abovementioned net profit for the current quarter and cumulative 9-month period were inherently reduced to RM0.6 million and RM3.0 million, respectively.

Despite the continuing challenges besetting the Group during the current quarter under review, the net profit recorded in the current quarter under review of approximately RM0.6 million was an improvement compared to RM0.2 million recorded in the immediate preceding quarter ended 30 June 2021. This also represented an improvement over the net loss position of approximately RM3.0 million incurred in the preceding year corresponding quarter ended 30 September 2020. Such improving financial performance by the Group's continuing operations (sans the coke business) again could 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 and challenges faced stemming from the prevailing pandemic.

On the other hand, the coke business continued to drag down the performance of the Group. Revenue generated during the quarter under review was higher at approximately RM40.8 million compared to RM35.1 million recorded in the immediate preceding quarter ended 30 June 2021. This was primarily due to the upward adjustment to the average coke price from RMB2,389 per tonne during the last quarter ended 30 June 2021 to RMB2,927 per tonne in the current quarter under review despite the lower sales volume by 7% in the current quarter under review

The cost of sales of the coke business recorded by the Group during the quarter under review was approximately RM65.9 million as compared to RM67.1 million in the immediate preceding quarter ended 30 June 2021. The reduction was mainly attributed to lower sales volume despite a higher average coal price. The average coal price was higher at approximately RMB2,240 per tonne during the quarter under review compared to approximately RMB1,384 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 continued to show a total gross loss of approximately RM25.1 million in the current quarter under review compared to approximately RM32.1 million in the immediate preceding quarter ended 30 June 2021.

After taking into consideration of the other income and operating expenses directly attributed to it, the coke business segment recorded a net loss of approximately RM30.3 million during the quarter under review as compared to approximately RM33.5 million in the immediate preceding quarter ended 30 June 2021.

B3. Current year prospects

Given the continued dismal financial performance of the coke business and the lack of visibility to the prospect of a turnaround in the industry moving forward, the Group has made a concerted decision to wind-down and cease the coke operations for an eventual sale, as soon as practicable. These strategic decisions were made in an effort to address the hefty losses and financial haemorrhage suffered by the coke business, all of which are done with the interest of the Techna-X's shareholders in mind.

Premised on the above, the Group will refocus its efforts and resources to develop and grow its digital and technology businesses in line with its business transformation and repositioning strategy, moving forward.

Amongst others, the identified strategic business pillars that is envisaged to drive the Group forward, are as follows:

Smart City
The Group is making its foray into East Malaysia as the Group is encouraged by the growth excitement in Sabah, which borders Indonesia's soon-to-be new capital city in Kalimantan. It is headed to be a significant gateway of the Brunei Darussalam-Indonesia-Malaysia-Philippines East Asean Growth Area (BIMP-EAGA). Additionally, the 1,236km Sabah Pan Borneo Highway currently under construction is set to further boost trade and socioeconomic activities in the state. As a digital transformation enabler, the Group is well positioned to capitalise on smart city projects and other spin-off opportunities that might be present in both East and West Malaysia.

Agritech
Agriculture remains to be one of the more important sectors in the country and as per the latest data in 2019, the agriculture sector is the third-highest GDP contributor (7.1%, which is RM101.5 billion) to the country. 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. Apart from palm oil plantations, the Group is currently engaging with key players for durian and vertical farming also in order to broaden the business opportunities under this segment.

Electrical Mobility
The Global Electric Vehicle Market size is projected to grow from 4,093 thousand units in 2021 to 34,756 thousand units by 2030, at a CAGR of 26.8%. Tapping on to the expected steady growth of the Electric Vehicle Market, the joint venture company set up by the Group in Croatia together with all the experienced experts, has started working on the Electric Vehicle prototype which is expected to be completed by the end of 2021. On a broader sense, smart mobility essentially deals with the Electric Vehicle ecosystem, covering the production of the powertrain, motor, charger, charging station and battery management system. The Group is expected to ride along the success story of such future technologies especially in the Electric Vehicle industry.

Energy Storage
Scaling up battery use will be an essential part of the renewable energy journey in Malaysia and around the world. Helping increase the flexibility of low-carbon power, balancing the grid, and contributing to a more sustainable power ecosystem. 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. The growth potential is, therefore undeniable and following the opening up of the economy, more resources should be given by the Group on this business segment moving forward.

Communication and Security Solutions
The Group has recently secured a technology development and maintenance contract to design and deliver an analytics-enabled public safety and security command system amounting to RM50.8 million. This will serve as a springboard for the Group to pursue and secure numerous other opportunities in the communication and security space, both from the pubic as well as the private sector in the near future.

In anticipation of the above, the Group had partnered with Aiwinn Technology, a leader in safety and security A.I. technologies based in China which has produced a suite of advanced solutions targeted at public safety and law enforcement market. These solutions which amongst others, incorporate facial recognition, crowd control and surveillance, and A.I. predictive analytics, are positioned to address the needs and demands of local government and law enforcement agencies in Malaysia, as well as in the region.

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 2021 RM'000	**30 Sep 2020 RM'000**	**30 Sep 2021 RM'000**	**30 Sep 2020 RM'000**
Loss before taxation	(29,703)	(35,197)	(86,423)	(108,406)
Less: Loss from discontinued operations	30,342	32,162	89,411	98,807
Profit from continuing operations	639	(3,035)	2,988	(9,599)
Taxation at statutory tax rate of 24%	153	(728)	717	(2,304)
Different tax rates in other countries	(23)	-	(120)	-
Expenses not deductible for tax purposes	180	730	997	2,402
Income not subject to tax	(7)	(2)	(19)	(7)
Utilisation of tax losses not previously recognized	(303)	-	(1,548)	-
Taxation for the financial year	-	-	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 September 2021, RCN with an aggregate principal amount of RM3 million were issued and subsequently converted into new ordinary shares of the Company at issued price of RM0.1 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	35.6	4.4	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	21.2	5.0	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	3.7	4.5	Within two (2) year
	Total	**150.0**	**69.0**	**81.0**	

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

B7. Lease payable

	30 Sep 2021 RM'000	31 Dec 2020 RM'000
Secured		
Lease liabilities	4,426	6,981
Analysed as		
Repayable within twelve months	3,550	3,491
Repayable after twelve months	876	3,490

B8. Borrowings

	30 Sep 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.

	Third quarter ended		Financial period ended	
	30 Sep 21	**30 Sep 20**	**30 Sep 21**	**30 Sep 20**
Basic profit/(loss) per share				
Profit/(Loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	498	(3,035)	2,170	(9,690)
- discontinued operations	(30,342)	(32,164)	(89,411)	(98,807)
	(29,844)	(35,199)	(87,241)	(108,497)
Number / Weighted average number of shares in issue ('000)	1,870,204	1,151,322	1,870,204	1,151,322
Basic profit/(loss) per share (sen)				
- continuing operations	0.03	(0.27)	0.12	(0.84)
- discontinued operations	(1.63)	(2.79)	(4.78)	(8.58)
	(1.60)	(3.06)	(4.66)	(9.42)

(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.

	Third quarter ended		**Financial period ended**	
	30 Sep 21	**30 Sep 20**	**30 Sep 21**	**30 Sep 20**
Diluted profit/(loss) per share				
Profit/(Loss) for the period attributable to the equity holders of the Company from: (RM'000)				
- continuing operations	498	(3,035)	2,170	(9,690)
- discontinued operations	(30,342)	(32,164)	(89,411)	(98,807)
	(29,844)	(35,199)	(87,241)	(108,497)
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Loss for the year after dilutive adjustment (RM'000)	(29,844)	(35,199)	(87,241)	(108,497)
Number / Weighted average number of shares in issue ('000)	1,870,204	1,151,322	1,870,204	1,151,322
Adjustment in respect of redeemable convertible notes (RM'000)	*	N/A	*	N/A
Adjusted weighted average number of shares in issue ('000)	1,870,204	1,151,322	1,870,204	1,151,322
Diluted profit/(loss) per share (sen)				
- continuing operations	0.03	(0.27)	0.12	(0.84)
- discontinued operations	(1.63)	(2.79)	(4.78)	(8.58)
	(1.60)	(3.06)	(4.66)	(9.42)

* 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. Profit/(Loss) before tax

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

	Third quarter ended		Financial period ended	
	30 Sep 2021 RM'000	**30 Sep 2020 RM'000**	**30 Sep 2021 RM'000**	**30 Sep 2020 RM'000**
Interest income	(8)	(15)	(29)	(41)
Other income	(319)	(110)	(2,987)	(856)
Finance cost	(486)	1,033	307	4,604
Depreciation of property, plant and equipment	6,501	4,929	25,879	16,526
Amortisation of lease payments	285	263	826	780
Depreciation of right-of-use-asset	788	1,133	2,572	2,162
Share of associate's results	-	6	-	31
PPE written off	-	57	-	57

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